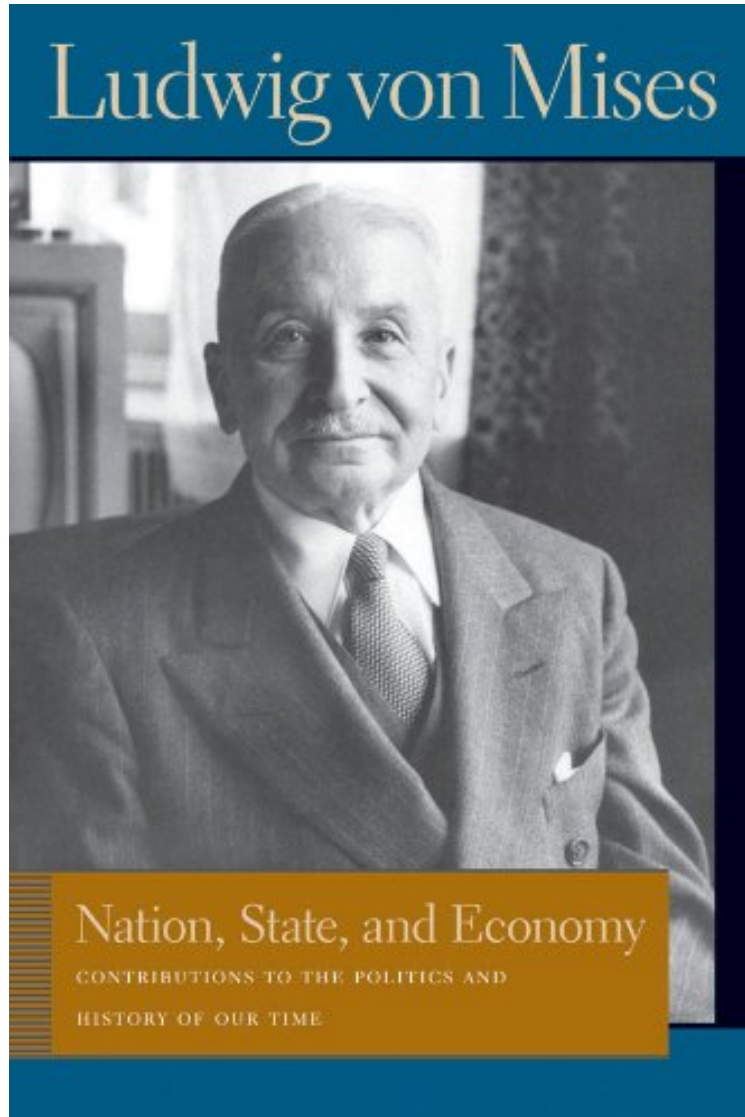


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Nation, State, and Economy (Lib Works Ludwig Von Mises PB)

Ludwig von Mises

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The author has always interested me. His work has offered me a lot as a libertarian. Over almost fifty years I have read some of his books but not enough. At a recent seminar I was inspired to start again and this book was mentioned. I was hoping for generalities but found more specifics on Germany and Austria ore WWI and during the war. It was written just after. It was worth reading but in the sense it is worth eating your vegetables where others of his books were more like

meat and potatoes. A new reader should start with other books

1 of 1 people found the following review helpful.
Awesome read! If you like economics that is

2 of 2 people found the following review helpful. NATION, STATE, AND ECONOMY, AND THE SEPARATION OF CHURCH AND STATE

By George M. Bosh

NATION, STATE, AND ECONOMY, AND THE SEPARATION OF CHURCH AND STATE

Nation, State, and Economy by Ludwig von Mises is a companion work to Keynes's Economics Consequences of the Peace. It was published a year after Austria's defeat in World War I and for that reason important, especially in the context of two other books, Diplomacy by Henry Kissinger and Woodrow and Theodore by Judge Napolitano. The Kissinger and Napolitano books focus on the operation of the Executive Branch through the Presidencies of Woodrow Wilson and Theodore Roosevelt -- Napolitano from a Constitutional perspective, and Kissinger from their seminal impact on foreign policy through three World Wars. The First World War as a pivotal event in World History can't be underestimated. "With the World War mankind got into a crisis with which nothing that happened before in history can be compared. There were great wars before; flourishing states were annihilated, whole people exterminated. All that can in no way be compared with what is now occurring before our eyes. In the world crisis whose beginning we are experiencing, all peoples of the world are involved. None can stand aside; none can say that its cause too will not be decided along with the others. If in ancient time the destructive will of the more powerful met its limits in the inadequacy of the means of destruction and in the possibility available to the conquered of escaping persecution by moving away, the progress in the techniques of war and transportation and communication makes it impossible for the defeated to evade the execution of the victor's sentence of annihilation." "Imperialism has placed the tools of peace in the service of destruction. With modern means it would be easy to wipe out humanity at one blow. In horrible madness Caligula wished that that the entire Roman people had one head so that he could strike it off. The civilization of the twentieth century has made it possible for the raving madness of the modern imperialists to realize similar bloody dreams." "In the League of Nations of Versailles the ideas of 1914 are in truth triumphing over those of 1789; that it is not we who have helped them to victory, but rather our enemies, and that the oppression turns back against us is important for us but less decisive from the standpoint world history. The chief point remains that nations are being punished and that the forfeiture theory comes to life again. "For us and for humanity there is only one salvation: return to the rationalistic liberalism of the ideas of 1789." -- Nation, State, and Economy by Ludwig von Mises, pages 180, 183, and 184. I did notice in Dr Kissinger's Diplomacy that he had something to say about the Junkers. Since I don't consider him more of an authority on the subject than Ludwig von Mises, I think it only fair to quote them both: "The Junkers, who had lead Prussia to the domination of Germany, would bear the weight of opprobrium after the two world wars, especially in the United States. In fact, they were the social stratum least guilty of overreaching in foreign affairs, being basically geared to Continental policy and having little interest in events outside Europe. Rather, it was the new industrial managerial and the growing professional classes that provided the nucleus of nationalist agitation without encountering in the political system the sort of parliamentary buffer which had evolved in Great Britain and France over several centuries. In the Western democracies, the strong nationalist currents were channeled through parliamentary institutions; in Germany, they had to find expression in extra-parliamentary pressure groups." From Diplomacy by Henry Kissinger, page 184. "No less far from the truth is the other myth, which blames the war and so the defeat on capitalism, the economic system based on private ownership of the means of production. It is forgotten that liberalism was always pacifistic and antimilitaristic, that not until its overthrow, which was achieved only by the united efforts of the Prussian Junker class and the Social Democratic working class, was the way opened up for the policy of Bismarck and William II; the last trace of the liberal spirit had first to disappear from Germany and liberalism had to become regarded as a kind of dishonorable ideology before the people of poets and thinkers could become a weak-willed tool of the war party. It is forgotten that the German Social Democratic Party had unanimously supported the war policy of the government and that the defection first of individual and then of ever-larger masses ensued only as military failures showed the inevitability of defeat ever more clearly and as famine became more strongly felt. Before the battle of the Marne and before the great defeats in the East, there was no resistance to the war policy among the German people." "From Nation, State, and Economy by Ludwig von Mises, page 3. There is an irony in that Dr. Kissinger's comment regarding WWI appears to echo President Eisenhower's 1960 warning on the Military Industrial Complex, quoted in full: _____ Military-Industrial Complex Speech, Dwight D. Eisenhower, 1961 _____ Public Papers of the Presidents, Dwight D. Eisenhower, 1960, p. 1035- 1040

My fellow Americans: Three days from now, after half a century in the service of our country, I shall lay down the responsibilities of office as, in traditional and solemn ceremony, the authority of the Presidency is vested in my successor. This evening I come to you with a message of leave-taking and farewell, and to share a few final thoughts with you, my countrymen. Like every other citizen, I wish the new President, and all who will labor with him, Godspeed. I pray that the coming years will be blessed with peace and prosperity for all. Our people expect their President and the Congress to find essential agreement on issues of great moment, the wise resolution of which will better shape the future of the Nation. My own relations with the Congress, which began on a remote and tenuous basis

when, long ago, a member of the Senate appointed me to West Point, have since ranged to the intimate during the war and immediate post-war period, and, finally, to the mutually interdependent during these past eight years. In this final relationship, the Congress and the Administration have, on most vital issues, cooperated well, to serve the national good rather than mere partisanship, and so have assured that the business of the Nation should go forward. So, my official relationship with the Congress ends in a feeling, on my part, of gratitude that we have been able to do so much together.

II. We now stand ten years past the midpoint of a century that has witnessed four major wars among great nations. Three of these involved our own country. Despite these holocausts America is today the strongest, the most influential and most productive nation in the world. Understandably proud of this pre-eminence, we yet realize that America's leadership and prestige depend, not merely upon our unmatched material progress, riches and military strength, but on how we use our power in the interests of world peace and human betterment.

III. Throughout America's adventure in free government, our basic purposes have been to keep the peace; to foster progress in human achievement, and to enhance liberty, dignity and integrity among people and among nations. To strive for less would be unworthy of a free and religious people. Any failure traceable to arrogance, or our lack of comprehension or readiness to sacrifice would inflict upon us grievous hurt both at home and abroad. Progress toward these noble goals is persistently threatened by the conflict now engulfing the world. It commands our whole attention, absorbs our very beings. We face a hostile ideology -- global in scope, atheistic in character, ruthless in purpose, and insidious in method. Unhappily the danger it poses promises to be of indefinite duration. To meet it successfully, there is called for, not so much the emotional and transitory sacrifices of crisis, but rather those which enable us to carry forward steadily, surely, and without complaint the burdens of a prolonged and complex struggle -- with liberty the stake. Only thus shall we remain, despite every provocation, on our chartered course toward permanent peace and human betterment. Crises there will continue to be. In meeting them, whether foreign or domestic, great or small, there is a recurring temptation to feel that some spectacular and costly action could become the miraculous solution to all current difficulties. A huge increase in newer elements of our defense; development of unrealistic programs to cure every ill in agriculture; a dramatic expansion in basic and applied research -- these and many other possibilities, each possibly promising in itself, may be suggested as the only way to the road we wish to travel. But each proposal must be weighed in the light of a broader consideration: the need to maintain balance in and among national programs -- balance between the private and the public economy, balance between cost and hoped for advantage -- balance between the clearly necessary and the comfortably desirable; balance between our essential requirements as a nation and the duties imposed by the nation upon the individual; balance between actions of the moment and the national welfare of the future. Good judgment seeks balance and progress; lack of it eventually finds imbalance and frustration. The record of many decades stands as proof that our people and their government have, in the main, understood these truths and have responded to them well, in the face of stress and threat. But threats, new in kind or degree, constantly arise. I mention two only.

IV. A vital element in keeping the peace is our military establishment. Our arms must be mighty, ready for instant action, so that no potential aggressor may be tempted to risk his own destruction. Our military organization today bears little relation to that known by any of my predecessors in peacetime, or indeed by the fighting men of World War II or Korea. Until the latest of our world conflicts, the United States had no armaments industry. American makers of plowshares could, with time and as required, make swords as well. But now we can no longer risk emergency improvisation of national defense; we have been compelled to create a permanent armaments industry of vast proportions. Added to this, three and a half million men and women are directly engaged in the defense establishment. We annually spend on military security more than the net income of all United States corporations. This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence -- economic, political, even spiritual -- is felt in every city, every State house, every office of the Federal government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society. In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together. Akin to, and largely responsible for the sweeping changes in our industrial-military posture, has been the technological revolution during recent decades. In this revolution, research has become central; it also becomes more formalized, complex, and costly. A steadily increasing share is conducted for, by, or at the direction of, the Federal government. Today, the solitary inventor, tinkering in his shop, has been overshadowed by task forces of scientists in laboratories and testing fields. In the same fashion, the free university, historically the fountainhead of free ideas and scientific discovery, has experienced a revolution in the conduct of research. Partly because of the huge costs involved, a government contract becomes virtually a substitute for intellectual curiosity. For every old blackboard there are now hundreds of new electronic computers. The prospect of domination of the nation's scholars by Federal employment, project allocations, and the power of money is ever present; and is gravely to be

regarded. Yet, in holding scientific research and discovery in respect, as we should, we must also be alert to the equal and opposite danger that public policy could itself become the captive of a scientific technological elite. It is the task of statesmanship to mold, to balance, and to integrate these and other forces, new and old, within the principles of our democratic system -- ever aiming toward the supreme goals of our free society. V. Another factor in maintaining balance involves the element of time. As we peer into society's future, we -- you and I, and our government -- must avoid the impulse to live only for today, plundering, for our own ease and convenience, the precious resources of tomorrow. We cannot mortgage the material assets of our grandchildren without risking the loss also of their political and spiritual heritage. We want democracy to survive for all generations to come, not to become the insolvent phantom of tomorrow. VI. Down the long lane of the history yet to be written America knows that this world of ours, ever growing smaller, must avoid becoming a community of dreadful fear and hate, and be instead, a proud confederation of mutual trust and respect. Such a confederation must be one of equals. The weakest must come to the conference table with the same confidence as do we, protected as we are by our moral, economic, and military strength. That table, though scarred by many past frustrations, cannot be abandoned for the certain agony of the battlefield. Disarmament, with mutual honor and confidence, is a continuing imperative. Together we must learn how to compose differences, not with arms, but with intellect and decent purpose. Because this need is so sharp and apparent I confess that I lay down my official responsibilities in this field with a definite sense of disappointment. As one who has witnessed the horror and the lingering sadness of war -- as one who knows that another war could utterly destroy this civilization which has been so slowly and painfully built over thousands of years -- I wish I could say tonight that a lasting peace is in sight. Happily, I can say that war has been avoided. Steady progress toward our ultimate goal has been made. But, so much remains to be done. As a private citizen, I shall never cease to do what little I can to help the world advance along that road. VII. So -- in this my last good night to you as your President -- I thank you for the many opportunities you have given me for public service in war and peace. I trust that in that service you find some things worthy; as for the rest of it, I know you will find ways to improve performance in the future. You and I -- my fellow citizens -- need to be strong in our faith that all nations, under God, will reach the goal of peace with justice. May we be ever unswerving in devotion to principle, confident but humble with power, diligent in pursuit of the Nation's great goals. To all the peoples of the world, I once more give expression to America's prayerful and continuing aspiration: We pray that peoples of all faiths, all races, all nations, may have their great human needs satisfied; that those now denied opportunity shall come to enjoy it to the full; that all who yearn for freedom may experience its spiritual blessings; that those who have freedom will understand, also, its heavy responsibilities; that all who are insensitive to the needs of others will learn charity; that the scourges of poverty, disease and ignorance will be made to disappear from the earth, and that, in the goodness of time, all peoples will come to live together in a peace guaranteed by the binding force of mutual respect and love. I feel that the serious lay student of history will find *Nation, State, and Economy* and other books mentioned useful in providing a comprehensive overview for the scope and depth of their study of the US Constitution, with particular emphasis on the power of the Executive Branch.

In 1919, Mises explained how the first World War had come about, distinguishing between nations, states, and economies. Prior to the nineteenth century, the boundaries of a state were determined by conquest, coercion, rulers, and princes; the people had nothing to say in the matter. A nation, composed of persons speaking the same language and to a large extent sharing the same culture, was an essentially neutral concept, in no way incompatible with a liberal economy, individual freedom, democracy, and the right of self-determination. Yet this peaceful nationalism gave way to militarism, international conflict, and war. Why? Nations, like individuals, learn from experience. The largely liberal movement for a "greater Germany," composed of Germany, German-Austria, and scattered enclaves of German nationals in neighboring countries, was frustrated by the state in the form of the Kingdom of Prussia, which became the German Empire, and the Hapsburg Empire of Austria-Hungary. Essential to Mises's concept of a classical liberal economy is the absence of interference by the state. Under the chancellorship of Bismarck, the essentially reactionary German state became increasingly intrusive in every aspect of the nation's economic, social, and of course political. As the German state sought to become stronger by forcefully acquiring additional territory, German nationalism became increasingly militaristic and imperialistic, leading to international conflict and war. In World War I, Germany and its allies were overpowered by the Allied Powers in population, economic production, and military might. Because Germany needed imports to survive, much less to wage war, and was cut off from foreign suppliers, its defeat was inevitable. Mises believed that Germany should not seek revenge for the "fetters . . . forced upon German development by the peace of Versailles." Rather, his theme throughout this book is that Germany should adopt liberal ideas and a free market economy by expanding the international division of labor, which would help all parties. "For us and for humanity," Mises wrote, "there is only one salvation: return to rationalistic liberalism." Ludwig von Mises (1881–1973) was the leading spokesman of the Austrian School of Economics throughout most of the twentieth century. He earned his doctorate in law and economics from the University of Vienna in 1906. In 1926, Mises founded the Austrian Institute for Business Cycle Research. From 1909 to 1934, he was an economist for the Vienna Chamber of Commerce. Before the

Anschluss, in 1934 Mises left for Geneva, where he was a professor at the Graduate Institute of International Studies until 1940, when he emigrated to New York City. From 1948 to 1969, he was a visiting professor at New York University. Bettina Bien Greaves is a former resident scholar, trustee, and longtime staff member of the Foundation for Economic Education. She has written and lectured extensively on topics of free market economics. Her articles have appeared in such journals as *Human Events*, *Reason*, and *The Freeman: Ideas on Liberty*. A student of Mises, Greaves has become an expert on his work in particular and that of the Austrian School of economics in general. She has translated several Mises monographs, compiled an annotated bibliography of his work, and edited collections of papers by Mises and other members of the Austrian School.

Language Notes
Text: English, German (translation)
About the Author
Ludwig von Mises (1881-1973) was a preeminent philosopher and economist during the twentieth century. He shared an intellectual friendship with literary giant Ayn Rand, and his theorems and philosophies have continued to influence the careers and ideas of politicians and economists alike.