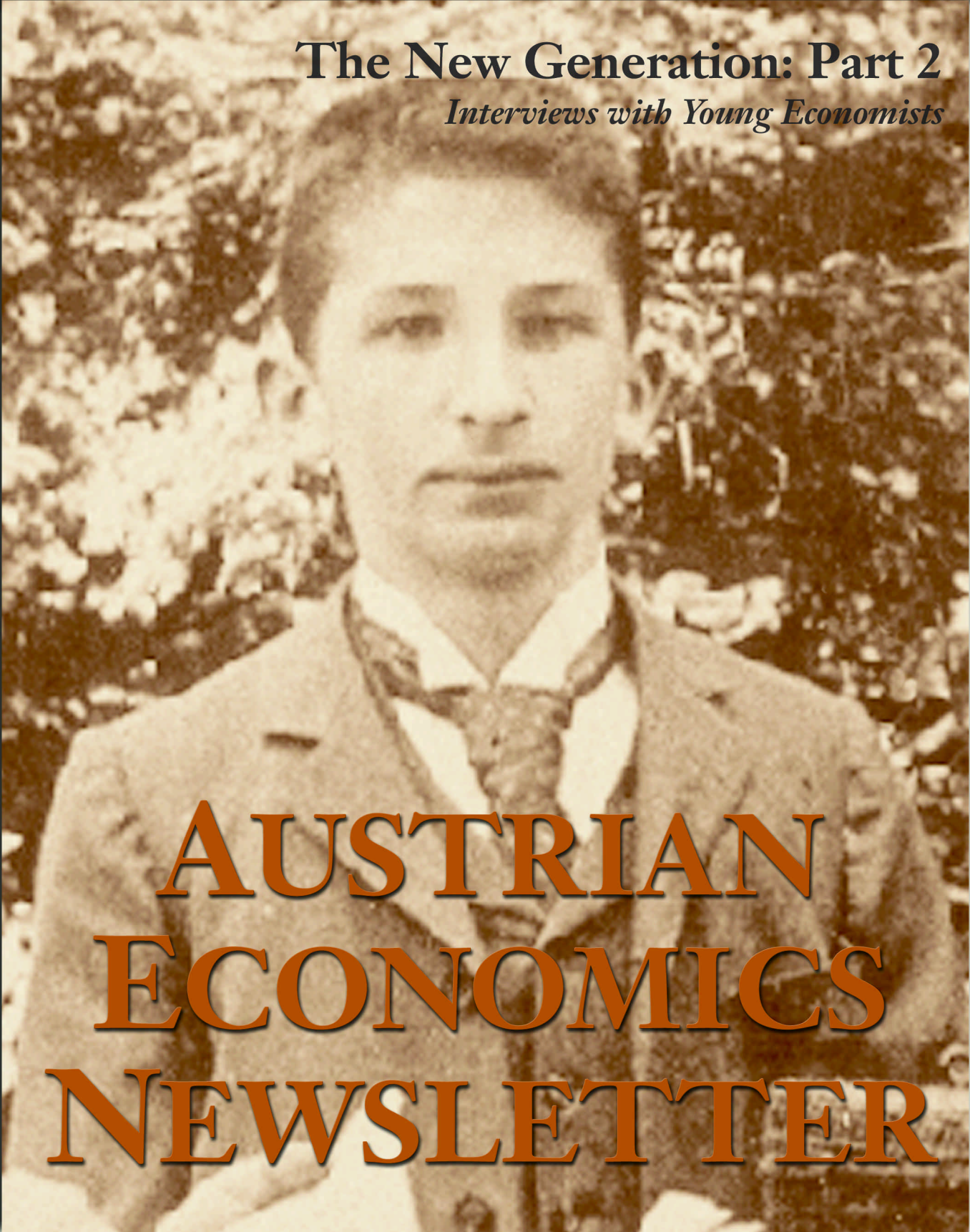




The New Generation: Part 2

Interviews with Young Economists

AUSTRIAN
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NEWSLETTER

Fall 2002 — Volume 22, Number 3

Front cover: Ludwig von Mises as a young teenager.

THE AUSTRIAN ECONOMICS NEWSLETTER

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The Austrian Economics Newsletter is published quarterly by the Ludwig von Mises Institute.

In this issue, the *Austrian Economics Newsletter* continues exploring the education, experiences, and intellectual ambitions of a new generation of economists teaching in the Austrian tradition. Interviewed in this issue are:

- William L. Anderson
Frostburg State University
- Christopher Westley
Jacksonville State University
- Gregory Dempster
Hampden-Sydney College



WILLIAM ANDERSON

William L. Anderson (B.A., University of Tennessee–Knoxville; M.A., Clemson University; Ph.D., Auburn University) has worked in newspapers and business, and currently teaches at Frostburg State University.

Interviews with Young Economists

THE NEW GENERATION: PART 2

Interview with William Anderson

AEN: How long have you been a conscious Austrian?

ANDERSON: As an undergrad, I was a typical student-athlete, in that I often took naps rather than go to class. I did poorly in economics and by my junior year was a full-blown environmentalist leftist. I generally was clueless about the economy, and especially about the “energy crisis” that was occurring then, as I blamed Big Oil for the trouble.

Later, I became interested in economics. I read William Simon’s *A Time for Truth*, which really opened up my eyes to what government was doing to this country. After moving to Chattanooga in 1982, I became friends with Dr. William Peterson. At the time, he was the holder of the Scott L. Probasco Chair of Free Enterprise at the University of Tennessee–Chattanooga. Bill wrote his dissertation under Ludwig von Mises and he turned me on to Austrian literature. From 1981 to 1982, I read about everything I could Austrian.

In 1982, I won the Olive W. Garvey Economic Essay Contest. My essay was “The Virtues of the Free Economy,” and as the winner, I made a presentation at the meeting of the Mont Pelerin Society in West Berlin that year. While there, I met F.A. Hayek, Milton Friedman, Walter Williams, Murray Rothbard, William Hutt, and many other well-known economists. It was a very heady experience, I must admit.

AEN: So it was a student of Mises’s who introduced you to Austrian economics?

ANDERSON: Yes. Bill Peterson more than anyone else was responsible for my Austrian leanings, and he helped grease the path for me in many ways. After Mont Pelerin, I wanted to study economics further. Circumstances did not permit me to

get my doctorate, but I went to Clemson for a year and received my master's degree. Clemson was not Austrian, but it did have strong free-market leanings and they were into public choice theory. I took a wonderful class under Bobby McCormick, a straight

Yandle. All have done very well in economics, and while there is not an Austrian among them, they are good thinkers and have been instrumental in my career.

AEN: What books stand out for you during this period?

ANDERSON: One of the most important books I read during that period was Rothbard's *America's Great Depression*. I cannot emphasize how important this book was (and is) to me. I also devoured the book *Foundations of Modern Austrian Economics*, the proceedings of the South Royalton conference in 1974. Of course, there were *Human Action* and other works by Mises. However, I must also say that my understanding of Austrian economics during that time was quite incomplete. That was later rectified at Auburn University.

AEN: After all these experiences, do you have any tips for grad students?

ANDERSON: It depends where a graduate student happens to be studying. I did not want to believe there existed a huge divide between neoclassical and Austrian economics, but the more time I spent studying at Auburn, the more I could see that it does. Austrians recognize this much more than free-market neoclassicals, who simply see Austrians as being fixated on peripheral things.

One of the interesting things I discovered in grad school—and I think this is important for current graduate students—is that Austrians understand the implications of neoclassical analysis much more

clearly than do neoclassicals themselves. I have found neoclassicals to be much more defensive about their version of economic science than Austrians are about theirs.

AEN: You have published in many different journals.

ANDERSON: One can have Austrian themes running through one's work, like criticism of government intervention, but often the Austrianism must be somewhat disguised. For example, I had a paper in *Public Choice* a couple of years ago that looked at the effects of the National Industrial Recovery Act. I used stock market indices to demonstrate that the effect of the NIRA on the markets was opposite of what was intended by the legislation.

Now, it was not labeled as an Austrian paper, but it served its purpose in trashing a terrible law and taking a free-market point of view. The finance literature often has wonderful papers that demonstrate the folly of government intervention. Two years ago, Tom Hazlett and George Bittlingmayer, both of whom have Austrian and libertarian leanings, had a great paper in the *Journal of Financial Economics* that demonstrated just how the government's jihad against Microsoft had damaged the entire computer and software industries. This was not a paper that was specifically Austrian, but it certainly had Austrian implications.

Some journal editors just don't want to hear anything Austrian, unless it is an attack on Mises or Hayek (and preferably on Mises). Neither do I think it is possible to

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micro course that really emphasized opportunity cost and alternative thinking. Bobby was a very good teacher, and I am grateful for that class.

Others at Clemson who influenced me were Richard McKenzie, Mike Maloney, Myles Wallace, Bob Tolison, Hugh Macaulay, and Bruce



do a paper based on mathematical modeling and call it Austrian. There are other journals that I think would welcome Austrian papers or Austrian analysis, and it is up to us to find them. While I love the *Quarterly Journal of Austrian Economics*, I don't believe that Austrian analysis should be relegated only to that journal and the *Review of Austrian Economics*.

AEN: What are your current projects?

ANDERSON: My research agenda involves looking at journalism, and especially the effects of government antitrust action against newspapers. Once upon a time, I was a newspaper reporter and have made some other forays into journalism, including three articles in *Reason*, and still have an interest in the Fourth Estate. However, I try to see journalism from a realistic point of view, as opposed to the romantic "objective reporting" drivel that the journalism profession tells us is

the real goal of the media. My particular area of interest regarding the media allows me to see just how much harm the government has done to free speech and freedom of the press in the name of protecting those rights. Mises said that government intervention into peaceful, private activity tends to make things worse, and my work certainly points out that timeless truth.

AEN: Do you think the media has a left-liberal bias?

ANDERSON: Mainstream journalists tend to be statist in their outlooks. It is what we call "liberal bias," and that often becomes the fixation of those of us who are not leftists. I believe, as do a number of other economists, that journalists are more intent upon greasing the skids for greater expansion of the state, and that generally means being on the left. However, I also see that the most active conservative journalists also want expansion

of the state, especially in the wake of the September 11 attacks.

At present, I am working on a paper that looks at the "statist quo" actions of the press in the controversy over "acid rain." It is based upon a chapter from my doctoral dissertation, and I presented it last year at a conference. A colleague and I presently are revising it and hope to get it in shape to send it to a publication soon. We point out that after it became clear that the Congress was going to pass new legislation to deal with acid precipitation, the number of stories about acid rain in the mainstream

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press quickly fell. In other words, as soon as a government "solution" was seen on the horizon, it no longer was an issue to journalists.

AEN: This research agenda would seem to offer unlimited material for study.

ANDERSON: It is certainly not difficult to find where government has made things worse in the name of making things better. Austrians are much better equipped than most economists to see the folly of intervention, since we tend to better understand the whole socialist calculation debate than most mainstream economists. Intervention changes property rights and

ANDERSON: One of the best tools I have for teaching students is the Mises Institute's web page. My students regularly read articles from there. I use the late Paul Heyne's book *The Economic Way of Thinking* as my main text. While it is mainstream with some Austrian leanings, it will become even more Austrian now that Peter Boettke and David Prychitko have become the new editors.

I also use Rothbard, including *America's Great Depression* and *The Mystery of Banking*, both of which are available online from the Mises Institute. My students tend to appreciate Austrian economics more than mainstream material. The reason is simple: Austrian economics depends more on logic and less on mathematical rigor. It appeals to the intuition, as opposed to mathematical thinking. While some mainstream economists think that is a reason to avoid Austrianism, I have found it to be a valuable teaching tool.

AEN: It does appear that Austrians publish more than the average professor.

ANDERSON: We are certainly devoted to the printed word. At present, I write 50 to 60 articles and columns a year on economics. I also try to write two to three papers for journals each year. If I could write a book, it would be on the press and how the modern alliance between journalism and the state has turned the purpose of the First Amendment upside down. With family and work pressures, I find the kind of time needed for book publication to be quite scarce, but I still have that project in mind.

IF I COULD WRITE A BOOK, IT WOULD BE ON HOW THE MODERN ALLIANCE BETWEEN JOURNALISM AND THE STATE HAS TURNED THE FIRST AMENDMENT UPSIDE DOWN.

incentives, and those changes have other consequences, something that Austrians instinctively understand.

AEN: And you employ such examples in your teaching.

Additional Resources:

Anderson, Benjamin, *Economics and the Public Welfare* (Indianapolis: Liberty Fund, 1980).

Armentano, Dominick T., *Antitrust: The Case for Repeal* (Auburn, Ala.: Mises Institute, 1999).

Butler, Eammon, *Ludwig von Mises: Fountainhead of the Microeconomics Revolution* (Brookfield, Vt.: Gower Publishing, 1988).

Denson, John V., ed., *The Costs of War*, 2nd ed. (New Brunswick, N.J.: Transaction Publishers, 1999).

Garrison, Roger W., *Time and Money* (London: Routledge, 2001).

Hayek, F.A., *The Road to Serfdom* (Chicago: University of Chicago Press, 1994).

Hazlitt, Henry, *The Failure of the "New Economics"* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1995).

Heyne, Paul, *The Economic Way of Thinking* (Upper Saddle River, N.J.: Prentice-Hall, 2002).

Higgs, Robert, *Crisis and Leviathan* (Oxford: Oxford University Press, 1989).

Hoppe, Hans-Hermann, *Democracy—The God That Failed* (New Brunswick, N.J.: Transaction Publishers, 2001).

Novak, Michael, *Spirit of Democratic Capitalism* (Lanham, Md.: Madison Books, 2000).

Rothbard, Murray N., *America's Great Depression* (Auburn, Ala.: Mises Institute, 1999).

Sennholz, Hans F., *Age of Inflation* (Belmont, Mass.: Western Islands, 1979).

Sowell, Thomas, *Knowledge and Decisions* (New York: Basic Books, 1996).

AEN: And you try to pass this enthusiasm for writing and reading on to your students.

ANDERSON: I try to get my students interested in reading economics. I have often read *America's Great Depression* and recommend it to anyone who wants to learn the truth of what happened from 1920 to 1933. *Human Action* and *Man, Economy, and State* are must reading for people who want to be serious about Austrian economics.

I also like Armen Alchian and William Allen's *Exchange, Production, and Control* text which now is out of print. This is not an Austrian work, but I find many things in it that are quite compatible with Austrian thinking. McCormick had us read it when I was at Clemson, and I recognized then that an Austrian could be comfortable with much of the book. If it were in print, I would use it for my own classes.

Another wonderful classic is Hans Sennholz's *Age of Inflation*. Last year I wrote a chapter for the *Desk Reference Book on World War II*, the chapter entitled "The Economics of World War II." I depended heavily upon the Sennholz book and that wonderful book written by Benjamin Anderson, *Economics and the Public Welfare*. I also strongly recommend Henry Hazlitt's *The Failure of the "New Economics,"* in which he trashes Keynes's *General Theory*, line by line. I also like Dom Armentano's *Antitrust: The Case for Repeal*. Beyond these, there is a wealth of material that Austrians can read.

AEN: What other currently working Austrian economists do you admire?

ANDERSON: We have our share of first-rate thinkers—too many to name, in fact. Richard Vedder, who has become more and more Austrian in his thinking, is as good as anyone out there when it comes to labor economics, and his reputation is very good. I believe that Walter Block is a very productive economist, and I have great respect for Joseph Salerno and Jeffrey Herbener. Another person who has been very valuable in my learning is Bob Higgs of the Independent Institute. Higgs's *Crisis and Leviathan* is another ageless classic that needs to be read by all who aspire to Austrian economics.

Laurence Moss, the editor of the *American Journal of Economics and Sociology* (I serve on the editorial board of that journal, which is also friendly to Austrian work), organized a wonderful session on Mises at the 1974 Southern Economic Association meeting and has been a good friend to the Austrians. Beyond that, there are a large number of people who have contributed or are still contributing to my own education in particular and Austrian economics in general. If I can emulate any of those folks, I will have considered my career a great success.

AEN: Some people say that Austrians don't engage the mainstream enough.

ANDERSON: Contrary to what some folks are saying, I believe Austrians hold up pretty well when engaging the "mainstream." Granted, we are not publishing Austrian pieces in *American Economic Review*, but I doubt that *AER* would publish any of our material,

given the current atmosphere. I believe that Austrian themes can play well in high-rated journals, but we cannot just go quoting Mises or Rothbard and leaving it at that.

It is a mistake for Austrians to give themselves "victim status" within the economics profession. We have chosen to believe what we believe, and I think that most of us count the cost, as it were, before going down that route. A victim mentality,

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into which it is so easy for any of us to fall, does not do us any good.

In my department, people don't care if I am Austrian in my thinking. With some folks, that is a plus. What they want is for me to be productive and get along with others. Now, I do realize that Austrians elsewhere have been badly treated. I have heard horror stories from some folks and believe that I have had it easier than some.

AEN: What about the claim that Austrians are just eccentric and can be ignored?

ANDERSON: We do need to be careful how we couch things. We must remember when and where to pick our fights. Even if we cannot change the thinking of some economists, even relatively free-market ones, I at least want to have some allies in the neoclassical camp. Sometimes Austrians are too harsh

with people who might be fellow travelers to an extent, but are not altogether Austrian in their thinking. I have no problem trashing Keynes or John Kenneth Galbraith, but I am not as fond of accusing Gary Becker or Harold Demsetz. I think we need to be forming alliances whenever it is feasible to do so.

AEN: Generally, you seem upbeat about the future prospects of the school.

ANDERSON: Oh, certainly. Austrian economics is alive and doing quite well. The Mises Institute has been the real workhorse in all of this, and it has been done without having to lean on one or two very wealthy benefactors. I think programs such as Mises University and the Rothbard Graduate Seminar are training a new generation of independent thinkers, and I am grateful to all those who have made the Institute a success. **AEN**



CHRISTOPHER WESTLEY

Christopher Westley (B.S., University of Florida; M.A., St. Mary's University; Ph.D., Auburn University) is assistant professor of economics at Jacksonville State University.

Interview with Christopher Westley

AEN: At what stage in your education did you become interested in things Austrian? Which books impacted your thinking?

WESTLEY: When I was in high school, my father introduced me to *The Freeman*, which got me hooked on the morality of the market system. One of the reasons I attended Auburn for my Ph.D. was so that I could ground myself in the Austrian tradition. It was at this point that I read Mises's *Human Action*, which I consult today more frequently than any other book. We need a St. Jerome to versify it like the Bible.

Rothbard's two-volume history of economic thought was and continues to be very important. Other books that stand out for me are Rothbard's *America's Great Depression*, Sennholz's *Age of Inflation*, Hazlitt's *Economics in One Lesson*, and Novak's *Spirit of Democratic Capitalism*. Sowell's *Knowledge and Decisions* is also significant. One book I find myself recommending to others more than any other in recent years is Denson's *The Costs of War*. Also, two recently published books, Garrison's *Time and Money* and Hoppe's *Democracy—The God That Failed*, are

becoming every bit as important as some of the older classics.

AEN: In the early days, did you have a sense that you were thinking like a rebel, or were you just intellectually curious? How should aspiring Austrian academics approach today's graduate programs in economics?

WESTLEY: I was considered a rebel at St. Mary's. Although I respected my professors there, I always got the impression that two-thirds of the faculty considered anyone to the right of Robert Heilbroner as potentially dangerous. Dealing with the academic establishment is always somewhat tricky. My advice for an Austrian trying to complete a graduate program in economics is to finish as quickly as possible. Jump through whatever hoops your program requires of you. For better or for worse—and it's probably the latter—your opinions regarding economics will be taken more seriously when you can place "Ph.D." following your name.

There are several aspects of graduate school that can be discouraging for an Austrian. It helps if you focus on the areas with which the conclusions of Austrian analyses overlap with those of neoclassical analyses. There is much commonality here. The primary difference rests in the methodologies used to come to those conclusions.

Graduate school can be an all-consuming process, and so interest in Austrian ideas may have to take a backseat to other ideas while in your program. That's fine. If Austrians want to influence mainstream economic thought, it is important to know it as well as possible. This means that time spent in graduate school is very important.

AEN: What is your primary intellectual passion right now?

WESTLEY: I am just beginning my second paper on various issues emanating from the Enron debacle. The application of Austrian insights to Enron is crucial. This case illustrates how state intervention creates an environment that makes such events more likely, and how market forces are superior to rooting out and punishing firms prone to Enron-like excesses. This is in sharp contrast to the mainstream neoclassical model which, while sometimes critical of the state, will almost always justify its central role in any solution.

My other interest is the study of economic personalism, a philosophical concept that focuses on the centrality of the human person. When applied to social systems, personalism argues that valid social systems are based upon the acceptance of

the human person as is. When a social system proves defective, the solution lies not in trying to change the human person, but to change the system itself.

Thus, Keynesian or supply-side policies that try to manipulate individuals to act in a certain way in order to achieve some predetermined economic goal would be condemned by economic personalism. There are obvious applications of this concept that are very congruent to Austrian theory.

AEN: What research areas do you hope that you, or Austrians in general, will do more work in?

WESTLEY: First, Austrians should continue providing criticism and alternatives to the Keynesian system. The appeal to Keynesianism is generational, and it will die out soon. The reason why we still deal with Keynes is because many of the government policy tools are based on discredited Keynesian ideas. There will be a void to fill when this system falls away completely. Austrians should be ready to pick up the pieces.

Second, I believe that Austrian economics represents the way economics in general would have developed absent the influence of the British classical school, and that the effort of that school to mimic the methodology of the physical sciences provided intellectual legitimacy for twentieth century interventionism. Had economics developed from the writings of the Spanish scholastics directly to J.B. Say, Bastiat, and Menger, without making an unfortunate detour through Smith, Marx, and Marshall,

the mainstream of economic thought today would look a lot like present-day Austrian economics. Our present society would be much different. I'd like to see more research that places the British classical economists in their proper context.

Third, I believe that, for many, the appeal to Austrian economics, as well as to libertarian theory in general, is a moral one. I'd like to see

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economics return to this context and get away from its current emphasis on utilitarian-empiricism, and I see advancements in the Austrian School to be necessary for movement in that direction.

AEN: What kind of Austrian materials are you able to use in the classroom? Do you use regular texts as foils or occasions for elaboration?

WESTLEY: For principles classes, I use existing economics texts with strong free-market biases, such as Gwartney's or Ekelund's, and I have occasionally supplemented them with Hazlitt's *Economics in One Lesson* or with Rothbard's *The Case for a 100-Percent Gold Dollar*. The next time I teach intermediate macro, I

MANY STUDENTS HAVE NEGATIVE EXPECTATIONS BECAUSE THEY SUFFERED THROUGH THE REQUIRED HIGH-SCHOOL ECONOMICS CLASS (USUALLY TAUGHT BY THE FOOTBALL COACH).

plan to use Roger Garrison's new book. I don't recommend using the text as a foil unless one has no control over the choice of the text. Students do not like being required to read a text while hearing their professor criticize it on a daily basis.

AEN: What has been the response of students? Any interesting stories?

Ever find your students pushing you further than you want to go?

WESTLEY: Many students enter economics classes with negative expectations because they suffered through their required high-school economics class (usually taught by the football coach) or because they have heard war stories from past survivors of economics classes. The appeal of the Austrian approach is that it makes sense and appeals to a student's intuition. However, I don't believe that I am doing my job unless the students learn the mainstream neoclassical approach as well. The students will be short-changed if they take upper division economics courses and are unfamiliar with neoclassical tools.

AEN: What about relations with colleagues? What is your impression of the image that the Austrian School has in the profession today?

WESTLEY: Most mainstream neoclassical economists have a favorable impression of the Austrian School. Many consider us a little eccentric because they associate Austrian thinking, to the extent that they know it at all, with the 1930s. Some of my colleagues think that Austrian economics has failed a market test because Austrians comprise a small percentage of academia.

I don't buy that. Austrians are winning the market test. There is no question about this. We have a much broader audience than mainstream neoclassicals because more people read and understand what we write. That neoclassicals comprise a higher percentage of academia simply means that they have passed

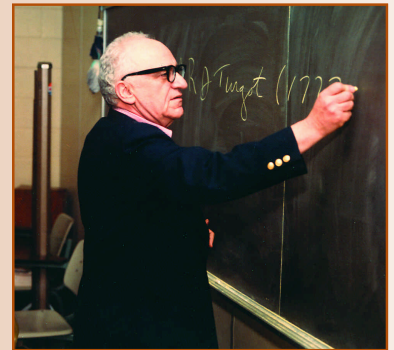
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WESTLEY: It is easy in academic life to become complacent. The tenure system rewards complacency by not requiring much output after receiving tenure, and my experience is that, unfortunately, the post-tenure lifestyle is the very thing that attracts most people to academia. We can't lose sight of the ideals that got us interested in economics in the first place. Working hard and contributing to the advancement of our science today is the key for turning a simple academic job into a meaningful life vocation.

the government-funding test. It is another proof of the law of supply.

AEN: There are so many interesting personalities in the history of the Austrian School. Which ones are you drawn to as you think about your own career path?

WESTLEY: I have been inspired by Mises's work ethic and courage. Here was a man who was chased out of his native country, hunted by the Nazis, lost 99 percent of his material possessions, and was forced to learn a new language and build a new life in the United States. And this happened to him in his 50s, when most men are just getting over their first mid-life crisis.

Not only would many have given up under such circumstances, many would have been forgiven for doing so. Mises reminds me of my own great-grandfather, who was also forced to flee his native Austria during the First World War. As a Catholic, I am taught that despair is a mortal sin, and I think that

Mises absorbed that lesson from the nineteenth-century Jesuits who educated him.

AEN: If you ever get the time or freedom to write what you want, what would be the titles and arguments of the books you would write?

WESTLEY: I am trying to organize a book entitled *The Capitalist Mentality*, which will delineate the characteristics of a market-ordered society and highlight how the development of such a society explains the advancement of civilization in the last millennium. Property rights and freedom of association are crucial in this regard. It is no coincidence that the rise of the nation state in the twentieth century resulted in a much more dangerous world on January 1, 2001, than existed on January 1, 1901.

AEN: How do you hope to avoid some of the foibles that tend to trip up Austrians?

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I have given up hope of ever winning the John Bates Clark Medal [the American Economic Association's award to the most promising economist under the age of 40]. Of course, the day Austrians start winning awards such as that is the day we should probably forsake economics and take up golf. **AEN**



GREGORY DEMPSTER

Gregory Dempster (B.S., M.B.A., Louisiana State University, Ph.D., Auburn University) teaches economics at Hampden-Sydney College.

I TRY TO TREAT
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Interview with Gregory Dempster

AEN: Your Austrian interests began after your undergraduate years.

DEMPSTER: Yes, during my MBA studies. I took a course called Business and Society, which is essentially a course on the philosophical and ethical aspects of business and free enterprise. The textbook cited F.A. Hayek, along with Milton Friedman, as modern examples of the classical-liberal tradition. I was already familiar with Friedman, but this was the first I'd heard of this other, apparently well-known defender of liberalism. This spurred me on to do some reading in the history of thought, where I became aware of the contributions of Hayek, Mises, and the Austrian tradition.

Then I read Hayek's *The Road to Serfdom*, and Mises's *Socialism*, as well as Eamonn Butler's introductions to the thought of Mises and Hayek. Over the years, I've also learned a great deal from the works of Douglass North and other writers of the New Institutional School, of which I consider Hayek a part.

AEN: Was there a particular professor who mentored you?

DEMPSTER: There was no particular professor at the master's level who mentored me, although Bill Campbell, a historian of thought at LSU, was the one who guided me toward Auburn University when he learned of my interest in Austrian research. At Auburn, Leland Yeager had a great impact on my general ideas about practicing

economics. He strives to be rigorously scientific in his approach to economic and social problems. Roger Garrison and John Wells did much to influence the direction of my research agenda. And Bob Ekelund was instrumental in encouraging me and other grad students to pursue original ideas with Austrian themes.

AEN: It seems that your Austrian sense is woven into a general research paradigm in economics, not something apart from it.

DEMPSTER: I've worked to detect opportunities for Austrian insights into the same problems that mainstream economists are dealing with. I don't view the mainstream as a hindrance to what we really want to be doing. Instead, I try to treat mainstream shortcomings as opportunities for innovative research. I feel there is much that we, as researchers, can contribute to the profession by staying engaged with it.

Subjectivist economics is, in my view, different only in its approach within that paradigm, by insisting on a distinction between the context-independent theories of human action and the concrete history in which these interwoven principles are played out. All Austrians from Menger to Rothbard have insisted on this, and it is a very valuable point.

AEN: Yet, given your position at Hampden-Sydney, you surely concentrate on teaching.

DEMPSTER: Certainly, as a professor at a selective, private liberal arts college. My primary passion



themes, the majority of our higher-level courses are formal in nature and neoclassical in orientation. The only text I use that is even close to “Austrian” is the late Paul Heyne’s *Economic Way of Thinking*, which I use in my Introduction to Economics class.

I work in a department with a fairly large proportion of “heterodox” thinkers, so we are a pretty tolerant bunch, and generally willing to listen to each other’s ideas. The

always has to be teaching. Students at such an institution rightfully demand nothing less. I want to maintain a high standard for teaching and a firm commitment to research and publishing, as well as to college service—it’s really that simple. That’s not to say it isn’t hard work, but it need not be onerous. One must find those things in each area that motivate you, and the rest will take care of itself.

AEN: Now that you have been in the profession a few years, what research areas are you interested in?

DEMPSTER: I’d like to do more work in areas of finance, particularly on the price discovery process in asset markets, the theory of uncertainty, and related game-theoretic applications. There is very little of it out there right now, and what is being done often seems too content with the “mainstream is wrong” approach rather than finding innovative ways of analyzing problems.

AEN: A Hampden-Sydney education focuses on classics. What are the economic offerings?

DEMPSTER: Hampden-Sydney’s focus on the classics actually makes the students very receptive to diversions about the relationship between economics and history, politics, literature, and the like. Not only have they heard of Aristotle, Hume, and Smith when they walk into an economics classroom, but they’ve already read some of their work. It also makes it easy to put the development of economics in general, and particularly the work of the Austrian school, into historical context.

Our departmental philosophy at Hampden-Sydney is that if you provide a solid, subjectivist foundation during the introductory classes, it will stay with the students even when they encounter more formal, quantitative treatments. Although we have some electives with Austrian and subjectivist

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NOTHING
LESS.

response to our program of study is overwhelmingly positive—we have more economics majors than many large universities. Our students are

encouraged to think independently and to achieve a fairly high level of expertise by the end of their senior year. Of course, not all do, but I continue to be impressed by the work some of them accomplish.

AEN: Of recent work by established Austrians, what are you recommending as a model?

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DEMPSTER: I'm impressed by the work of Roger Garrison in *Time and Money*. He has placed

Austrian analysis alongside, and even in the same terms as, other macroeconomic schools. Anyone reading that book will have an opportunity to judge the Austrian approach to macro on the same footing as Keynesianism and monetarism. Whether it stands or falls, at least it does so on its own merits, not on the basis of ideological predilection. This is good for the image of the Austrian School in the profession at large. I think it is improving rapidly, although the only evidence I have to that effect is anecdotal.

AEN: And of older works?

DEMPSTER: Hayek's 1945 *AER* article "The Use of Knowledge in Society" is, in my opinion, one of the most important articles ever written. I recommend it repeatedly because it outlines the essential argument for the real-world defense of the market economy: the dispersion of knowledge. I also find myself referring others to the works of Douglass North, especially in response to other social scientists who question the relevance of economic science to the "institutions" problem.

AEN: What are your long-term writing goals?

DEMPSTER: I have been thinking about writing something on the perils of the "new corporatism" that has become the shared ideal of mainstream politics. With the failure of the socialist experiment, recent history has seen a breakdown of the traditional socialist-liberal nexus of economic policy in favor of a

shared commitment to what can only be termed "corporatism," the idea that markets are an extension of collective, national policy and should be guided and directed in accordance with that policy.

So, markets are tolerated to the extent that they support ever-increasing government revenues and promote national economic interests in the international arena, whereby the political system becomes beholden to the special interests of domestic producers. This is no less dangerous a threat to the cause of liberalism than that of other special interests, especially when it is portrayed as the "capitalist" ideal—something that Mises was warning against when he identified free markets as institutions of consumer sovereignty, free from the influence of special interests through the political process.

AEN: You are interested, then, in the relationship between politics, sociology, and economics.

DEMPSTER: Economics has made so much progress over the past few decades in finally doing away with oversimplified distinctions between economic and other social institutions—distinctions that Mises and Hayek did much to combat. And the artificiality of such distinctions is best demonstrated in times of crisis, particularly crisis brought about by the failure of poorly engineered institutions at the national level. I believe there has been enough work done in this area to begin a systematic treatment of the subject. AEN

About the *Austrian Economics Newsletter*

The *Austrian Economics Newsletter* began publishing in the fall of 1977, under the auspices of the Center for Libertarian Studies, which was then located in New York City. The writers and editors were part of a small but growing contingent of graduate students in economics who had been influenced by Ludwig von Mises's New York seminar and the writings and personal example of Mises's students Murray N. Rothbard and Israel M. Kirzner, as well as Ludwig Lachmann. Their goal was to reinvigorate Austrian theory in a new generation as a means of combating mainstream trends in economic thought.

But for the Nobel Prize given to F.A. Hayek in 1974, academia then considered Austrian economics to be a closed chapter in the history of thought, supplanted by Keynesianism and the neo-classical synthesis. The purpose of the *AEN* was to provide a forum for Austrian students and serve as a communication tool for the new movement. Among its most effective offerings was the interview, which provided students an inside look into the thinking, drawn out in an informal setting, of the best Austrian theorists.

At the request of the Center for Libertarian Studies, the Mises Institute assumed responsibility for the publication in 1984 and nurtured it to become the most closely read periodical in the world pertaining exclusively to the Austrian School. Two years later, Murray N. Rothbard founded the *Review of Austrian Economics* (later succeeded by the *Quarterly Journal of Austrian Economics*) to provide an outlet for scholarly articles, thereby relieving the *AEN* of this responsibility. The *AEN* began to emphasize reviews, topical pieces, and, most of all, the extended interview as an effective means of highlighting the newest contributions of Austrians to the literature. Today, interview subjects are now chosen from a variety of disciplines to reflect the full influence of the Austrian tradition.

Over the years, the *AEN* has interviewed a variety of scholars, including the following:

William L. Anderson	Randall G. Holcombe	Michael Prowse
Dominick T. Armentano	Hans-Hermann Hoppe	George Reisman
Walter Block	Jeffrey M. Herbener	Murray N. Rothbard
James Buchanan	Jesús Huerta de Soto	Joseph T. Salerno
Paul Cantor	Israel M. Kirzner	Pascal Salin
Gregory Dempster	Peter G. Klein	Hans F. Sennholz
Thomas J. DiLorenzo	George Koether	G.L.S. Shackle
Gene Epstein	Alexander Kouryaev	Frank Shostak
Roger W. Garrison	Ludwig M. Lachmann	Karl Socher
James Grant	Fritz Machlup	Mark Thornton
Bettina Bien Greaves	Yuri N. Maltsev	Richard K. Vedder
Gottfried von Haberler	Roberta Modugno	Christopher Westley
Henry Hazlitt	Hiroynuki Okon	Leland B. Yeager

Complete archives of these interviews are available at <http://www.mises.org/journals.asp>.

With the expansion and redesign of the *AEN* that began with Volume 21, the *AEN* has sought to put on display the energy, creativity, and productivity of today's Austrian thinkers, who work in many fields to bring the insights of the tradition to bear on new issues of the day. It is a sign of the health and vigor of the Austrian movement that the list of thinkers slated for interview in the future grows ever longer.

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