What Has Government Done to Our Money?

Murray N. Rothbard

What Has Government Done to Our Money?

Murray N. Rothbard

What Has Government Done to Our Money? Murray N. Rothbard
What Has Government Done to Our Money? was first published in 1962 as Money, free and unfree, and details the history of money, from early barter systems, to the gold standard, to present-day systems of paper money. Rothbard explains how money was originally developed, and why gold was chosen as the preferred commodity to use as money. The author also explains how the gold standard makes money a commodity, and how market forces create a stable economy. Rothbard shows that many European governments went bankrupt due to World War I and left the gold standard in order to try to solve their financial issues, which was not the right solution. He also argues that this strategy was partially responsible for World War II and led to economic problems throughout the world.

What Has Government Done to Our Money? Details

Date	:	Published August 29th 2014 by Stellar Editions (first published 1963)
ISBN	:	
Author	:	Murray N. Rothbard
Format	:	Kindle Edition 119 pages
Genre	:	Economics, Politics, Nonfiction, History, Philosophy

From Reader Review What Has Government Done to Our Money? for online ebook

Snehal Bhagat says

Governments change, but policies rarely seem to.

After all, when the creation of false dilemmas is deemed an occupational necessity, their perpetuation becomes an unspoken imperative. So, regardless of the degree of fiscal conservatism practiced, and monetary policy tightening encouraged; all governments tend to be inherently inflationary.

This assertion itself is not greatly disputed, and Rothbard demonstrates why this is so in the first part of the book; *What Has Government Done to Our Money?* is a cogent account of the evolution of money to facilitate trade, and of its subsequent appropriation by the states and their agencies, the central banks, that eventually led to the de-linking to the gold standard which kept the overall supply of money in check.

How this in turn has fostered the now-familiar economic boom-bust cycles is also well argued; and economists from the Austrian school can feel vindicated for having predicted the current state of affairs on this basis.

The second part of the book, *The Case for the 100 Percent Gold Dollar* , is not as persuasive, even if it does possess theoretical merit. For one, on the monetary side, fractional-reserve banking is so well-entrenched that to even contemplate that consumers would pay "warehousing fees" for the safe-keeping of their money, rather than receive an interest income, is rather difficult; not is it clear that governments can effectively provide the desired supply of public goods without being at least somewhat inflationary.

Aziz Albaz says

many people believe we can go back to the gold standard and that it would cause more monetary and economic stability which not possible today. this book provides excellent knowledge on money and the revolution of money
its a good read. i'd recommend it to whoever is calling to go back to the gold standard,specifically the last two chapters, and what he said about world war I is an explanation on why it is impossible to go back to a gold standard today.

NOTE: read the last edition because since the first edition many content changed.

Adna says

Murray Rothbard was a great writer, and these two essays are no exception. Though the essays are at times repetitive, his arguments are clearly defined, comprehensively argued and in his typical style adorned with various amusing and interesting anecdotes and examples.

Even decades after being first published these essays will still be of interest to those who want a different perspective on banking from the one found in the average newspaper. After reading the essays, it'd be hard to think that, as is often assured, all is well in the world of finance.

Rothbard concludes his essay *The Case for the 100 Percent Gold Dollar* with the following statement, aimed at those who would argue that the ideas he advocates are out of touch with the modern world, or even dangerous.

> 'There is no gainsaying the fact that this suggested program will strike most people as impossibly “radical” and “unrealistic”; any suggestion for changing the status quo, no matter how slight, can always be considered by someone as too radical, so that the only thoroughgoing escape from the charge of impracticality is never to advocate any change whatever in existing conditions. But to take this approach is to abandon human reason, and to drift in animal- or plant-like manner with the tide of events.'

Clinton says

What Has the Government Done to Our Money directly assaults the fraudulent monetary system of fiat currency and reaffirms the sustainability in economic growth of free market currency based on an commodity such as gold and silver. Murray Rothbard briefly confutes the delusional enchantment of the impregnable system of fiat currency by issuing inflation as the most devastating phenomenon in monetary economics.
Inflation is the debasing of a currency by creating money out of thin air, which means the purchasing power is decreased due to the increase in the money supply. Inflation generates illusory profits and distorts calculation of business, so free markets are unable to reward efficiency and penalize inefficiency. “The general atmosphere of a sellers’ market will lead to a decline in quality of goods and of service to consumers since consumers often resist price increases less when they occur in form of downgrading of quality.” Not only does inflation destroy business, but the compulsory monopoly of mint in the control of the money supply by central banks destroys free markets even in monetary terms. Central banks are responsible for inflation, for it removes all checks on inflation as well as direct inflation.
Overall, Rothbard is a true inspiration of brilliance in the field of economics where he can deliver a concise explanation of the government transgressions into the market and the incessant yet futile attempt to control economic activity through manipulating the currency. It is an absolute blast to read Rothbard every time.

Matt Bianco says

Rothbard is ever the genius. This review will not do his book justice.

He promotes a free market monetary system with no government control/meddling. He clearly favors a hard metal currency, and a single currency within a country. I am more of a believer in any currency (metal or no) that the free market determines. Thus, I would be more than happy to see concurrent currencies. However, Rothbard does not really broach that issue, he simply mentions it in passing.

The book is good and finishes with a brief overview of the history of government meddling in money.

Fred Kohn says

Very disappointing. I had previously read End the Fed and found that to be a truly awful book. I expected that a book by an actual economic professor would be much better. And, yes this book is definitely better. Still, it wasn't a very good defense of the gold standard. The usual narrative by mainstream economists is that the rise of the quantity theory of money is what killed the gold standard. Not only is this not discussed at all in the book, one gets the distinct impression that either Rothbard has never heard of, or worse, dismisses the quantity theory of money. At one point he says, "[D]eflation can only take place after a previous inflation; only pseudo-receipts, not gold coins, can be retired and liquidated." This debunked idea is one of false ones that economist Allan Melzer in his iconic history of the Federal Reserve blames the Fed for following in their failure to deal properly with the Great Depression.

Von Fugal says

An excellent case for the gold standard with intelligent rebuttals to the claimed pitfalls of the same. The essay at the end, *Case for the 100 Percent Gold Dollar*, is a great short read if you don't have as much time, or if you want to decide whether to read the book, but the book is far more detailed and perhaps even more reader friendly. What is monetary policy? What is even money? Why do even some otherwise free market types yet call for government regulation of money? Is there a place for free market types that take the buck all the way to include even money? This book does an excellent job of addressing these questions and more.

Travis says

This is an excellent overview of how and why government interferes with the proper use and role of money in society. Nationalization of currency creates unnatural barriers between nations that don't exist where "hard money" (gold) is used. Governments that are too cowardly to tax their citizens the way they would like to, simply steal their money through inflation. They can only inflate at will if they remove the checks on credit pyramiding. We have no practical checks to inflation left in the modern economic world.

One of the chapters read like a prophecy of the cover of WSJ any of the last 6 months. The hard truth here, is that our monetary system is totally screwed up, and all of the current 'ideas' to correct it will only take us in the wrong direction. A proper cure to our monetary system will hurt, but it won't hurt as bad as the disease we currently have.

Bill Peacock says

Confused about how the Federal Reserve works, or why we need it? Can't figure out what causes inflation? Does the whole financial crisis have you baffled? This is a great place to start working through the muck. If you don't read anything else, read the section on money warehouses, though the whole book is worth a read.

Tanya Tosheva says

Why do we consider that money, alone among all commodities, needs to be carefully regulated and controlled by a central government and cannot be left in the invisible hands of the free market? What really is money, how it came to be and what is its price? Can its creation and regulation be entrusted to the free market? How did currencies such as the pound and the dollar cease to mean a certain weight of gold and become the fiat moneys they are today?
Those are just a few of the questions answered in this book. It is both engaging and extremely informative. It filled many of the gaps in my appalingly meagre financial education. Highly recommend, even if you don't agree with the author's libertalian views.

Christopher Goins says

Dr. Rothbard left us in 1995, and wrote the first edition of "What Has Government Done to our Money" in 1964, but he is still the clearest voice on economic policy today -- more than David Stockman. In 2014, Jim Grant of "Grant's Interest Rate Observer" may be the only financial journalist that comes close to the pristine prose of Murray Rothbard. I originally read this book four years ago, and it is just as clear this time around. I wish I had his clarity.

This fourth edition, like his previous editions, de-bamboozles the public's understanding of central banking and banking on the free-market. Interestingly, with each passing addition some monetary period came and went. In 1964, The United States had yet to de-link the U.S. dollar from gold completely. But by this last edition, which is still pre-European Union and pre-Euro, the dollar had become a completely fiat currency. He also talked about our current state of fluctuating fiat currencies, which the author believes, like every other monetary fix, will not last; and, if central banks attempt to make it last it will only give us inflation in the long-run which will be of no benefit to anyone.

If you have never read a book on economics or monetary policy, make this your first one.

Elizabeta says

Excellent introduction to money and gold dollar.

Andrew Skretvedt says

This book, along with "The Mystery of Banking" make for fantastic introductions into the system of economic theory known as the Austrian-School.

Austrian-School economics is the foundation for economic theory among most libertarians. If you've come to regard economics as boring, you're missing out! Austrian-School theory is intuitive, commonsensical, and empowering. It's the only fully integrated theory of economics which can simply and reliably explain (and predict!) the ups and downs of the business cycle, without resorting to dubious claims from psychology and bastardizations of group dynamics.

Other theories, like the Keynesian-School, must use intensely complicated and ultimately fallacious concepts to explain common economic phenomena, making for a disinterested public, and an over-reliance on so-called experts to interpret conditions. It's no surprise then, that Keynesian-School theory is the choice of most modern educational institutions, and the orthodoxy of public policy schools. It's inscrutability and need for expert interpretation lends itself to use by the state as a lever of control.

This book and "Banking", mentioned above, both by renown libertarian scholar Murray Rothbard, give an easy, ground-up primer on the monetary aspect of Austrian-School theory. No prior experience is required. You'll likely find yourself "getting it" almost from the first page. And if you've never been in contact with this way of economic thinking before, get ready for a shock. It'll cause you to question why the mainstream doesn't ever seem to want to look at things this way.

You'll discover here why the gold standard was natural, a great idea, why we (and all modern nations) left it, and how it's not the anachronistic boogey-man mainstream media and economists would like you to think it is.

Eric Jensen says

'What Has Government Done to Our Money' is considered one of the strongest introductions into monetary theory by many liberty-minded individuals. Rothbard is a literary economist, rather than an academic one, and the unfortunate result is an exploratory work, and not a particularly rigorous one. The only interesting part of this work is a modest exploration of the history of 'money'. Unfortunately, Rothbard skips inductive or deductive methodologies, analysis of monetary data, and any semblance of quasi or true experimental design. Instead, he proposes to move straight into the discussion of policy options. It does not occur to Rothbard that proper inferences can only be drawn when there is data from which to draw!In so doing, Rothbard allows himself to leap from bombastic claim(fractional reserve banking is the primary cause of business cycles) to bombastic conclusion (in a free society, people would institute bank runs to close down fractional reserve banks).

My point is not that Rothbard is mistaken (although he is), but rather that his work lends no justification to his claims, or to any claims, for that matter. It is important that this is recognized for what it is: a man's opinion, not argument.

Rick Saffery says

I learned or rather rediscovered my passion for economics by reading Dr.Rothbard's book. His effort here is a very short, concise, surprisingly easy one to read. Rothbard suggests that it is government meddling and its monopolistic strangehold on the creation of money that is responsible for boom-bust business cycles. He expounds on this sentiment in his narrative regarding the perfect storm of several interdependent events which drive the destructive hyperinflation of our currency. The dissolution of the gold standard, fractional-reserve banking and the usurpation of the countries treasury by a handful of wealthy private bankers Rothbard asserts as the reason for such a disparity in arms.