

# The New Palgrave Dictionary of Economics Online

## Rothbard, Murray N. (1926–1995)

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### Keywords

anarchism; antitrust enforcement; apriorism; Austrian economics; cartels; economic history; economics, definition of; Great Depression; Hayek, F. A. von; Hazlitt, H.; interpersonal utility comparisons; libertarianism; market failure; Mises, L. E. von; monetary policy; monopolies; perfect competition; private enforcement of law; public goods; Rand, A.; Rothbard, M. N.; welfare economics

### Article

Murray Rothbard was influential in continuing the tradition of the Austrian school of economics in America. In more than two dozen books and hundreds of articles, his work spanned economics, history, philosophy and political science. He earned his Ph.D. from Columbia University, but was influenced mainly by Ludwig Von Mises' seminar at New York University. Rothbard was a strong believer in *apriorism*, the idea that economic laws could be discovered using logical reasoning (as opposed to empirical testing), and he attempted to build on and extend the economic logic of Mises and others in that tradition. Rothbard's treatise, *Man, Economy, and State* (1962), analysed the economics of market exchange, while his follow-up volume, *Power and Market* (1970), analysed the economics of government intervention. An underlying theme of his work is that the market is the realm of mutually beneficial exchange, whereas the government is the realm of coercion where some gain at the expense of others.

Rothbard considered economics to be a value-free science, but he believed economic reasoning can be used to determine whether normative views are internally consistent. He was strongly critical of government intervention in the economy, arguing against those who believe that government policies can be Pareto-superior and make all people better off. For example, Rothbard was one of the only economists writing in the 1950s and 1960s to argue against all antitrust laws. He thought that perfect competition was an unattainable ideal, and he said that monopolies or cartels do not pose problems on the free market. He believed that the only monopolies that warrant concern are those sanctioned by government. Rothbard was critical of arguments about market failure in general, insisting that mainstream notions of economic efficiency were unrealistic. He criticized the welfare economics of his day on the grounds that it rests on unscientific interpersonal comparisons of utility.

In addition, Rothbard wrote a great deal on economic history, often documenting government getting in the way of markets. For example, his 1963 book *America's Great Depression* argued that government caused and lengthened the Great Depression through distortionary monetary and regulatory policies. Rothbard also devoted much of his writing to political philosophy, and here too he was unabashedly libertarian. Rothbard's contribution is particularly noteworthy because he was one of the first economists to argue that markets do not depend on the existence of government. Before him, even the most free-market theorists, such as Ludwig von Mises, Henry Hazlitt, Ayn Rand, and Friedrich Hayek, had simply assumed that services like law enforcement must be provided collectively by the state. But in *Power and Market* and *For a New Liberty* (1973) Rothbard maintained that public goods such as law enforcement must be analysed in terms of marginal units and, as with other goods, those marginal units can be provided privately. He pointed to historical examples of private law enforcement and speculated how a purely private system might function. Rothbard's ideas advancing private property anarchism were radical, but they influenced many economists who now write about alternatives to government law (Stringham, 2006). Rothbard's thorough libertarian views pushed free-market thinking to become more free market.

### See Also

- Austrian economics
- Hayek, Friedrich August von
- libertarianism

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- Menger, Carl
- Mises, Ludwig Edler von

### **Selected works**

1962. *Man, Economy, and State: A Treatise on Economic Principles*. Princeton: Van Nostrand.

1963. *America's Great Depression*. Princeton: Van Nostrand.

1970. *Power and Market*. Kansas City: Sheed Andrews and McMeel.

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Many of Rothbard's writings are freely available online at <http://www.rothbard.org>, accessed 26 September 2006.

### **Bibliography**

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Stringham, E., ed. 2006. *Anarchy and the Law: The Political Economy of Choice*. Somerset, NJ: Transaction Publishers.

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