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- Three folders containing reviews of *My Years*: an extensive archive of documents collected from numerous journals. [B1]

Tapes

My Years With

Ludwig von Mises

Margit von Mises' book about her husband, *My Years with Ludwig von Mises* (Arlington, \$9.95), is, first of all, a deeply tender memoir of the human side of a genius. Though Mises was "Lu" to his devoted friends such as Henry Hazlitt and Larry Fertig, he was not a man to court intimacy. He could be beautifully, and even humorously, explicit about all manner of topics (who can forget his disquisition on the production—and resulting pleasures—of champagne?), but when it came to the topic of himself there was never a word. It was rumored that he had a weakness (who said that he almost

forgave the Austrian State for subsidizing opera?), but his relentless consistency about general ideas seemed to preclude private preoccupations. When he died in 1973 there were innumerable tributes to his work, but nothing much about him as a human being.

The desire to bring the real Mises closer to his friends became "almost an obsession" with Margit von Mises. She knew, as no one else did, her husband's need for love and affection, and she also knew his hesitations. As she says, they did not live in Paradise. During a long engagement that virtually coincided with the protracted agonies of an Austria that was waiting for a depression to end and a Hitler to pounce, she suffered while Lu "fought himself." She was deeply in love with him, but he had what to him was a frightening decision to make.

The work he had cut out for himself involved nothing less than the complete destruction of socialism as a respected system of ideas. He

regarded his vocation as a priesthood. She had two children by a previous marriage who could be disruptive to a quiet home. Though he had time for diversions (they went mountain climbing together), sometimes she did not see him for weeks. She spent time in London to refresh her English and to qualify as a translator of plays for the Viennese theatre. He, knowing that Austria was doomed, left Vienna in 1934 to join Professor William Rappard's faculty at the Institute des Hautes Etudes in Geneva.

When, after innumerable separations, they were finally married, the result, for Margit, was a happy anti-climax: Lu adapted himself to marriage more quickly than she did. He never once referred to the thirteen years of their engagement during thirty-five years of subsequent marriage, a silence she still finds puzzling. But, though Lu had a sometimes volcanic temper which had nothing to do with herself, the contrast between them made him feel complemented. "I am the human touch in your life," she said. "You are more than that," he said, "... you always are in a good mood."

The History of Ideas

Margit Mises says her book will hardly answer any question about economics. Maybe not, but she answers at least a thousand ques-

tions about economic history. Her story will prove indispensable to anyone who wants to understand a migration of thought that may, in the end, be the saving of America and the whole western world. The convulsion that sent the living carriers of the Carl Menger Austrian school of economics to Geneva and London, to New York and Chicago, came at a time when Keynesianism had practically obliterated the classical liberal economics of the past.

It is perfectly true that Statist economics had its native-born enemies in the London of Lionel Robbins and in the Chicago of Henry Simons, Frank Knight and Milton Friedman. But what phenomenon had the effect of Mises' famous seminar at New York University, which lasted from 1948 to 1969? Scores of young dissenters from the accepted Keynesian conventions sharpened their sense of economic logic at Mises' feet. And they did much more than that. They also learned, as a letter quoted by Margit Mises explains, that "the realm of ethics is not something which is outside of that of economic action." A jotting from a notebook (that of Jack Holman, a licensed engineer with a Ph.D. in economics) has Mises saying "one of the indispensable prerequisites of a mastery of economics is a perfect knowledge of history, the history of

ideas and of civilization ... To know one field well, one must also know other fields."

Around the World

The percolation of ideas is an endlessly fascinating topic, and Margit von Mises adds scores of details that will enable her readers to track the penetration of Mises' philosophy to the most unlikely places. If Latin America is ever to come to its economic senses, Mises' "two months in Mexico," which Margit describes with great feeling, will have had much to do with it. And if Marx is ever to be abandoned in places now behind the Iron and Bamboo curtains, it will be because of Mises' root perception that the problem of economic calculation is impossible to solve under socialism. Communism depends on its trade with free economies for its pricing tips, and if there were no cross-border traffic with the capitalist devil the very concept of socialist planning would become a shambles for lack of measuring rods.

This truth, set forth in a Mises book translated from the German with the English title of *Socialism*, made a profound impression on Hayek, Roepke and others who read it in the early Twenties. This was a little before Margit's introduction to Lu, but the story of *Socialism's* influence on Hayek's generation is

covered in a tribute to Mises which Hayek contributes as an appendix to Margit's memoir.

"Human Action"

For Hayek, *Socialism* still remains the "most memorable and decisive production of Professor Mises' career." But he thinks *Human Action*, which covers a wider field than political economy, will in the long run prove as important as *Socialism* has been. Margit Mises tells the whole story of the publication of *Human Action* in America. It was due to the unconventional boldness of Eugene Davidson that the Yale University Press dared to accept *Human Action* in spite of the Keynesian and Marxian shibboleths that prevailed on the campuses of the Forties. After Davidson left New Haven to go to Chicago, the Yale Press messed up a second edition of *Human Action*. Margit asks a pertinent question: "Who was the guilty party causing the unbelievably bad printing job?" Mises was deeply hurt by what he called "scandalous botchery."

Margit Mises has an eye and an ear for character, and her book throngs with beautifully characterized people. Leonard Read, Hans Sennholz, Henry Hazlitt, Larry Fertig, Murray Rothbard, Sylvester Petro, Percy and Bettina Greaves, Albert Hahn and Philip Cortney, all

of them friends and many of them students of Mises, appear and reappear as Margit Mises tells of her husband's travels and seminars. Better than total recall, Margit Mises has significant recall. Her own story as a young actress on the Vienna and Hamburg stage during

World War I and after conjures up pulsating pictures of a forgotten world. She protests that she is an amateur writer, but she is actually as skilled as any professional. Those years when she was translating plays for the Vienna theatre have paid off.

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BOOK REVIEW

MY YEARS WITH LUDWIG VON MISES

by Margit Von Mises

Arlington House, New Rochelle, New York

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Those who have known, admired, and loved the late Ludwig von Mises for a generation or more - those who have marvelled at his brilliant mind, its depth, power and all inclusive scope will be pleased to learn that his wife Margit has brought a whole new area of interest to our attention.

The late Dr. von Mises has been described as the most brilliant economic analyst of this generation or of this era, or of our times. Such attempts are inadequate to describe his wealth of knowledge in almost all areas of human accomplishment and the depth, breadth, width and height of his understanding.

It is ~~more~~ proper to say, in my opinion, that he was the most powerful economic thinker mankind has produced. All students of economics agree with the profundity of Adam Smith in The Wealth of Nations. With all its newness of insight, it is relatively simple compared with the scope and world perspective within which von Mises wrought. Human Action

is incomparable with any other work and stands alone as a gigantic explanation of the working of the human mind.

Von Mises was not only an economist, he was a historian, a philosopher, a linguist, and a discerning student of the way the human mind operates under almost all circumstances.

Most of this his devotees knew, but what we did not know was the tender, human side of the man - his great need for love. Margit, his dear wife whom he married when near the age of sixty, seems to have supplied this need and to have been the only person who really understood him. That he was completely devoted to her from the time they first met was evident. His letters tell over and over of a "thousand kisses" and other endearments. He brought or sent flowers and other presents regularly and devotedly. Why he waited 13 years after they met to propose marriage remains a mystery. Possibly he was waiting for greater financial security or to achieve certain academic goals. Whatever were his reasons, they remain his secret. It is a marvel that Margit waited patiently with no waning of the love she had for this man.

In this remarkable book she tells of her own history and accomplishments as an actress and an authoress, but also many heretofore unpublished details concerning the activities of her husband - where they went, where he spoke, their many friends, social events, prizes, citations, academic honors and the everlasting struggle to articulate economic truth.

The book does not throw light on the spiritual thought of Dr. von Mises, though it gives us one quotation that is significant in this vein.

"An ethical standard is judging various modes of conduct from the point of view of values which derive from divine commandment or thought which is in the soul of everyone. The realm of ethics is not something which is outside of economic action. You cannot deal with ethical problems apart from economic ones, and vice-versa."

Having spent a long generation exploring the relationship between "divine commandments" and economic well-being, this reviewer welcomes the above quotation as an indication that Professor von Mises was also interested in this phase of thought.

We all owe a debt of gratitude to Margit von Mises for gathering together this remarkable record and explaining it to us with such a charming degree of frankness. A whole new von Misian vista has been opened to us for which we are profoundly grateful.

FRIEDRICH ENGEL-JANOSI

„Troer sind wir gewesen“

ERINNERUNGEN AN DEN NATIONALÖKONOMEN LUDWIG VON MISES

Der österreichische Nationalökonom Ludwig von Mises (1881 bis 1973) war gegen Ende des Zweiten Weltkrieges von einer Handelskammer in Kalifornien eingeladen worden, einen Vortrag über Probleme der Kriegswirtschaft zu halten. Mises ließ es nicht fehlen an Kritik an den Maßnahmen, die in den Vereinigten Staaten damals getroffen wurden. In der Diskussion, die auf den Vortrag folgte, fragte ihn ein Teilnehmer, was er tun würde, wenn er, mit den Vollmachten eines Diktators ausgestattet, an die Spitze der amerikanischen Regierung gesetzt würde. Mises beantwortete die Frage prompt mit drei Worten: „Ich würde abdanken.“ („I would abdicate.“) Das war echter Mises, „Mises tout pur“, wenn Sie wollen: „tout craché.“ Und Friedrich von Hayek, der Nobelpreisträger, den Österreich in diesen Tagen verliert, hat mit vollem Recht bei einer Laudatio für Mises als dessen bezeichnendsten Zug hervorgehoben: seinen Mut, auch/oder besonders wenn er allein blieb mit seinen Anschauungen, mit seinen Überzeugungen, unbeugsam im Geistigen wie im Physischen, der Artillerieoffizier des Ersten Weltkriegs, etwas steif, stets sehr gerade.

Damit hat man es nicht leicht, vollends wenn man zwischen 1930 und 1945 über die Prinzipien der Volkswirtschaft spricht und schreibt; wenn man eine Berufung fühlt, dies zu tun, und vollends in Österreich.

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Als jemand anlässlich der ersten Wahl Nixons zum amerikanischen Präsidenten darauf hinwies, daß der Neugewählte sich gute Ratgeber ausgesucht hätte, entgegnete Mises: „Der Chef der Regierung muß selbst die guten Ideen haben, sonst ist er nicht bereit, sich für sie zu opfern; niemand stirbt für die Ideen seiner Ratgeber.“

Mises hat niemals in Österreich eine öffentliche Professur erhalten; so wie Sigmund Freud wurde ihm nur der Titel zuteil. Aber in seinem Wiener Privatseminar bildeten sich die Nationalökonomien aus, die Österreichs Ruf über den Atlantik getragen haben: Hayek, Haberler, Morgenstern, Machlup vor allem. Sie haben noch vor dem März 1939 Österreich verlassen; andere sind ihnen gefolgt, unter ihnen auch Frauen.

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Um 1930 war Mises unzweifelhaft einer der Führer der liberalen, individualistischen Schule der Nationalökonomie. Um diese Zeit zählte sie freilich in Mitteleuropa nicht zahlreiche Vertreter, konnte aber eben in Wien auf eine stolze Tradition zurückblicken. Mises' Bücher über „Gemeinwirtschaft“ (1922), „Liberalismus“ (1927) sind Standardwerke dieser Richtung; sie sind es bis heute geblieben.

Die Aussichten der Entwicklung Europas in der Zukunft, die sich ihrem Verfasser auf dieser Grundlage boten, waren nichts weniger als optimistisch; er teilte seine Befürchtungen einer herannahenden Katastrophe mit dem Begründer der österreichischen Schule der Nationalökonomie, Karl Menger („My years...“ S 44). Als Mises uns um 1935 einmal in die Wiener Oper einlud und wir ihm unsere Freude über die schöne Aufführung mitteilten, sagte er: „Ja, aber wie lange werde wir das haben“; und nach einer Pause fuhr er wörtlich fort: „Noch ist keiner der heutigen Machthaber in Deutschland in seinem Bett gestorben.“

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Mises — (Continued From Page 3)

came to see me again." But even after she realized her own feelings for him and each had expressed them to each other, Mises held back from the final step. He continued to fight a battle within himself.

Throughout the late 1920's and early 1930's they saw each other constantly and took their holidays together. Then, in late 1934, Mises accepted a teaching position at the Graduate Institute of International Studies in Geneva. For the next four years their relationship became one of continuous letter writing and frequent journeys by him to Vienna so they could be together.

But the situation in Austria began to deteriorate rapidly. Brown shirts and gangs dominated the daily life of Vienna with, finally, the arrival of the Nazis in early 1938. Having a Hungarian passport (Margit's first husband had been of that nationality), she hastily took her young daughter from her first marriage in hand, with what belongings she could gather together, obtained the required documents and boarded the train for Zurich. "Police officers, Gestapo agents, S.S. men," she recounts, "one after the other, came into the compartments of our railway coach to inspect our passports and examine our documents. Only when the train moved out of the station and gathered speed could I breathe easy. We were free."

By the time Margit arrived in Switzerland, Mises had settled the internal conflict and shortly after she came to Geneva they were married. Though the disintegration of European civilization that Mises had always feared with the rise of Fascist and Communist collectivism was happening all around them, the "neutral" atmosphere of Switzerland became a haven for the exiled. The Graduate Institute for International Studies became a magnet for some of the dispossessed intellectual giants of the period. Margit von Mises takes the reader on a tour to visit some of the most prominent figures of the inter-war period. We meet the famous economic historian "Professor Paul Mantoux, co-director of the Institute, whose son, Etienne, was Lu's special favorite." Wilhelm Roepke, who had the proud distinction of being one of the first professors Hitler removed from the German university system in 1933. William Rappard; Gottfried von Haberler; Hans Kelsen, professor of international law; Louis Baudin; and many others.

By mid-1940, the situation in Western Europe became critical. The Lowland countries had been overrun by the Wehrmacht and the Nazi armies had broken through into France, every day driving further south. The collapse of the French army changed the neutral atmosphere of Switzerland. Margit writes that Mises "loved Geneva, the freedom of teaching, the atmosphere Rappard had created within the institute, the steady friendly contact with the other professors." In fact, until the French defeat became a certainty, Mises "believed the French would fight and could resist the German attacks...Lu's judgement about France's moral and combat strength was the only political error I ever knew him to make."

So, in early July, 1940, Ludwig and Margit von Mises set out on a bus, crammed with other passengers, for the Spanish border. A harrowing journey through winding, back-country roads, constantly dodging German military columns, finally brought them to the French Mediterranean coast near the Spanish frontier. But their arrival was only frustrated by border guards imposing delay after delay and hasty trips from place to place to obtain visa renewals. Finally, the border was crossed, trains and planes were taken and Lisbon was reached. Further delays ensued as passage across the Atlantic was obtained. In August, a nine-day voyage brought them to their ultimate destination, America.

The reader is told about the first, difficult years in the United States, the search for a teaching position, the lecture tours around the country, the successful two-month lecture series in Mexico in 1942, his temporary appointment at the National Bureau of Economic Research, and the famous twenty-one year, weekly seminar at New York University, from 1948 to 1969. Passing in procession through the pages as members of that seminar are some of the leading "Austrian" and Libertarian thinkers of the present day: Murray Rothbard, Israel Kirzner, Henry Hazlitt, Hans Sennholz, Percy Greaves, Ralph Raico, Louis Spadaro, even Ayn Rand made an appearance once.

After the successful publication of his *Omnipotent Government and Bureaucracy* in 1944 by Yale University Press, Mises set to work on

translating and revising his 1940 volume *Nationaloekonomie*. And in 1949 it appeared as *Human Action*. The importance of the volume was succinctly summed up by Professor Rothbard, "...here at last was economics whole once more, once again an edifice. Not only that—here was a structure of economics with many of the components newly contributed by Professor Mises himself...little constructive work can be done in economics unless it starts from *Human Action*." For, as Rothbard has pointed out, *Human Action* "...is economics whole, developed from sound praxeological axioms, based squarely on analysis of acting man, the purposive individual as he acts in the real world. It is economics developed as a deductive discipline, spinning out the logical implications of the existence of human action."

However, Margit von Mises tells us, the quality of the publisher responsible for its publication, Yale University Press, did not consistently match the brilliance of the words on the pages (and she was extremely familiar with those words because she typed 890 pages of the manuscript). While the first edition of the book was handsomely produced, when a second revised edition was arranged, the Yale Press produced what Henry Hazlitt called a Mangled Masterpiece. The print appeared darker on some pages, creating the impression of bold-faced type; pages were printed twice; lines were omitted; and paragraphs were transposed. They even refused to send Mises page-proofs or even a complimentary copy upon its publication. In 1966, publishers were changed and a third revised edition was published by Henry Regnery Co. that once again equalled the printing excellence of the first edition.

Almost until the end of his life, Mises kept teaching at NYU and lecturing around the country. Only in the last couple of years did he finally retire. In the fall of 1973, he was taken to the hospital. "He was not allowed any visitors, but when Percy and Bettina (Greaves) came to see him on his ninety-second birthday, he asked me to let them enter. Bettina wished him a happy birthday, and he thanked her and kissed her hand. The Austrian gentleman had remembered the old Austrian custom...Lu's mind was especially clear on the day before his death. He held my hand all day long, but he was very weak and his voice was barely audible when he told me in the evening, 'You look so tired; you must go home now and get some rest'...Shortly afterward, Lu went into a coma and never woke up. He died at 8:30 in the morning of October 10, 1973."

The delightfulness of the volume is enhanced by a fascinating selection of photographs and an appendix containing a tribute to Hayek by Mises and a tribute to Mises by Hayek. ■

Life With Mises

by Richard M. Ebeling

I'm sure, like many other people, when I read the works of a particular author, I develop an image of the writer in my mind's eye. I imagine what he looks like, what events or experiences might have shaped his ideas and what type of personality he would possess if I ever had the opportunity to meet him. In many instances such fantasizing remains mostly conjectural. Either the chance to meet the author never arises or the person is someone who lived in another era.

I never had the good fortune to meet Ludwig von Mises. Though I had already become interested in Mises' works, and that of the other "Austrians," in my teens when he was still alive and teaching, I lived in another part of the country and found it impossible to ever attempt to attend his famous seminar at New York University. But I had read a few, short accounts by others who knew Mises, including Haberler, Hayek, and Machlup who studied and worked with him in Vienna and by Rothbard, Hazlitt and Greaves who knew him here in America.

Their accounts reinforced many of the impressions I had drawn from reading Mises' classic works. *The Theory of Money and Credit* (1912), *Socialism, an Economic and Sociological Analysis* (1922) and *Human Action, a Treatise on Economics* (1949), as well as many of his other important writings, among them, *The Free and Prosperous Commonwealth* (1927), *Epistemological Problems of Economics* (1933), *Omnipotent Government* (1944), *Bureaucracy* (1944), *Theory and History* (1957) and *The Ultimate Foundation of Economic Science* (1962).

From his books, Mises always appeared as the unflinching proponent of the market economy; the uncompromising defender of methodological individualism; the brilliant, original thinker who challenged the socialists by demonstrating that economic calculation was impossible without a price system and private property; the developer of the Austrian Monetary Theory of the Trade Cycle on the foundations laid by Bohm-Bawerk in capital theory and by Wicksell in the theory of interest; and the perceptive social scientist and epistemologist who saw the unifying principle of social phenomena in the *a priori* character of human action and purpose.

From those who knew Mises it becomes clear that he lived the principles he espoused in print. For instance, F. A. von Hayek writes that while in Europe, "Mises was strongly attacked from the very beginning because of his relentless uncompromising attitude; he made enemies and, above all, did not find academic recognition until late." Yet, the "unfaltering tenacity with which he pursued his reasoning to its utmost conclusions . . ." which even seemed extreme to some of his own students "proved right over and over again and eventually an everwidening circle came to appreciate the fundamental importance of his writings which ran counter to the mainstream of contemporary thought in nearly every respect."

Now, slightly over three years after Ludwig von Mises passed away at the age of 92, an intimate look at the Austrian economist is presented to us by his widow, Margit von Mises, in *My Years with Ludwig von Mises* (Arlington House, New Rochelle, New York, 1976) 191 pp., iii, \$9.95.

In his 1922 treatise, *Socialism*, Mises, in discussing the role and status of marriage in socialist and capitalist societies, considered the dilemma of the independent and original thinker, "Genius does not allow itself to be hindered by any consideration for the comfort of its fellows . . . The ties of marriage become intolerable bonds which the genius tries to cast off or at least to loosen so as to be able to move freely. Whoever wishes to go his own way must break away from it. Rarely indeed is he granted the happiness of finding a woman willing and able to go with him on his solitary path."

It was this life that Ludwig von Mises had set out for himself. Professor Hayek recalls that "We, his old pupils of the Vienna days, used to regard him as a most brilliant but somewhat severe bachelor, who had organized his life in a most efficient routine, but who in the intensity of intellectual efforts was clearly burning the candle at both ends."

It was into this "efficient routine" that Margit Sereny-Herzfeld stepped when she first met Mises in the autumn of 1925. She recounts that he was a man divided in half. He had obviously fallen in love with her almost

upon their first meeting, but he seemed unable to make the commitment that would involve a radical change in his life and activities. The personal letters that she received from Mises, and which are reproduced in the text, show a desperately lonely man, crying with despair over the uncertainty of her affection for him and reaching out for the romantic relationship that obviously he had always denied himself. She tells that for weeks at a time he wouldn't come to see her, yet, she knew his feelings were intense as ever. "Sometimes I did not see him for weeks. But I knew very well that he was in town. At least twice daily the telephone rang, and when I answered it there was silence at the other end of the line—not a word was spoken. I knew it was Lu. He wanted to hear my voice . . . And finally—after a while, without any explanation—he

(Continued On Page 4)

The Private Von Mises

By any standard, Ludwig von Mises was one of the century's intellectual giants. In an era of growing collectivism he stood out as the most influential and profound of the free market economists. He was the mentor of such other giants, as Nobel Laureate F.A. von Hayek, Hans Sennholz and Wilhelm Roepke. Three years ago, at the age of 92, Ludwig von Mises died.

Now his widow, Margit von Mises, has told his story in "My Years With Ludwig von Mises."

Full text at <http://www.lewrockwell.com/VA>.

CONSERVATIVE DIGEST/March 1977

(Arlington House, \$9.95). She states that, "My husband was a very reserved person . . . he was extremely self-restrained and uncommunicative about his own life and affairs. . . . That is why I have written this book."

Another student of Mises, Murray Rothbard, says, "In this enthralling and moving memoir, Margit von Mises has gracefully succeeded in the delicate task of revealing to us Mises the man without presuming to strip away his cherished sense of privacy." Included are two never-before published tributes: one to Mises by Hayek, the other to Hayek by Mises.



BARRON'S ON BOOKS

The Scholar From Vienna Who Battled Karl Marx

"My Years With Ludwig von Mises," by Margit von Mises. 191 pages. Arlington House. \$9.95.

MARGIT VON MISES' book about her late husband, Ludwig von Mises, is an intensely personal document about a man who, though he could talk brilliantly about practically anything from Viennese opera to the culture of grapes, never talked about himself. Since Mrs. von Mises is a far more practised writer than she will admit (she once made her living translating English and American plays for the Viennese theater), her memoir is immensely successful in setting forth the manner of man von Mises was, a courtly soul who kept a volcanic temper under firm control.

Mrs. von Mises disclaims any intention of answering questions about her husband's "Austrian school" of economics, but she does nonetheless provide many details that will be essential to the history of economic thought in our times. This is not only the personal story of a happy marriage of 35 years, it is also the best account extant of a great migration of talent out of Hitlerian central Europe. When the final reckoning is made, this migration of true European liberals may prove the decisive factor in returning the West to its ancient traditions of individualism and voluntary choice.

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called her reluctant suitor Fabius Cunctator, after the Roman general who always won his battles by delay. But they remained in love in spite of absences (she went to England from Vienna to become a translator, he left a chaotic Austria to join Professor William Rappard at the Graduate Institute of International Studies in Geneva). She believed Lu when he told her to trust him, though she does not pretend the 13-year engagement was easy. "We did not live in Paradise," she says, "far from it."

The reason she was willing to wait comes clear in spite of her reticence. Ludwig von Mises happened to be the most dedicated scholar of his times. He had set himself up to break the hold of Karl Marx and all the lesser interventionists on the economic mind. He had already written his first great work on socialism before he met Margit. His book, called "Socialism" in the English translation, made the simple but hitherto unperceived point that in a completely communized world, the "planners" would find themselves unable to solve the problem of economic calculation. Without free pricing, there would be no points of reference. Since no socialist, whether of the Leninist or Fabian persuasion, could admit this, Ludwig von Mises became the most hated enemy of the economic Left. He was "un homme engage," which left him fearful that marriage to a widowed woman with two lively children would seriously compromise the work he had set out to do.

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an unflinching good humor. She made it possible for him to do a prodigious amount of sustained work amid all the distractions of getting settled in the U.S. at a time when Keynesian interventionists ruled the academic roost.

Natives From "Austria"

There were, indeed, "Austrians" in America before Mises and his students, Friedrich Hayek, Fritz Machlup and Gottfried von Haberler, became part of the scholarly migration that brought us Einstein and the atom bomb as well as a revitalization in economic thought. But the native "Austrians" were, for the most part, journalists (Garet Garrett, Henry Hazlitt), philosophical anarchists (Albert Jay Nock, Frank Chodorov), bank economist (Benjamin Anderson, Carl Synder), brilliant amateurs (Isabel Paterson, Rose Wilder Lane), and one Chamber of Commerce executive who happened to have read the French anti-Statist economist Bastiat (Leonard Read).

What Mises did, mostly through his famous seminar at New York University which lasted from 1948 to 1969, was to pull things together in a systematic way. Murray Rothbard, Israel Kirzner, Percy Greaves, Bettina Bien, Lawrence Fertig, Hans Sennholz, William Peterson and George Koether all sat at the feet of Lu Mises and went forth to make their own marks. Margit Mises usually attended the seminar, often paying more attention to watching the students than to what her husband was saying. Her picture of the seminar (for which, incidentally, Mises was badly recompensed) explains much that has happened since to change an intellectual climate.

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Concl.-- Review of "My Years with Ludwig von Mises" by Margit von Mises

must always reckon with the fact that choices cannot be known in advance to planning boards or great centralizers, we would be much further along in socialism than we are. Milton Friedman's "Chicago school," which believes in minimal State tinkering with the money supply (a non-Austrian concession), accepts the Austrian theory that certain axioms about human behavior cannot be reconciled with either Marx or Keynes. People are individuals before they are "aggregates," and their choices must be uncoerced if we are to get a true picture of where energies should flow to achieve a maximum satisfaction of wants. Mises' great work on the nature of choice, "Human Action," never brought him the Nobel Prize. But if Mises had not come first, it is hardly conceivable that Hayek and Friedman would have won Nobel awards at a later date.

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No talk about influences and economic categories can convey the flavor of Margit von Mises' memoir. The word "gemutlich" must be lifted from the German to explain the savor that goes with Margit's memories of the German and Austrian theater, and her description of her friends in Vienna, Geneva, Mexico and at the meetings of the Mont Pelerin Society. Her humor comes out in quiet sentences such as the one about the time in the early 'Forties, when, in New York, they were living on Lu's meager savings. "To

see his money dwindle," she says in a delicious understatement, "is a sad sight for an economist."

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—JOHN CHAMBERLAIN

This classic study from the time of "the late civil war between the states" is a moving account of one of the consequences of that war. One of the facts that few are aware of is that the war was preceded by a decline of faith in both North and South. From a faith in the sovereignty of God, men turned to doctrines of federal sovereignty and state sovereignty. The war brought victory to the North, but a revival to the South, which became thereafter the Bible Belt, although, unfortunately, Calvinism, important in the revival, declined thereafter.

Bennett did not conceal the extent of religious indifference as the war began. Thus, in discussing North Carolina soldiers, among others, he noted, "In three companies, of about three hundred men, only seven were professors of religion, and there were but few Bibles and Testaments among them" (p. 101). The examples of some strong Christian generals, and a resolute missionary effort, resulted in dramatic changes in the faith of countless men.

Congress, after the war, instituted a totalitarian plan of reconstruction for the South, and some groups in the South sought to resist in kind. Both efforts were futile in the long run. The real work of reconstruction began with the revival in the armies. What is now needed is an historical study of the Christian efforts at reconstruction which men like Robert E. Lee, and countless other veterans, then began. It is as yet an untold story. Meanwile, Bennett's work is an important and very interesting document, and a moving glimpse of the beginnings of a significant aspect of Southern history.

Margit von Mises: *My Years with Ludwig von Mises*. New Rochelle, N.Y.: Arlington House, 1976; 191 pp.; \$9.95

Ludwig von Mises, one of the three great figures in the Austrian school of economics, is a thinker whose works are an intellectual necessity for any man who wants to understand the growing economic crisis of our time. While Mises' epistemology is one we cannot agree with, his importance is nonetheless great, and his emphasis on the ethical foundation of economics is one which needs stressing and re-development.

This book is not about Mises' economic thought but his life. Mrs. Mises is a very superior writer, and her account is a moving and absorbing one. Mises represented the old order in his personal life, his disciplined, patterned ways, and his dedication to scholarship. We meet many familiar and key men of our time in the pages of this work. We see Mises, Menger, and others standing in old Europe against a world in revolution against the freedom they sought to defend. As Mrs. Mises observes, "Theirs was a fight for a world that did not want to be helped" (p. 45).

The book is of interest not only because of Mises himself, but the insight into the life and mind of a very remarkable woman, Mrs. Mises. Her dedication to her husband's work and calling, her unwavering service to his exacting standards (no typing errors permitted for his manuscripts, no erasures; the whole page had to be re-done), her protection of Mises against annoyances, and much more, all witness to her own role in Mises'

life. Anyone who has ever met Mises (as I have, R.J.R.), recognizes at once that alongside this key mind was a very unusual and superior woman. Women's "libbers" to the contrary, such a woman is neither a slave nor a doormat, but a major force and ally in a great work.

Pete Beckmann: *The Health Hazards of Not Going Nuclear*. The Golem Press, Box 1342, Boulder, Colorado 80302; 1976; 194 pp.; \$5.95 softbound, \$10.95 hardbound.

This book, dedicated "To Ralph Nader, and all who worship the water he walks on," is a telling critique of the opponents of nuclear power, and it declares nuclear power to be "far safer than other forms of large-scale energy conversion yet invented" (p. 11). The common objections to nuclear power are answered carefully and factually, and the dangers of all other forms of energy, including solar power, are cited. Beckmann is excellent in dealing with illogical arguments, in citing the totalitarian trends in current "liberalism," and in analyzing environmental impact and waste disposal factors.

This delightful and highly informative work is important reading in this day of primitivism and anti-technological propaganda.

Dr. Beckmann, a scientist, teaches at the University of Colorado.

Philip M. Crane: *The Sum of Good Government*. Green Hill Publishers, P. O. Box 738, Ottawa, Illinois 61350; \$1.95; 214 pp.

Philip M. Crane, a Christian intellectual and a congressman, gives us a very able summary of the very practical problems facing the U.S. The basic premise of the founding fathers, as expressed by John Adams, was that "all men are bad by nature" (p. 3). The basic premise of modern liberalism is the goodness of man and the particular trustworthiness of the state. A major consequence of this new faith is the ideologue who tries to play god over our lives (p. 106).

Crane traces the consequences of this new view of the state in the practical problems of civil order, in socialized medicine, in policies of the ICC and the trucking industry, in the FCC, the EPA, the IRS, the UN and much more. For a careful and factual analysis of current problems and the legislation which has created them, this study is an excellent guide.

CONSCIENCE AND LAW AS LOVE

PART VI

by Edward A. Powell

God's essence and man's essence are not the same. God is non-created, and exists from all eternity. He does not live in time and is, therefore, not subject to change. Without parents or progeny, without beginning and without end. He is the Ancient of days. Since God is the "I AM THAT I AM" (Ex. 3:14), His existence is not dependent, in any manner, upon another. He exists solely for Himself and His non-created, self-

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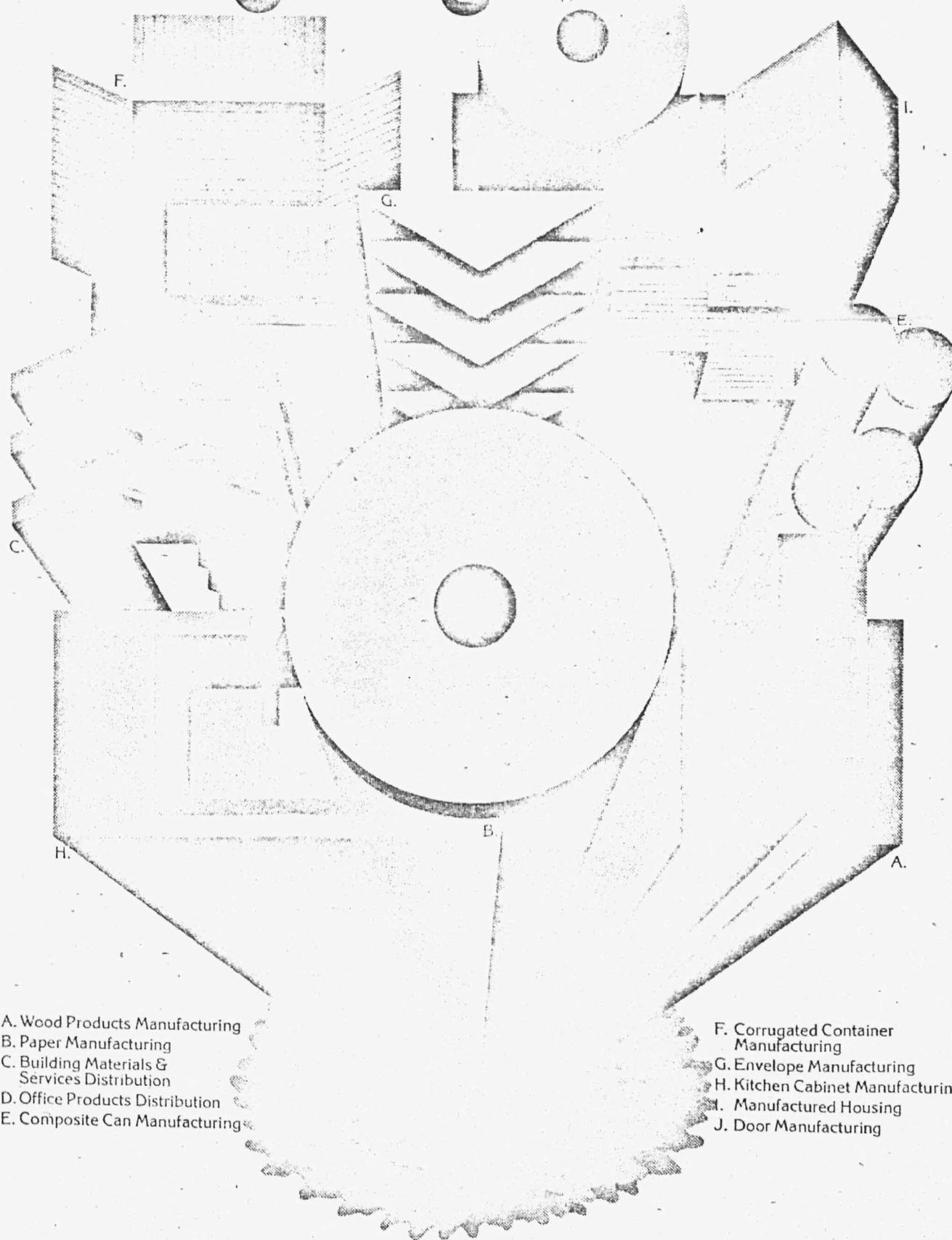
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Good roots make for good growth.



- A. Wood Products Manufacturing
- B. Paper Manufacturing
- C. Building Materials & Services Distribution
- D. Office Products Distribution
- E. Composite Can Manufacturing

- F. Corrugated Container Manufacturing
- G. Envelope Manufacturing
- H. Kitchen Cabinet Manufacturing
- I. Manufactured Housing
- J. Door Manufacturing

7,000,000 acres of timberland

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as well as a revitalization in economic thought. But the native "Austrians" were, for the most part, journalists (Garet Garrett, Henry Hazlitt), philosophical anarchists (Albert Jay Nock, Frank Chodorov), bank economist (Benjamin Anderson, Carl Synder), brilliant amateurs (Isabel Paterson, Rose Wilder Lane), and one Chamber of Commerce executive who happened to have read the French anti-Statist

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Louisiana-Pacific Corp. reported its fourth quarter sales and earnings rose to the highest level for any quarter since the 1974 second period. Profits increased 223% to \$13.2 million, or 49 cents a share, from \$4.1 million, or 15 cents a share, a year earlier. Revenues climbed 58% to \$165.3 million from \$104.8 million. Full-year net income rose 142% to \$40.4 million, or \$1.51 a share, from \$16.7 million, or 62 cents a share, a year earlier. Sales increased 45% to a record \$562.3 million from \$386.7 million. A solid pickup in lumber and plywood prices and volume, combined with the purchase of Ketchikan Pulp Co. operations last November, were responsible for the strong performance, Harry A. Merlo, chairman and president, said.

Our ten component businesses share an important characteristic. They're all rooted in the forest. Their products derive from a renewable resource, so they have the capacity to grow.

They also have another thing going for them. They all rank among the leaders in their respective businesses, yet they have small market shares. So they have the opportunity to grow.

Combine capacity and opportunity, and you're led to conclude that our potential is virtually unlimited—if we have what it takes to take advantage of a good business situation. Do we?

A fair question. And one only performance can finally answer. Meanwhile, here are two things we're doing, nationally and internationally, to make sure our performance measures up to our potential.

First, we plan to invest \$1.1 billion capital in our component businesses between 1974 and 1978.

Here's how we're using this money.

1. Make sure all facilities are well maintained, safe and environmentally sound.

2. Purchase additional timberlands to supplement the 7 million acres we presently own or control (including joint ventures). We may also buy timberland with the company's stock.

3. Increase the capacity and efficiency of our 43 lumber and plywood mills. For example, we're now modifying some of them so they'll be able to utilize trees more fully by processing smaller logs and wood residues.

4. Expand our businesses which fabricate and distribute building materials and factory-built houses.

5. Expand our packaging and office products distribution businesses. We plan to bring new

packaging plants on stream in the near future to meet existing demand. And we plan to expand our office products distribution operations into at least one new metropolitan area per year through 1978.

We're investing the largest share of our capital program in our paper manufacturing operations. Our 14 pulp and paper mills in the U.S., Canada and overseas and the wide range of products they make give us an excellent opportunity to capitalize on the world-wide demand for paper products.

Second, we're rewarding our managers according to the return on invested capital our company produces.

They have a special incentive to demonstrate their ability; we have an objective yardstick to measure it.

Underlying these activities is the point we made at the outset of this ad. Good roots do make for good growth. And we have good roots. We've been manufacturing, converting and distributing forest-related products profitably since Boise Cascade was first formed back in 1957. We know from experience, money does grow on trees.

For a detailed picture of Boise Cascade, write for our annual report, c/o Boise Cascade Corporation, Communications Dept., One Jefferson Square, Boise, Idaho 83728. For a more dispassionate view, call your broker.



Boise Cascade Corporation

Ask Any Millionaire

— how he made Big Money in the market. More often than not, he owned a generally, unrecognized situation — a SPECIAL SITUATION! The Interlock Journal is written for that man and other men of vision who enjoy ideas and profit making concepts.

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LONG and short: World grain reserves, already bulging, are expected to reach a six-year high of 167.8 million metric tons by June 30, USDA said, up some 51% from last summer. Weather permitting, of course. "Significant soil moisture deficiencies continue to exist throughout large portions of the U.S. grain belt, and this condition extends to the Canadian provinces," the Department's Foreign Agricultural Service added. FAS raised questions concerning the effect of bitter cold on the Soviet winter-wheat crop. "In India," FAS continued, "virtually no rain has fallen in most areas since mid-September, and early projections point toward a reduction in 1977 spring-harvested grain crops."

Bache Halsey Stuart met the press last week and offered a bullish overview on commodities. "We are not suggesting that 1977 will be a repeat of 1973," the firm said, "but we do feel that commodity prices on the whole will be stronger than last year, when the Commodity Research Bureau Futures Price Index rose 9%, with the increase due solely to cocoa and coffee." Bache, like USDA, is worried about subsoil moisture in the grainbelt, and predicts a higher-than-usual incidence of crop scares. "The nation's cattle supply shrank sharply for the second year in a row in 1976, and hog numbers, while expanding, are doing so at a slow rate considering the absolute level of the U.S. hog population. Even markets such as sugar and wheat, which are characterized by clearly burdensome current stocks, cannot be termed long-term bearish on the supply side because it appears that production may fall significantly short of consumption next season."

World zinc stocks fell 15,000 tons last year, according to the London-based Commodity Research Unit. Total supply (including Eastern Bloc imports) increased 7% from 3.84 million tons in 1975, CRU said, to an estimated 4.12 million tons in 1976, while consumption rose 15%, from 3.59 million tons to an estimated 4.13 million. The market seems to be softer than recent action on the London Metal Exchange would indicate, CRU said. Producers, it reported, are still giving substantial discounts in Europe.

Richard A. Donnelly will resume his column next week.

Gold and Silver Prices
Handy & Harman's base for pricing gold content of shipments and for making refining settlements was \$132.45 a troy ounce Friday. The company's silver price was \$4.50 a troy ounce.

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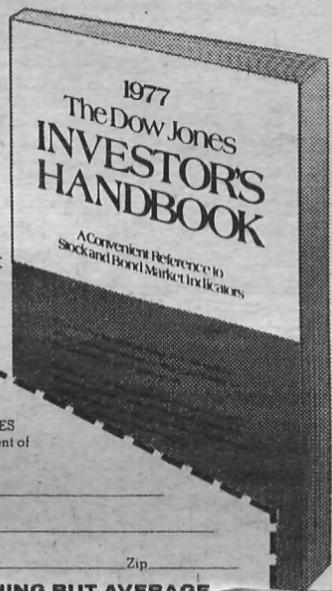
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BARRON'S ON BOOKS

The Scholar From Vienna Who Battled Karl Marx

"My Years With Ludwig von Mises," by Margit von Mises. 191 pages. Arlington House. \$9.95.

MARGIT VON MISES' book about her late husband, Ludwig von Mises, is an intensely personal document about a man who, though he could talk brilliantly about practically anything from Viennese opera to the culture of grapes, never talked about himself. Since Mrs. von Mises is a far more practiced writer than she will admit (she once made her living translating English and American plays for the Viennese theater), her memoir is immensely successful in setting forth the manner of man von Mises was, a courtly soul who kept a volcanic temper under firm control.

Mrs. von Mises disclaims any intention of answering questions about her husband's "Austrian school" of economics, but she does nonetheless provide many details that will be essential to the history of economic thought in our times. This is not only the personal story of a happy marriage of 35 years, it is also the best account extant of a great migration of talent out of Hitlerian central Europe. When the final reckoning is made, this migration of true European liberals may prove the decisive factor in returning the West to its ancient traditions of individualism and voluntary choice.

Far From Paradise

Margit von Mises, an actress during World War I, knows how to convey much in overtones. She met "Lu" Mises in 1925 after she had been left a widow with two children. In 1926, Lu asked her to marry him. But it was 13 years before there was a wedding, which came after they had both chosen exile from Austria. Jokingly, Margit called her reluctant suitor Fabius Cunctator, after the Roman general who always won his battles by delay. But they remained in love in spite of absences (she went to England from Vienna to become a translator, he left a chaotic Austria to join Professor William Rappard at the Graduate Institute of International Studies in Geneva). She believed Lu when he told her to trust him, though she does not pretend the 13-year engagement was easy. "We did not live in Paradise," she says, "far from it."

The reason she was willing to wait comes clear in spite of her reticence. Ludwig von Mises happened to be the most dedicated scholar of his times. He had set himself up to break the hold of Karl

Marx and all the lesser interventionists on the economic mind. He had already written his first great work on socialism before he met Margit. His book, called "Socialism" in the English translation, made the simple but hitherto unper-

ceived point that in a completely communized world, the "planners" would find themselves unable to solve the problem of economic calculation. Without free pricing, there would be no points of reference. Since no socialist, whether of the Leninist or Fabian persuasion, could admit this, Ludwig von Mises became the most hated enemy of the economic Left. He was "un homme engage," which left him fearful that marriage

to a widowed woman with two lively children would seriously compromise the work he had set out to do.

Margit knew that Lu must first win his battle against himself before marriage was possible. She understood her man absolutely. After they were married she countered his suppressed angers at the stupidities of the world with an unflinching good humor. She made it possible for him to do a prodigious amount of sus-

tained work amid all the distractions of getting settled in the U.S. at a time when Keynesian interventionists ruled the academic roost.

Natives From "Austria"

There were, indeed, "Austrians" in America before Mises and his students, Friedrich Hayek, Fritz Machlup and Gottfried von Haberler, became part of the scholarly migration that brought us Einstein and the atom bomb

as well as a revitalization in economic thought. But the native "Austrians" were, for the most part, journalists (Garet Garrett, Henry Hazlitt), philosophical anarchists (Albert Jay Nock, Frank Chodorov), bank economist (Benjamin Anderson, Carl Synder), brilliant amateurs (Isabel Paterson, Rose Wilder Lane), and one Chamber of Commerce executive who happened to have read the French anti-Statist

economist Bastiat (Leonard Read). What Mises did, mostly through his famous seminar at New York University which lasted from 1948 to 1969, was to pull things together in a systematic way. Murray Rothbard, Israel Kirzner, Percy Greaves, Bettina Bien, Lawrence Fertig, Hans Sennholz, William Peterson and George Koether all sat at the feet of Lu Mises and went forth to make their own marks. Margit

Mises usually attended the seminar, often paying more attention to watching the students than to what her husband was saying. Her picture along in socialism than we are. Milton Friedman's "Chicago school," which believes in minimal State tinkering with the money supply (a non-Austrian concession), accepts the Austrian theory that certain axioms about human behavior cannot be reconciled with either Marx or Keynes. People are individuals before they are "aggregates," and their choices must be uncoerced if we are to get a true picture of where energies should flow to achieve a maximum satisfaction of wants. Mises' great work on the nature of choice, "Human Action," never brought him the Nobel Prize. But if Mises had not come first, it is hardly conceivable that Hayek and Friedman would have won Nobel awards at a later date.

must always reckon with the fact that choices cannot be known in advance to planning boards or great centralizers, we would be much further along in socialism than we are. Milton Friedman's "Chicago school," which believes in minimal State tinkering with the money supply (a non-Austrian concession), accepts the Austrian theory that certain axioms about human behavior cannot be reconciled with either Marx or Keynes. People are individuals before they are "aggregates," and their choices must be uncoerced if we are to get a true picture of where energies should flow to achieve a maximum satisfaction of wants. Mises' great work on the nature of choice, "Human Action," never brought him the Nobel Prize. But if Mises had not come first, it is hardly conceivable that Hayek and Friedman would have won Nobel awards at a later date.

"Sad Sight"

No talk about influences and economic categories can convey the flavor of Margit von Mises' memoir. The word "gemulich" must be lifted from the German to explain the savor that goes with Margit's memories of the German and Austrian theater, and her description of her friends in Vienna, Geneva, Mexico and at the meetings of the Mont Pelerin Society. Her humor comes out in quiet sentences such as the one about the time in the early 'Forties, when, in New York, they were living on Lu's meager savings. "To see his money dwindle," she says in a delicious understatement, "is a sad sight for an economist."

All of Mises' friends spoke of him as "gentle." Margit Mises says that, actually, he was unbelievably stubborn. To which Fritz Machlup replied, "With a man like Ludwig von Mises you don't call it stubbornness—you call it character." Mises had good habits, he was brought up at a time in

Austria when "good manners and self-discipline were not only a prerequisite of the court, but a must for a member of every cultured family."

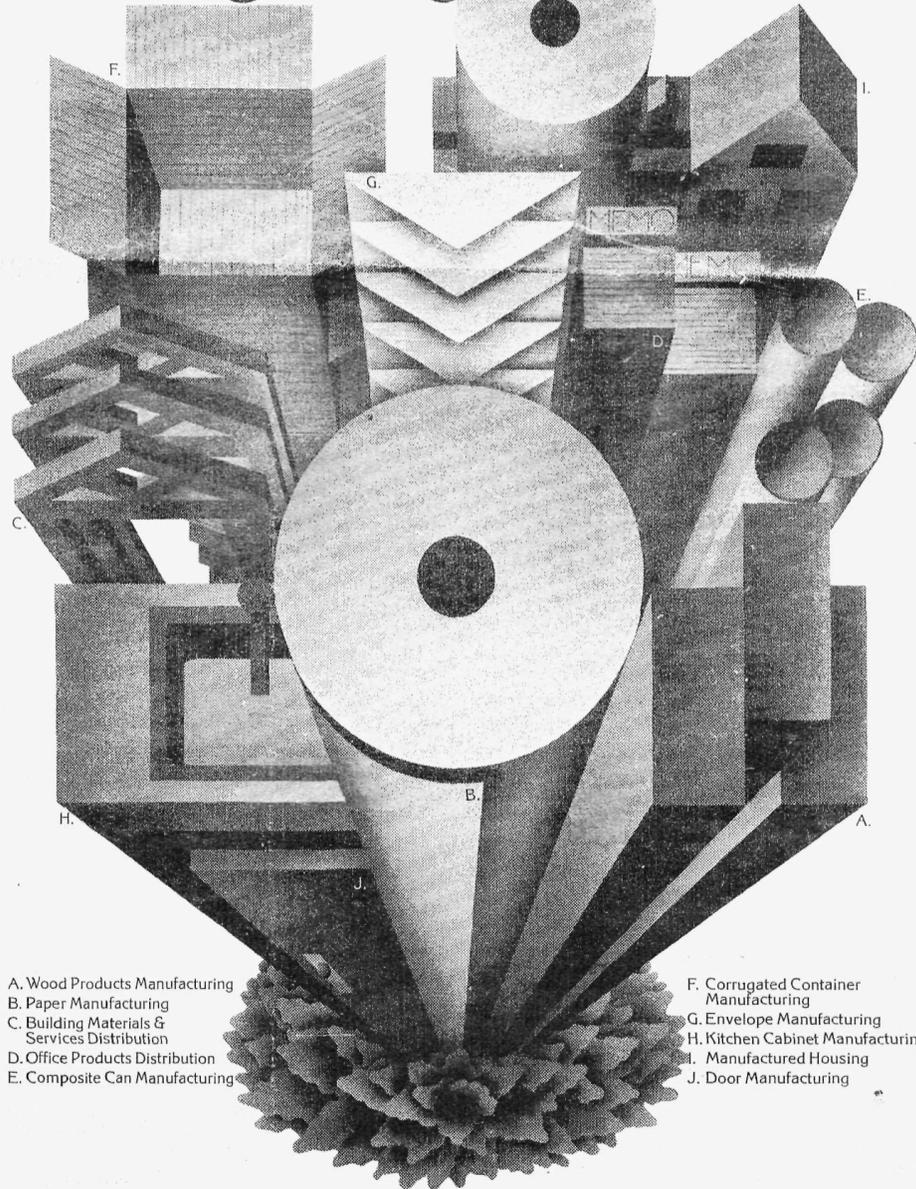
This led to sometimes merry confrontations, as when, on a 90-degree evening in a New York apartment without air conditioning, Margit came to dinner in her most beautiful nightgown. For once in his life Lu Mises agreed to eat with his jacket off. But would never do it with guests, even on the hottest days.

When Yale University Press mangled the printing of a new edition of his "Human Action," Lu seethed with suppressed anger. He suspected sabotage at the printers. But it was an ice-cold anger that was commensurate with Mises' sense of dignity. He made no public accusations. When the publisher's royalty statement arrived, with its insistence on its own percentage for selling a defective book, Lu would hand it to Margit without a word. Only the shrug of his shoulders showed the depth of his contempt.

—JOHN CHAMBERLAIN

Louisiana-Pacific Corp. reported its fourth quarter sales and earnings rose to the highest level for any quarter since the 1974 second period. Profits increased 223% to \$13.2 million, or 49 cents a share, from \$4.1 million, or 15 cents a share, a year earlier. Revenues climbed 58% to \$165.3 million from \$104.8 million. Full-year net income rose 142% to \$40.4 million, or \$1.51 a share, from \$16.7 million, or 62 cents a share, a year earlier. Sales increased 45% to a record \$562.3 million from \$386.7 million. A solid pickup in lumber and plywood prices and volume, combined with the purchase of Ketchikan Pulp Co. operations last November, were responsible for the strong performance, Harry A. Merlo, chairman and president, said.

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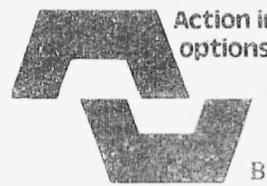
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The striking price

By MARGARET D. PACEY

PRICES in the option market drifted lower last week as traders stayed indoors and worried about inflation and the impact of the bad weather on first quarter earnings. Volume turned down and the DJI closed below 950 for the first time since mid-November.

Once again glamors took a pounding. Eastman Kodak April 80 slid from 2 1/4 to 15/16, when the stock fell 4 to 72, while IBM April 280 slid from 8 to 6 1/8 as the equity slid 4 1/4 to 268 1/4. Hewlett Packard February 80 was whacked from 7/8 to 1/8, when the stock dropped from 76 1/4 to 74 1/2.

However, prices of the long-battered drugs snapped back. Merck April 60 tacked on 1/2 and closed at 2 3/8 (the equity climbed 2 1/4 to 59 1/8). Similarly, Johnson & Johnson April 70 was hiked 1 to 2 5/8 (shares went from 66 1/4 to 69 1/4).

Energy options did well, too (see The Trader for details). Halliburton April 60 added on 7/8 to close at 2 1/2, when the shares climbed from 55 1/2 to 59 1/8. El Paso Gas February 15 went from 1 to 1 9/16 (the stock from 16 to 16 5/8).

Premiums over intrinsic value, which turned down sharply (Barron's, January 31), stayed down. To the surprise of experts, not even rallies hiked them. As a result, brokers were hard put to come up with "decent" writing suggestions. With the time till expiration at a minimal value on many options, the tendency was often to take profits on old positions and run—often to cash, rather than new positions. There was a slight move toward ratio-writing, generally out-of-the-moneys, in hopes of higher premiums. Money was piling up (some January expiration cash has yet to be committed). Yet, many a broker felt the market was too "tricky" to do anything.

A few houses suggested purchases, not necessarily on fundamental or technical factors, but because the option was deemed undervalued on a statistical basis. As Bache & Co.'s Al Fink put it: "Options are too cheap to be believed. If there is a turn in the market, the buyer will receive substantial profits." Added another broker: "The market has to go up sometime."

Trade Levels reports that Thursday-through-Thursday, 47.6% of the 1,616 listed options declined in price, 30.9% advanced and the rest were unchanged. Average price loss was 2.2%, compared to a 0.24% decrease in the 206 underlying stocks (Pitney Bowes and Mapco are the newcomers). While the trend was down, it was not nearly as se-

vere as the prior four weeks of 1977, when the average weekly loss in options was 12.3%. Still, the February series was off 2%, March 5.3%, April 0.9%, May 0.9%, July 3.2%, August 2.8%, September 1.6% and October 2.5%. The June series showed an increase of 4.3%.

Only 16 of the non-restricted options at least doubled in price, including eight Schlumbergers. Among the top five gainers were Schlumberger February 60, which surged from 7/16 to 2 1/2, a 471% increase, and the May 66 1/2, which rose from 5/8 to 1 1/2, a 140% jump. The stock climbed 9.2% in the same Thursday-through-Thursday period. Jim Walter February 35 moved up from 3/8 to 1 5/16, a 250% bounce on a 5.1% advance in the equity. General Dynamics February 60 went from 3/8 to 1 3/16, a 216% climb on a 6.9% increase in the shares. American Cyanamid April 30 doubled to 5/8 from 5/16, when the stock rose 2.2%.

At the same time, the list of options which lost 50% or more of their value was pared to 79 (or 4.9% of the total) from 209 (or 14.6%) the prior week. However, Trade Levels' David Holt notes that this is not necessarily as bullish as it might first seem. Some can't decline any further; 121 (or 7.5%) closed Thursday at the exchange minimum of 1/16.

Among the largest losers were two Joy Manufacturing calls. The February 50 dropped from 11/16 to 1/16, off 91%, while the February 40 slid from 6 1/4 to 2 1/8, down 66%. The stock rose 1.2%. Hewlett Packard February 80 skidded from 1 1/8 to 1/8, a de-

cline of 89%, on a 6.4% downturn in the equity. PPG Industries February 55 fell from 2 3/8 to 5/8, off 74%, when the shares declined 2.3%. Federated Department Stores August 50 slipped from 2 1/2 to 3/4, losing 70% of its value, when the stock declined 1.4%.

* * *

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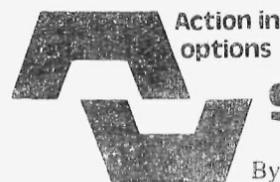
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The striking price

By MARGARET D. PACEY

PRICES in the option market drifted lower last week as traders stayed indoors and worried about inflation and the impact of the bad weather on first quarter earnings. Volume turned down and the DJI closed below 950 for the first time since mid-November.

Once again glamors took a pounding. Eastman Kodak April 80 slid from 2 1/4 to 15/16, when the stock fell 4 to 72, while IBM April 280 slid from 8 to 6 1/8 as the equity slid 4 1/4 to 268 1/4. Hewlett Packard February 80 was whacked from 7/8 to 1/8, when the stock dropped from 76 1/4 to 74 1/2.

However, prices of the long-battered drugs snapped back. Merck April 60 tacked on 1/2 and closed at 2 3/8 (the equity climbed 2 1/8 to 59 1/8). Similarly, Johnson & Johnson April 70 was hiked 1 to 2 5/8 (shares went from 66 7/8 to 69 1/4).

Energy options did well, too (see The Trader for details). Halliburton April 60 added on 7/8 to close at 2 1/2, when the shares climbed from 55 1/2 to 59 1/8. El Paso Gas February 15 went from 1 to 1 9/16 (the stock from 16 to 16 5/8).

Premiums over intrinsic value, which turned down sharply (Barron's, January 31), stayed down. To the surprise of experts, not even rallies hiked them. As a result, brokers were hard put to come up with "decent" writing suggestions. With the time till expiration at a minimal value on many options, the tendency was often to take profits on old positions and run—often to cash, rather than new positions. There was a slight move toward ratio-writing, generally out-of-the-moneys, in hopes of higher premiums. Money was piling up (some January expiration cash has yet to be committed). Yet, many a broker felt the market was too "tricky" to do anything.

A few houses suggested purchases, not necessarily on fundamental or technical factors, but because the option was deemed undervalued on a statistical basis. As Bache & Co.'s Al Fink put it: "Options are too cheap to be believed. If there is a turn in the market, the buyer will receive substantial profits." Added another broker: "The market has to go up sometime."

Trade Levels reports that Thursday-through-Thursday, 47.6% of the 1,616 listed options declined in price, 30.9% advanced and the rest were unchanged. Average price loss was 2.2%, compared to a 0.24% decrease in the 206 underlying stocks (Pitney Bowes and Mapco are the newcomers). While the trend was down, it was not nearly as se-

vere as the prior four weeks of 1977, when the average weekly loss in options was 12.3%. Still, the February series was off 2%, March 5.3%, April 0.9%, May 0.9%, July 3.2%, August 2.8%, September 1.6% and October 2.5%. The June series showed an increase of 4.3%.

Only 16 of the non-restricted options at least doubled in price, including eight Schlumbergers. Among the top five gainers were Schlumberger February 60, which surged from 7/16 to 2 1/2, a 471% increase, and the May 66 5/8, which rose from 5/8 to 1 1/2, a 140% jump. The stock climbed 9.2% in the same Thursday-through-Thursday period. Jim Walter February 35 moved up from 3/8 to 1 5/16, a 250% bounce on a 5.1% advance in the equity. General Dynamics February 60 went from 3/8 to 1 3/16, a 216% climb on a 6.9% increase in the shares. American Cyanamid April 30 doubled to 5/8 from 1/16, when the stock rose 2.2%.

At the same time, the list of options which lost 50% or more of their value was pared to 79 (or 4.9% of the total) from 209 (or 14.6%) the prior week. However, Trade Levels' David Holt notes that this is not necessarily as bullish as it might first seem. Some can't decline any further; 121 (or 7.5%) closed Thursday at the exchange minimum of 1/16.

Among the largest losers were two Joy Manufacturing calls. The February 50 dropped from 11/16 to 1/16, off 91%, while the February 40 slid from 6/4 to 2/8, down 66%. The stock rose 1.2%. Hewlett Packard February 80 skidded from 1 1/8 to 1/8, a de-

cline of 89%, on a 6.4% downturn in the equity. PPG Industries February 55 fell from 2 3/4 to 5/8, off 74%, when the shares declined 2.3%. Federated Department Stores August 50 slipped from 2 1/2 to 3/4, losing 70% of its value, when the stock declined 1.4%.

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My Years With Ludwig von Mises
 by *Margit von Mises*. Arlington
 House, Publishers, New Rochelle,
 New York; 191 pages, \$9.95.

WHEN my son the columnist was working with Leonard Read at Irvington-on-Hudson in 1955, his first year out of Yale (my son's first year, not Leonard Read's), he attended at New York University the famous seminar conducted by the eminent economist Ludwig von Mises. Since economics is a subject I have never understood, though I have taught it in college (typical?), I was much interested in my son's report that the first assignment the great von Mises gave (and I do understand economics well enough to know that von Mises was great) was to write a paper on "Beauty."

Startled to hear it, I quickly recovered and thought, *Yes, for what else do men labor and spend?* The Trojan War was fought for Helen's beauty, and Antony gave up the Roman Empire for Cleopatra's. To go more directly to the economic point, consider how far more valuable gem diamonds are than industrial ones. Whether Keats was right in saying that beauty is truth, the marketplace offers abundant evidence in favor of Robert Bridges' evaluation of beauty as "the best of all we know."

How appropriate, then, that this

fascinating memoir of the man who the historian Ralph Raico said set the "standards of what an ideal intellectual should be" was written by the beautiful former Viennese actress whom the economist had the good fortune to marry. Margit von Mises was a young widow in her late twenties, the mother of two children, when in 1925 at a dinner party in Vienna she first met the forty-four-year-old professor of economics, who promptly improved the occasion by offering to take her home. At that time the streets of the great cities of Western Europe — and of the United States of America — were safe for pedestrians at all hours. It was therefore not excessively daring of Ludwig von Mises that "on the way," as Margit relates, "he proposed to go to a bar opposite my house, to have a drink and dance." Observing that he "did not dance well, so I preferred to sit and talk with him," she continues:

The next day, when my hosts told me that he was considered to be the greatest living mind in Austria, it gave me quite a shock. He seemed so unpretentious and simple, so easy to talk to. That day he sent me a wonderful assortment of red roses, called me soon afterwards, and asked me to have dinner with him.

This was romantic expedition worthy of one who in his youth had had military training in the Austro-Hungarian cavalry, and seen the Emperor Franz Josef. (Some fifteen years later he was a lieutenant of infantry in the Carpathian Alps during World War I, and long after that, in the United States, he became well acquainted with the Archduke Otto von Habsburg, heir to the now nonexistent imperial throne.) But the caution and preoccupation of the scholar overcame the swift gallantry

than deeply felt. Grimly enough, it was a rising tide of spurious ideology in what one might have thought (and certainly von Mises did think) was a safe harbor of reason — the Yale University Press — which brought home to the economist the truth expressed by Edna Millay in her lines: "Pity me that the heart is slow to learn/ What the swift mind beholds at every turn." (I don't mean to say that von Mises read Millay; maybe he did and maybe he didn't; but what she learned from a blighted love affair, he learned from disillusionment occasioned by Yale's treatment of the second edition of his masterpiece.) Margit von Mises devotes a chapter to "The Story Of *Human Action*," which book her husband wrote in English as a thorough revision of his earlier work written in German, *Nationaloekonomie*, published at Geneva in 1940.

The 1949 edition of *Human Action* was an immense success, as to both esteem and sales. The Yale editor who prepared it for the press (Eugene Davidson) was the soul of courtesy, efficiency, expertise, and sympathetic understanding. Von Mises was properly appreciative. Margit writes, "Davidson supervised everything, not the slightest detail was unimportant to him. He wanted a perfect book and a satisfied author. He even sent Lu a proof of the binding of the book for his approval." Though expensive for those comparatively uninflated days (ten dollars), *Human Action*, a physically and intellectually formidable work, sold well and was translated and published in Italian, French, Japanese, and Spanish editions. The Book Of The Month Club made the work an alternate selection. The Twentieth Century masterpiece on the free market was doing well in the free market.

In 1959 there was an apparent shake-up at the Yale University Press. Davidson left and became editor of *Modern Age*. Back in New Haven there arose up a new management of the Yale Press which knew not von Mises.* Rather, they did know him, or knew his work, and they didn't like it. Keynesians? Who knows? At any rate the new men, arriving as demand was growing for a second edition of *Human Action*, did nothing or a grudging little to satisfy that demand. The first edition was not kept printed in quantities to supply bookstores, and the second revised edition suffered from chronic procrastination of the press. When the new edition finally appeared (in 1963), "it was a shock to everyone," writes Margit. She quotes Henry Hazlitt, one of the first Americans to discover and appreciate von Mises. Hazlitt had an article, "Mangling A Masterpiece," in *National Review* of May 5, 1964, in which he hit Yale harder than anybody had done since Percy Haughton. Example:

"The Press does not honor Professor Mises in this new edition. And it does not honor itself. The new edition is a typographical disgrace.

"The 1949 edition was originally priced at \$10; the revised edition is offered at \$15. Yet qualitatively it is cheaper in every respect. It is full of misprints. On page 322 four lines are omitted. Page 468 is missing altogether. Page 469 is printed twice. On page 563 two paragraphs are trans-

*Cf. Exodus 1:8. Dear readers all, so many of whom told me what Biblical verse I was misquoting in my review of Senator Helms' book in December, I thank you! I shall now never forget Matthew 10:16. By the way, I had at last count some thirty correct answers (none incorrect). In the immortal words of Dean Martin, Keep those cards and letters coming, folks!

posed. On page 615 eight lines are missing"

How specific do you want it? Hazlitt goes on at appropriately great length. (Reader, please remember that the man who said "Brevity is the soul of wit," was Polonius, an old jackass. Brevity is the refuge of weak minds.) He concludes: "A final question. Why, in a press that has shown itself capable of producing first-rate work, did this particular book go wrong? Do the present editors of the Yale University Press (who are not those who originally accepted the book) know that this is the most important work on general economic theory that has appeared in our generation?"

Concerning the reaction of the author of that most important work, his wife Margit writes:

*Outsiders may have considered the misprinting of Human Action an episode in the life of a great man, accepted and forgotten. But it was not so. [After all, the book is Exhibit A in the evidence of his greatness.] It was the only time in his life that he had sleeping problems, though he steadfastly refused to take any pills. He was angry. It was an ice-cold, quiet anger directed against what he felt was an unknown enemy at Yale University Press, menacing his great book, his creative strength, his very existence.**

This was, as Margit tells us, one of only two crises in von Mises' life which "so emotionally upset him that his physical well-being was affected." I'm sure they are happy at Yale to know that the other such crisis occurred in May 1938, when the Nazis, who had taken over Austria two months earlier, dismissed him summarily from the position he had held for twenty-seven years as legal

advisor and financial expert of the Chamber of Commerce of Vienna.†

Ludwig von Mises can hardly be excelled for comprehensive lucidity in the field of economics, and certainly no one has more successfully broadened that field. In *Human Action* economics does become *praxeology*, which simply means (you won't have to look this one up — sorry, I'm sure you wouldn't have had to anyhow) *the study of human action*. The Greek derivative, however, which von Mises frequently employs, implies *scientific* study, as distinct from literary presentation. In general, science has a long way to go to catch up with literature for accuracy in this field. The greatest instruction in praxeology that I know of, excepting that in the Bible, is in the plays of William Shakespeare. For a very minor example the Porter in *Macbeth*, saying, "Here's a farmer that hanged himself in the expectation of plenty," succinctly teaches two great lessons of economics — price determination by supply and demand, and the peculiar difficulty of agriculture.

Yet *Human Action* itself, though it illuminates whatever it touches, is not turned sharply on the darkest areas of the life of man. Von Mises misses the insight which led his fel-

*"He only recovered his composure," Margit continues, "after he signed a new contract with Regnery and saw the active interest that Henry Regnery took in bringing out a new edition of *Human Action*." Regnery plays a great game at safety.

†The National Socialists were being logically consistent. If a nation is not simply under God, but either replaced god or serves as His only channel of authority, then socialism under a dictatorial leader follows, being the human counterpart of animal herd instinct. It might be observed in passing that Stalinism was national socialism. Von Mises was equally opposed to Stalinist and Hitlerite socialism, and therefore equally hated by Communists and Nazis.