

THE LEGACY OF

ROBERT HIGGS

EDITED BY
CHRISTOPHER J. COYNE



The Legacy of Robert Higgs

Advanced Studies in Political Economy

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The Legacy of Robert Higgs

Edited by
Christopher J. Coyne



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This publication contains the front matter and Introduction from *The Legacy of Robert Higgs*, edited by Christopher J. Coyne. The full-length print and electronic editions of the book are available at www.amazon.com.

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978-1-942951-44-5 (hardcover)

978-1-942951-45-2 (paper)

978-1-942951-46-9 (electronic)

Mercatus Center at George Mason University

3434 Washington Blvd., 4th Floor

Arlington, VA 22201

www.mercatus.org

703-993-4930

Cover design by Jessica Hogenson, Cantelon Design

Editorial and production by Westchester Publishing Services

Library of Congress Cataloging-in-Publication data are available for this publication.

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About Robert Higgs

Robert Higgs is a retired senior fellow in political economy at the Independent Institute and founding editor and former at-large editor of *The Independent Review*. He received his PhD in economics from Johns Hopkins University in 1968 and has taught at the University of Washington, Lafayette College, Seattle University, and Prague University of Economics and Business. He has been a visiting scholar at Oxford University and Stanford University, as well as at George Mason University, where he was F. A. Hayek Distinguished Visiting Professor (2015–2016) with the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center at George Mason University. He has also been a fellow at the Hoover Institution and the National Science Foundation.

In addition to more than 100 journal articles and reviews, Higgs is the author of many books including *Crisis and Leviathan; Delusions of Power; Depression, War, and Cold War; Neither Liberty nor Safety; Resurgence of the Warfare State; Against Leviathan; The Transformation of the American Economy, 1865–1914; and Competition and Coercion*. He has edited several books, including *Emergence of the Modern Political Economy* and *Arms, Politics, and the Economy*, and co-edited *The Challenge of Liberty* and *Opposing the Crusader State*. His popular articles have appeared in the *Wall Street Journal*, *Los Angeles Times*, *Chicago Tribune*, *San Francisco Examiner*, and *San Francisco Chronicle*; and he has appeared on NPR, NBC, ABC, C-SPAN, CBN, CNBC, and international networks.

His awards include the Premio Juan de Mariana, Alexis de Tocqueville Award, Gary Schlarbaum Award for Lifetime Defense of Liberty, Thomas Szasz Award for Outstanding Contributions to the Cause of Civil Liberties, Lysander Spooner Award for Advancing the Literature of Liberty, Friedrich von Wieser Memorial Prize for Excellence in Economic Education, Murray N. Rothbard Medal of Freedom, and Templeton Honor Rolls Award on Education in a Free Society.

Introduction

The Legacy of Robert Higgs

Christopher J. Coyne

This volume honors the academic legacy of Robert (Bob) Higgs, a prolific economist who made numerous scholarly contributions during his career.¹ The purpose of this introduction is to provide personal and professional background on Bob and an overview of the chapters that follow.

PERSONAL BIOGRAPHY

Bob Higgs was born on February 1, 1944, in Okemah, Oklahoma, to William Jess and Doris Geraldine Higgs. His older brother, William Victor Higgs, was born in 1935. In 1944, Bob's family relocated to Hillsboro, Oregon, so that his father could work as a ship welder in the Kaiser shipyard in the Portland area (north of Hillsboro). They remained in Oregon until the end of the war in 1945, when the Higgs family returned to Oklahoma. In 1951, the Higgs family relocated to a rural area of California (west of Fresno), and over the following years they lived in, or near, several California locations, including Madera, Dos Palos, and Firebaugh. Bob's father and brother found work as tractor drivers and, in the summer of 1958, Bob began his first hourly employment, working as a ranch irrigator.

Writing about his parents' influence on him, Bob noted that

I didn't need any commandment to honor my father and mother. It never occurred to me to do otherwise, in view of the examples they set. My father belonged to a generation in which a father generally did not play the role of pal to his kids. Although I never doubted that he loved me, he occupied a different, somewhat elevated stratum. So, as I matured, I automatically came to respect him, at the same time that I loved him. I appreciated that his own understanding of his chief duty in life was to support his family, which he invariably did, even during the Great Depression, when finding work was a difficult task. He was not the kind of man to go on the dole. Indeed, I doubt that he ever gave any thought to that possibility,

I would like to thank Samuel Branthoover, Amy Crockett, Jeremiah Ludwig, and John Temming for useful comments and suggestions.

even when people all around him were eagerly accepting some sort of relief. (Higgs 2009a)

Writing about his mother, Bob noted, “As I have reflected on my relationship with her, I have come to believe that in an extremely important regard she influenced me in exactly the same way that my dad influenced me—which is to say, she gave me an appreciation of the joy of working, and of doing one’s work readily and well, rather than grudgingly and carelessly” (Higgs 2011).

In 1961, at the age of 17, Bob left home and was sworn into the U.S. Coast Guard as a cadet at Alameda, California, before reporting to the U.S. Coast Guard Academy in New London, Connecticut. Although he only remained at the academy for a year, his time there had an important impact on his thinking—an impact that can be seen in his later writings on the nature of the state and its warmaking. Reflecting on his brief time in the Coast Guard Academy in a 2015 interview, Bob noted the following:

When I was 17, I went to the US Coast Guard Academy in New London, Connecticut and that was a very rigorous place especially in those days. There was constant harassment and physical and psychological pressure being put on people constantly. So the idea was to drive away or break people who couldn’t take the pressure. There was a kind of method in the madness.

But one of the things I learned there is that in a situation like that where there are superiors and inferiors in a chain of command, some of the superiors will abuse their power and I think that is an insight that stuck with me from then on for the rest of my life.

You give people power, even petty power, at your peril and there are people who enjoy abusing those who can be abused. I think that sensibility was important to me as my political thinking developed, which happened during the 1960s. I didn’t fancy myself a libertarian. If anything, when I was in college, I thought of myself as a new leftist, which wasn’t all bad. I was always opposed to the Vietnam War even when most Americans didn’t know it was happening.

So that was a big influence on me too because that taught me that the government is capable of routinely committing horrible crimes for years on end for the slightest political motives. (Burrus and Powell 2015, timestamp 1:30–3:13)

After leaving the U.S. Coast Guard Academy, Bob transferred to San Francisco State College, where he graduated in 1965 with a BA in economics, receiving the award for the most outstanding student in economics.

Following his graduation, Bob spent a year in the PhD program at the University of California at Santa Barbara before transferring to Johns Hopkins University in the fall of 1966. He defended his dissertation, “Location Theory and the Growth of Cities in the Western Prairie Region, 1870–1900,” in the spring of 1968 under the guidance of H. Louis Stetler III and Edwin S. Mills, the co-chairmen of his dissertation committee. The other members of his committee were George Heberton Evans and Alfred Chandler, the well-known business historian who was a member of Hopkins’s history department. Reflecting on his time in graduate school at Johns Hopkins, Bob noted that “I shall always be grateful to the faculty there who took a chance on a young man from a third-rate college and tolerated him so graciously during the time he spent with them” (Higgs 2018). Indeed, his time at Hopkins set the stage for the prolific professional career that would follow.

PROFESSIONAL BIOGRAPHY

Early Career

In the summer of 1968, Bob moved to Seattle, where he began his first academic job as a member of the Department of Economics at the University of Washington. Bob was recruited by future Nobel laureate Douglass North, the chairman of the department of economics, and joined a department that included Yoram Barzel, Steven Cheung, and Donald Gordon as faculty members. This collection of scholars were known for their work in institutional economics, economic history, and transaction-cost economics.

From the earliest days of his career, Bob’s scholarly productivity was extremely impressive. In 1971, Bob published his first book, *The Transformation of the American Economy, 1865–1914: An Essay in Interpretation*. The purpose of the book was to provide an accessible exploration of the evolution of the American economy from the end of the Civil War to the beginning of World War I. In his review of the book in the *Journal of Economic History*, William Hartley (1972) noted that “It brings to the reader the result of research on various questions in United States economic history much more quickly than would be possible through the traditional text book approach. . . . It thus becomes a rather flexible teaching tool. This book will be a welcome addition to the libraries of American economic historians” (981).

In 1977, Bob published his second book, *Competition and Coercion: Blacks in the American Economy, 1865–1914*. In this important book, Bob argued that economic competition played a key role in insulating Blacks from racial political coercion that remained after the ratification of the 13th Amendment

in 1865. Bob's treatment is nuanced in that it fully appreciated the brutal legacy of slavery and the prevalence of discrimination and coercion against Blacks. His point was that competition via mobility provided some means for Blacks to avoid the full brunt of this coercion while, in the process, providing them a way to increase their incomes, literacy, and ownership of property. "The black man's most effective response to persecution was simply to flee, an action that could succeed after 1865 on a scale impossible under the slave regime" (Higgs 1977, 61). In a 2015 interview, Bob highlighted a central insight of this book: "[Economic] competition is the salvation of oppressed people, and that can be seen in any case. Pick your ethnic group and you see the same phenomena operating" (Burruss and Powell 2015, timestamp 11:18—11:34).

Competition and Coercion was positively reviewed in a number of academic journals. In his review in the *Journal of Economic Literature*, for instance, Keith Aufhauser concluded that "the book is thorough and innovative in many ways. It is likely to encourage still more innovations and, perhaps, a boom in post-emancipation studies" (1978, 598).

Although I have focused on his books, a review of Bob's overall scholarly output (see the appendix in this volume) during the 1970s is extremely impressive. He published numerous academic journal articles on a range of topics in outlets such as the *American Economic Review*, *Explorations in Economic History*, the *Journal of Economic History*, the *Journal of Political Economy*, and *The Review of Economics and Statistics*. As a result of his scholarly productivity, Bob was promoted to associate professor with tenure in 1972, and to full professor in 1978. He would remain at the University of Washington until 1983, when he moved to Lafayette College after accepting a chaired professorship—the William E. Simon Professor of Political Economy.

Crisis and Leviathan

It was during his time at Lafayette College that Bob published his most well-known book, *Crisis and Leviathan: Critical Episodes in the Growth of American Government*, in 1987. Through a detailed analysis of the ideological change caused by the Progressive Era and the US government's actions during the two World Wars and the Great Depression, Bob showed how governments can grow in the wake of crises. I will highlight three of the book's numerous contributions.

First, Bob's analytical approach emphasized that the overall size of government cannot be captured through standard aggregate metrics of scale, such as budget size or number of employees. Instead, the overall size of government requires an appreciation of the scope, or range of government powers. After

all, it is possible that a government, or an agency within a government, with a relatively small budget can possess a significant range (i.e., scope) of powers that perversely affects the well-being and rights of citizens. The scope aspects of government power aren't obvious from measures of scale and can only be uncovered through careful historical analysis of government activity.

Second, Bob offered a framework—the ratchet effect framework—for understanding the overall growth of government. At the core of his framework is the Crisis Hypothesis, which holds that “under certain conditions national emergencies call forth extensions of government control over or outright replacement of the market economy” because “national emergencies markedly increase both the demand for and the supply of governmental controls” (Higgs 1987, 17). Bob's ratchet effect model consists of five stages.

The first stage is “Pre-Crisis Normality,” which reflects the growth of government that would occur absent the crisis. The second stage, “Expansion,” introduces a crisis that increases the overall size (scale and scope) of government. This expansion occurs because citizens call upon government to “do something” in response to the crisis. During stage three, “Maturity,” the crisis-induced increase in the overall size of government reaches its peak, followed by stage four, “Retrenchment,” where government's size decreases from its peak in stage three. The final stage, “Post-Crisis Normality,” represents the government's growth path in the wake of the crisis. The important point is that the post-crisis growth of government is higher than the counterfactual growth path captured in the first stage (the government growth that would have occurred without the crisis). The retrenchment of government leads to a reduction from the crisis peak, but not a full return to pre-crisis normality. This gap between pre- and post-crisis normality represents the ratchet effect.

Third, Bob's framework incorporated and emphasized the importance of ideology, which he defined as “a somewhat coherent, rather comprehensive belief system about social relations” (1987, 37), as central to the growth of government in response to crisis. Ideology matters in two ways. First, a certain ideology sets the stage for government expansion in response to a crisis. Recall that the second stage (“Expansion”) is the result of the public calling on government to “do something” to address this crisis. This requires a certain ideology—a belief system and expectations about the appropriate role of government in society—in order for the expansion to occur. Second, the government response to the crisis itself can influence citizen ideology regarding the role of government in the present and future in society through three channels.

For one, the reversal of some crisis-related policies provides a sense of government rollback in the wake of the crisis; this can assuage the fear that

government responses undermine all freedoms (1987, 71–72). Further, the government’s crisis response creates an opportunity for some people to benefit, and these people will look on the new sociopolitical order in a favorable manner (1987, 72). Finally, crisis politics result in “occasions for the improvement of command-and-control mechanisms, which renders them less obnoxious” to the general public (1987, 73). Expansions in government become normalized such that behaviors that would have been unacceptable pre-crisis now become the “new normal,” with a certain segment of the population (the young and unborn) entirely unfamiliar with how things were prior to the crisis.

In order to show how ideology and crisis interact, Bob analyzed the Progressive Era as a turning point in the ideology of the American elite. Discussing the implications of this period, he concluded that “the dominant ideology of political and economic elites had now become one that not only tolerated a greatly expanded role for government in economic decision-making; it positively insisted on such activism” (1987, 121–22). This ideological shift set the stage for government growth in subsequent crises—World War I, the Great Depression, and World War II.

Crisis and Leviathan had a significant impact on scholars interested in economic history and government growth. Hugh Rockoff (1988) concluded his review of the book in *The Economic History Review* by noting that “my admiration for this book is immense. It is elegantly written, brilliantly argued, and based on massive research. It will be a model for the next generation of economic historians as they integrate the techniques of the old and the new economic history” (666).

The Independent Review

Bob left Lafayette College in 1989, moving to Seattle University, where he would remain until 1994, when he joined the Independent Institute, a think tank founded by David Theroux in 1986. At the Independent Institute, Bob held the position of research director (1994–97) and then senior fellow in political economy (1994–2017, after which he became retired senior fellow in political economy). In 1996, David and Bob launched *The Independent Review* with Bob as the founding editor (Theroux 2013). Here is how Bob described the aims and scope of the journal in his Editor’s Welcome, which appeared in the first issue:

Writing that would interest only economists or only philosophers or only historians—indeed work that would interest only the practitioners of any academically defined scientific or humanistic specialty—will not appear

in this journal. Rather, I intend to feature writing that crosses the boundaries of a variety of disciplines, including all the social sciences, philosophy, history, law, and related fields. . . . The main purpose here is not to develop a particular discipline but to advance the reader's understanding of the multifaceted reality to which the term "political economy" refers.

Highly formal and technically challenging work will not appear in *TIR*. Heavily mathematical forms of exposition have become *de rigueur* in economics and increasingly in political science. Other fields, such as philosophy, have their own ways of excluding strangers from the conversation. Good arguments can be made for these expositional conventions. But whatever the merits of esoteric forms of communication in the various disciplines, my aims as editor dictate that the common language of this journal, as a rule, must be English. I intend to reject the work of writers who cannot express their ideas clearly. Those who write with vigor, wit, and flair will be received with open arms. (Higgs 1996, 5)

Bob delivered on his promise. He served as the sole editor of the journal for seventeen years (in 2013 he became founding editor and editor at large), editing 66 issues consisting of over 900 articles. During this time he created an intellectual space for scholars from a diverse set of fields and perspectives to analyze the most pressing issues in political economy. The content of the journal is rigorous yet accessible to a wide and diverse readership.

The Myth of Wartime Prosperity and Regime Uncertainty

Over the course of the 1990s, Bob published numerous academic and popular articles. Three of his academic papers on the topics of the Great Depression and World War II deserve special mention.² The first, "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s" (Higgs 1992), overturned the conventional view that World War II resulted in "war prosperity" that improved the well-being of private citizens. Bob countered the orthodox story by reconsidering employment, output, and real consumption data in the United States in light of economic theory.

According to standard measures, unemployment fell during the war. Bob showed that this decrease in unemployment was a result of increased employment in the military sector. However, from an economic standpoint these two lines of employment are not the same. Private employment produces value-added consumer goods through peaceful and voluntary social cooperation. "But military 'jobs' differed categorically. Often they entailed substantial risks of death, dismemberment, and other physical and psychological injuries.

Military service yielded little pay under harsh conditions and, like it or not, lasted for the duration of the war. Sustained involvement in combat drove many men insane” (1992, 43). And we must not forget, Bob reminds us, that a significant portion (10 million of the 16 million) of those who served in the armed forces during the war were conscripted. The result, Bob concluded, was that “the ‘prosperous’ condition of the labor force was spurious: Official unemployment was virtually nonexistent, but four-tenths of the total labor force was not being used to produce consumer goods or capital comparable of yielding consumer goods in the future” (1992, 44).

While unemployment was falling during the war, output, measured by gross national product (GNP), was increasing. This increase in output is typically taken as evidence of prosperity due to the US government’s war activities. Bob made the important point that not all output is the same. Output that is value-added from the perspective of private consumers is fundamentally different from output that satisfies the plans of military decision makers. Here Bob was making an elementary, but often overlooked and misunderstood, point about the very nature of economic decision-making under alternative institutional arrangements.

Economics is not a science of hammers and nails, of production or consumption in the raw; it is the science of choice, and therefore of values. Valuation is inherent in all national income accounting. In a command economy, the fundamental accounting difficulty is that the authorities suppress and replace the only genuinely meaningful manifestation of people’s valuations, namely, free market prices. (1992, 49)

Because governments are bureaucratic entities, they do not rely on profit and loss to gauge performance. One implication is that government spending on military goods and services is solely a measure of monetary outlays, or accounting costs. This is especially the case during major wars, such as World War I and World War II, where the competitive price system was largely displaced by government control of economic activity (1992, 49).

In a subsequent paper, “Wartime Socialization of Investment: A Reassessment of U.S. Capital Formation in the 1940s,” Bob built on this point through an analysis of capital investment in the US economy during World War II (Higgs 2004). He made the important distinction between capital formation resulting from private entrepreneurs and capital formation resulting from government planners. The former, reflected by private property, prices, and profit and loss, reflects the subjective valuations of private economic actors.

The latter reflects the valuations of government planners rather than private consumers. A narrow focus on aggregate statistics overlooks this important distinction and the distortionary, welfare-reducing effects of wartime government planning.

This suggests that removing military expenditures from aggregate output measures is a better indicator of output that improves consumer well-being. In his “Wartime Prosperity?” paper, Bob removed the US government’s military expenditures from GNP. After doing so, he found that GNP actually *decreased* during the 1942–44 period, which stands in direct contrast to the conventional story of wartime prosperity (Higgs 1992, 44–46).

Regarding personal consumption, Bob emphasized that appropriate adjustments need to be made for wartime inflation, which reduces consumers’ purchasing power, and hence their well-being. After adjusting to deflate personal consumption spending per capita, he concluded that “real consumption per capita reached a prewar peak in 1941 that was nearly 9 percent above the 1939 level; it declined by more than 6 percent during 1941–43 and rose during 1943–45; still, even in 1945, it had not recovered to the 1941 level (1992, 52). Moreover, he made the important point that consumer well-being was reduced in many other ways during the war. “To get available goods,” he noted, “millions of people had to move, many of them long distances, to centers of war production” (1992, 52). This is in addition to having to work harder and under more dangerous work conditions while dealing with the welfare-reducing consequences of government-imposed price controls and rationing mandates (1992, 53).

Summing up the main implications of his analysis, Bob concluded that “the war *itself* did not get the economy out of the Depression. The war economy produced neither a ‘carnival of consumption’ nor an investment boom, however successfully it overwhelmed the nation’s enemies with bombs, shells, and bullets” (1992, 8, emphasis in original).

In a subsequent paper, “Regime Uncertainty: Why the Great Depression Lasted So Long and Why Prosperity Resumed after the War” (1997), Bob connected his prior paper on the myth of wartime prosperity to a reconsideration of the duration of the Great Depression. In his 1997 paper, he offered insight into the “Great Duration,” which lasted for 12 years following the “Great Contraction” (1929–33). In Bob’s telling, the Great Duration can be explained by the failure of private investment to recover after collapsing during the Great Contraction. But what explains the failure of private investment to recover?

To answer this question, Bob introduced the concept of “regime uncertainty,” by which he meant that businesspeople are “distressed that investors’

private property rights in their capital and the income it yields will be attenuated further by government action” (1997, 568). Bob documents how during the 1933–40 period, the Roosevelt administration and Congress introduced an array of laws that threatened private property rights. “The many menacing New Deal measures, especially those from 1935 onward, gave businesspeople and investors good reason to fear that the market economy might not survive in anything like its traditional form and that even more drastic developments, perhaps even some kind of collectivist dictatorship, could not be ruled out entirely” (1997, 571).

To provide evidence for his thesis regarding the role of regime uncertainty, Bob draws on public polling data for the 1939–41 period regarding business and public perceptions and expectations. This evidence suggests that “a majority of the general public believed the Roosevelt administration’s stance vis-à-vis business was delaying recovery, and they expected government control of business to increase over the next decade, which presumably would further impede recovery” (1997, 577). Another piece of evidence are the yields on corporate bonds, which provide insight into the risk premium required by investors on long-term investments. From this Bob concluded that “investors’ confidence in their ability to appropriate the longer-term interest payments and principal repayments promised by the country’s most secure corporation plummeted between early 1934 and early 1936. Confidence remained at an extremely depressed level from 1936 through the first quarter of 1941” (1997, 584).

Bob’s analysis provided a novel theoretical contribution—the idea of “regime uncertainty”—and empirical evidence to support the thesis that the New Deal prolonged the Great Depression. In doing so, he also provided insight into the “Great Escape.” It wasn’t World War II that got the US economy out of the Great Depression, but instead a change in the expectations of private investors regarding government policy toward private property. “In 1945 and 1946, with Roosevelt dead, the New Deal in retreat, and most of the wartime controls being removed, investors came out in force. . . . The government no longer seemed to possess the terrifying potential that businesspeople had perceived before the war. For investors, the nightmare was over. For the economy, once more, prosperity was possible” (1997, 586).

The Post-9/11 Warfare State

In the wake of the September 11, 2001, attacks, the US government launched a transnational “war on terror.” Bob wrote numerous articles (both academic and popular) applying his prior work on crisis and the growth of government

to the US government's war efforts. These writings were published in three books: *Resurgence of the Warfare State: The Crisis since 9/11* (2005), *Neither Liberty nor Safety: Fear, Ideology, and the Growth of Government* (2007), and *Delusions of Power: New Explorations of the State, War, and Economy* (2012).

Across these books, Bob provided a political economy analysis of a range of topics including, but not limited to, the war on terror and growth of government as per the logic of the ratchet effect, the ineffectiveness of federalized airport security, the political economy of the military-industrial-congressional complex and the run-up to the Iraq war, and the human costs of war in terms of harms to innocent civilians. When considered together, the insights from these books can be summarized in 10 themes.

First, US political leaders framed their “war on terror” as a new kind of war. However, government war-making activities pose a potential threat to the very liberties they purport to protect as per the logic of the ratchet effect. From this standpoint, the war on terror was not unique, but rather business as usual as it pertains to the relationship between war and the growth of government.

Second, proponents of expansions in the national-security state leveraged fear to garner public support for their actions. There is an incentive for policymakers to engage in threat inflation to stoke fear in order to secure more resources and power. Social scientists and analysts tend to neglect the role of threat inflation in their study of national-security policy.

Third, advocates for a larger security state often rely on crude aggregate statistics—for example, government spending as a percentage of GDP, number of employees—which fail to capture the true scope of government involvement in social and economic life. These aggregate statistics may offer some insight into the scale of government, but they fail to capture the range, or scope, of government actions and their effect on citizen well-being.

Fourth, the war on terror was the latest iteration of Congress abdicating its constitutional responsibilities to serve as a check on the war-making powers of the executive. The result was an entrenchment and extension of the imperial presidency.

Fifth, the Founding Fathers were overly optimistic about the feasibility of a sustainable limited government. Theory and historical evidence suggest that government will expand through time, even in the presence of constitutional constraints. This reality opens the door to consider alternative political arrangements, including those that do not rely on the existence of a centralized, coercive state.

Sixth, in America, starting in the early 1900s, ideological changes coupled with several major national emergencies changed the relationship between

citizens and the state and fostered the creation of a variety of private and public political special interests. These groups, best illustrated by the military-industrial-congressional complex, seek to advance their own narrow interests under the guise of pursuing the “national interest.”

Seventh, war and taxes go hand in hand. War-related taxes can be explicit direct taxes, or they can be hidden taxes in the form of inflation. New taxes and methods of collection (e.g., income-tax withholding) tend to be sticky and remain in the wake of wars.

Eighth, the Department of Defense (DoD) has failed to satisfy basic financial accounting practices and to meet federal laws that require all executive agencies of the federal government to successfully pass a financial audit. All the while, the DoD requested, and received, increasing amounts of funding. These increases in funding were provided in response to the failure of the national-security state to protect Americans from the September 11 attacks.

Ninth, changes in ideology and the growth of government (especially in the military sector) led to a structural transformation of the American economic system toward “military-economic fascism.” This system is defined by private ownership over the means of production but with an emphasis on national collectivism around the “national interest,” which is placed on a pedestal over individual rights. This shift undermines the dynamism of the competitive market economy while expanding the reach of government in private economic life.

Tenth, the widespread faith in foreign policy “experts” is mis-founded and dangerous. Supposed experts suffer from severe epistemic limitations and perverse incentives. Moreover, the selection mechanisms in US political institutions often result in power being granted to people who are cruel, incompetent, and vainglorious. The concentration of power in the hands of such people poses a severe danger to the life and liberty of millions of people around the world.

OVERVIEW OF THE VOLUME

The chapters in this volume explore the key contributions of Bob’s scholarly oeuvre. Authors were asked to discuss the main ideas of Bob’s scholarship related to their chapter topic, as well as the contemporary relevance of these ideas. The result is a collection of papers that demonstrates a wide-ranging research program full of opportunities for future research on an array of pressing issues.

Art Carden (chapter 1) explores how Bob’s scholarship, from the early 1970s through the mid-1980s, changed how we understand American racial history, labor history, and institutional history. He notes that Bob’s work influenced

how people thought about a range of issues—labor market discrimination, the effect of the boll weevil on the Southern economy, and African American economic agency—through his emphasis on commercial economic agency and competition.

Jayne Lemke (chapter 2) continues the discussion of Bob’s work on the role of state power and the oppression of certain groups of people. She discusses three themes in Bob’s work to understand the nature, function, and persistence of discriminatory institutional environments. First, because institutional environments are comprised of both publicly and privately organized rules, understanding discriminatory institutions requires appreciating the interaction between public discriminatory law and private discriminatory social norms. Second, because institutions are defined, in part, by the competitive landscape within which they exist, both market and political competition are important for understanding the nature of discriminatory oppression. Third, ideology plays an important role in shaping and maintaining racially discriminatory policies and practices.

Robert Whaples (chapter 3) focuses on the topic of inequality. He identifies four concerns typically associated with inequality—objections to differences in status, objections to a mismatch between outcomes and merit, concerns about fairness, and the possibility that inequality causes other problems that threaten the fabric of society. Whaples discusses Higgs’s scholarship on inequality, including his critiques of official inequality statistics, and then examines modern income levels in comparison to the distribution of income among all human beings who have ever lived. He closes by discussing the important connection between inequality and virtue.

Next, Vincent Geloso (chapter 4) discusses what he calls “coercion bias” in economic measurement. He begins by noting that in standard economic models, government’s coercive powers are assumed to be used in a productive manner—for example, state power is used to extract taxes to finance the production of value-added public goods. In these cases, both measured output and well-being will increase. Geloso notes, however, that when government engages in harmful coercion—for example, enslavement or repression—output (measured by national accounts data) will overstate well-being, hence the coercion bias in measurement. To illustrate the relevance of coercion bias, Geloso reconsiders debates over the economic consequences of slavery in the United States during the antebellum period, and debates regarding the role of economic freedom in stimulating economic growth.

Donald Boudreaux (chapter 5) makes the important distinction between “regime uncertainty” and “market uncertainty.” He draws on Bob’s work on the

duration of the Great Depression and regime uncertainty—the expectation by private investors that their private property rights in capital and income will be weakened through government policy. Boudreaux uses this as an entry point to compare regime uncertainty to market uncertainty—the uncertainty inherent in purely private markets. From the perspective of one economic school of thought—the equilibrium-always economists most often associated with the Chicago school—the economic efficiency of markets is complete, meaning market uncertainty is a nonissue, and can only be undermined by government interventions and regime uncertainty. In contrast, those working in the Austrian tradition place economic uncertainty at the center of their theory of the market process. Boudreaux discusses how market institutions, in contrast to political institutions, create an environment conducive to economic actors navigating a world of uncertainty in welfare-improving ways.

The next five chapters deal with Bob's work on the ratchet effect, ideology, and government growth. Abigail Hall (chapter 6) discusses the various theories of government growth and situates Bob's work on the ratchet effect within this literature. She discusses several common misunderstandings of the ratchet effect framework, recent scholarship employing the framework, and avenues for future research.

Anthony Gregory (chapter 7) reminds us that Bob's work on government growth is not a mechanical story of inevitability, but rather a nuanced analysis of the interaction of ideology and various structures through time. The ratchet effect is not an immutable law of nature, but rather one mechanism through which government expands in some cases but not others. Gregory notes that appreciating the qualitative and nuanced dimensions of state power and ideology can aid in constructing more sophisticated historical narratives regarding the transformation of the American government.

Next, Sarah Burns (chapter 8) applies the ratchet effect framework to the war powers of the executive branch of the US federal government. She explores the historical ideological and structural shifts that, through time, led to the concentration of war powers in the hands of US presidents. A key part of her analysis is identifying how Congress and the federal courts enabled this concentration.

Jonathan Newman (chapter 9) applies the logic of the ratchet effect to government control of money and banking with four applications. First, he considers government control over money and banking as one instance of an expansion in the scope of government power. Second, he discusses how fiat inflation and debt monetization allow the government to conceal the true costs of government actions during a crisis. Third, he highlights how the govern-

ment's use of inflation to conceal costs in one crisis can lead to subsequent crises. Fourth, he explores how inflation can lead to psychological and cultural changes that further encourage the public's acceptance of government interventions.

In the subsequent chapter (chapter 10), Laurie Calhoun draws on the insights from *Crisis and Leviathan* to analyze the US government's response to the COVID-19 pandemic. In doing so, she highlights how Bob's framework for analyzing crises extends beyond war and economic depression to other cases, such as public health emergencies.

The next three chapters analyze the political economy of the military sector. Nathan Goodman (chapter 11) explores the rise of the military-industrial complex (MIC) in the United States in light of the ratchet effect framework. He also discusses how the rise of the MIC has contributed to a broader militarization of society, including domestic security and law enforcement. Next, Christopher Coyne and Yuliya Yatsyshina (chapter 12) engage Bob's scholarship on the nature, operation, and perverse effects of the military sector. They explore the unique nature of the military system to understand its overarching structure and features. They then discuss the incentives facing private and public participants and the harmful economic effects, both immediate and long term, of the military system. Thomas Duncan (chapter 13) discusses the origins, operation, and ongoing costs of the permanent war economy. In doing so, he sheds light on how a large defense sector necessarily affects and reshapes the private economy.

Next, Raymond March (chapter 14) discusses Bob's often overlooked scholarly contributions to health economics. These contributions include the role of decision-making under uncertainty by healthcare consumers, comparative institutional analysis of healthcare, regulatory standards for medical device quality, and the growth of federal health agencies such as the Food and Drug Administration (FDA). Importantly, March emphasizes that Bob's work in this area has relevance for contemporary health policy.

The last two chapters explore issues in political philosophy. Taking inspiration from Bob's work on the philosophical foundations of the state, Tate Fegley (chapter 15) considers whether, *if* men were governed by an angelic state, all problems of governance would then be solved. He argues that even if government was run by angels, the state would still face the economic calculation problem, making the results no better, and likely worse, than if these functions were instead left to angelic entrepreneurs operating in a free market. He also argues that a state that is open to control by non-angels will not be governed by angels for long, if at all. Finally, Edward Stringham and Spencer Brown

(chapter 16) explore two paths toward anarcho-pacifism. They discuss how some 19th-century Christians, such as Leo Tolstoy, and modern (20th- and 21st-century) laissez-faire economists, such as Bob, reach similar anarcho-pacifist conclusions despite starting with different assumptions and world-views. Together, these chapters invite readers to think about the normative foundations of the state and of a free society of dignified equals.

The appendix includes a selection of writings from across Bob's career. In addition to capturing the breadth of Bob's career, it will serve as an important reference for readers wishing to engage with Bob's scholarly writings.

CONCLUSION

In putting this volume together, I had two goals. First, I wanted to provide a resource for readers not yet familiar with the scope of Bob's scholarship and contributions. Second, for those already familiar with Bob's research, I wanted to provide an opportunity to celebrate his legacy. At the same time, I wanted to avoid being purely backward-looking because that would neglect the fact that Bob's research program is far from complete and offers numerous entry points to study the most pressing issues in the world today. Issues of oppression and repression, of market competition as a way of empowering ordinary people, of public policy and regime uncertainty, of healthcare policy, of the costs and consequences of war and the warfare state, and of the philosophical foundations of a free society remain as relevant today as when Bob wrote about them. My hope is that the engagement with Bob's work in this volume will inspire readers to continue his work through refinement, application, and extension.

In closing, I would like to express my own personal appreciation for Bob. His work has been, and continues to be, a major intellectual influence on my own thinking and research. Although I have never formally taken a class from Bob, I consider him to be a teacher and mentor. My first contact with Bob was in 2002, when I presented a paper as a first-year graduate student at the Mises Institute's 2002 Austrian Scholars Conference. Bob reached out to me after the conference and asked if I would be interested in submitting the paper I presented to *The Independent Review*. After I submitted the paper, Bob worked with me to improve the paper's content and style; the result was my first academic journal publication. This experience was an enormous confidence booster for a first-year graduate student. Bob and I have kept in touch ever since.

I see my own research on the political economy of war, foreign intervention, and peace as building directly on Bob's scholarship on these issues. In 2013, I had the honor of taking over the coeditorship of *The Independent Review*

(along with Robert Whaples and Michael Munger). In that role, I do my best to continue to advance Bob's vision for the journal as laid out in his "Editor's Welcome" discussed earlier. During the 2015–16 academic year, Bob was the inaugural F. A. Hayek Distinguished Visiting Professor with the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center at George Mason University. He spent time with us at GMU, meeting with faculty and graduate students to discuss their research and giving several seminars based on his scholarship.³ It is a privilege to know Bob Higgs and to honor his legacy—a legacy that will live on.

NOTES

1. A Festschrift honoring Bob was published in 2007 (Fishback 2007). While the papers in that volume were inspired by Bob's work, they did not systematically engage his full body of scholarship; this volume aims to fill this gap.
2. These and related articles were published together in *Depression, War, and Cold War: Studies in Political Economy* (2006), with the subsequent paperback edition titled *Depression, War, and Cold War: Challenging the Myths of Conflict and Prosperity* (2009b).
3. I also had the opportunity to interview Bob about his career and work. These videos, which are available through the Mercatus Center (<https://www.mercatus.org/hayekprogram/economic-insights/mercatus-original-videos/research-program-robert-higgs-intellectual> & <https://www.mercatus.org/hayekprogram/economic-insights/mercatus-original-videos/research-program-robert-higgs-austrian>), provide additional insight into Bob's work and life in his own words.

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FOR OVER HALF A CENTURY, Robert Higgs has been a trailblazer in the fields of economics and political economy, challenging the conventional paradigm of government intervention with incisive critique and rigorous theoretical and historical analysis. As the founding editor of *The Independent Review*, Higgs carved out an intellectual space for a freer exploration of pressing issues in political economy and policy. Over the course of a distinguished academic career, including professorships at the University of Washington, Lafayette College, and Seattle University, Higgs has authored more than a dozen influential books and over 100 scholarly articles, reviews, and policy studies.

Higgs's scholarship provides unique insight into the nature and impact of real-world government policy, revealing how policies that are justified as serving the public interest can also be discriminatory and coercive. He explores the tensions and balance between safety and freedom, the manipulative use of fear to achieve policy goals, and the perils of entrusting societal well-being to "experts." Higgs's "ratchet effect" framework explains how crises can lead to permanent expansions of government power, and his concept of "regime uncertainty" offers a fresh understanding of prolonged economic stagnation during the Great Depression.

This volume gathers essays contributed by esteemed colleagues and scholars that demonstrate the relevance of Higgs's ideas and insights to today's most pressing issues. The volume explores matters of oppression and repression, of market competition and empowerment, and of the warfare state's costs and consequences. *The Legacy of Robert Higgs* will be of interest to students, to scholars, and to anyone with a stake in human freedom and flourishing.



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