

Austrian-American Society of Pennsylvania



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Fall 2009

Mission of the Austrian-American Society of Pennsylvania:

To Promote Austrian History and Culture to the Delaware Valley Region



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Upcoming Events

Saturday, October 17, 2009: Austrian National Holiday Dinner, Annual Meeting and Guest Speaker

6:00 p.m.— Annual Membership Meeting

6:30 p.m.— Lecture: Dr. Rita Krueger, “Empress Maria Theresia and the Challenges of Imperial Motherhood.” (Dr. Krueger is Assistant Professor of History at Temple University, specializes in the history of the Habsburg empire and is currently working on a book about Austria’s famous 18th Century monarch and mother of 16 children, Maria Theresia).

7:30 p.m.— Buffet Dinner (wine, beer and other beverages included)

Place: Franklin Inn Club, 205 S. Camac Street, Philadelphia, PA 19107

\$ 45 for members, \$49 for non-members. Please mail the coupon below.

The Franklin Inn Club is located at 205 South Camac Street, Philadelphia, 19107, between Walnut and Locust, and between 12th and 13th Street. We suggest you park in the lot on the corner of Locust and 12th, or in one of the garages on South Broad Street, and walk the few steps to the Club.

22nd Johann Strauss Ball—Saturday, March 20, 2010, Merion Cricket Club, Haverford, PA. Please mark your calendar now.

Kokoschka Exhibit in New York: Until October 5, The Neue Galerie, at 1048 5th Avenue shows an exhibit “Focus: Oskar Kokoschka.” See <http://www.neuegalerie.org/> or call 212.288.0665 for details. While you are in New York, you might want to eat at an Austrian restaurant (*Café Sabarsky* at the Neue Galerie, *Seasonal* at 132 West 58th Street, 212.957.5550 or *Blaue Gans* at 139 Duane St New York, NY 10013, 212.571.8880)

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Please reserve....spaces for the Austrian National Holiday Dinner on Saturday, October 17 at the Franklin Inn Club.

Name(s).....
Address.....
Phone.....
Email.....

Please mail this coupon with check (\$45 per AASOP member, \$49 per non-member, payable to AASOP) not later than October 10 to
Trudy Slade, 106 Orchard Ave., Media, PA 19063-4118

One in an informal series of articles on Famous Austrian-Americans...



Ludwig von Mises: Economist and Philosopher

Ludwig von Mises was an Austrian economist, author and classical liberal who became a main pillar of the “Austrian School of Economics,” a system of economic thought that has spread far beyond Austria. Born in 1881 in Lemberg in the then-Austrian province of Galicia (now Lviv in the Ukraine), he emigrated to the United States in 1940 and taught, wrote and influenced American libertarianism until his death in 1973.

In 1912, Mises wrote his first great work, “Theory of Money and Credit” in which he averred that increased money supply and bank credit does not benefit society since it causes inflation and boom-and-bust cycles, like the ones we have lived through since the 1970s (which are only the most recent examples of many such cycles). Austrian hyperinflation in the 1920s would prove him right; as an advisor to the Austrian government he was eventually influential in getting inflation under control. Together with his disciple, Friedrich von Hayek (Nobel Prize in economics 1974), he expanded the theory of the business (i.e. boom and bust) cycle to show that increases in money supply and credit not based on savings, but artificially created by governments and central banks, decrease the cost of money (interest), distort wealth distribution, cause businesses and individuals to make poor investment decisions and increase the price of assets to form bubbles.

Needless to say, history has proven Mises and Hayek right. Our latest boom and bust cycle had its origin in interest rates of around 1% that the Federal Reserve kept at that level for more than a year to end the recession of 2001-02, and also in the massive influx of foreign money resulting from the U.S.’s huge negative trade balances. Easy credit led investors to speculate with housing, led financial institutions to bundle mortgage backed securities and sell them to investors who were looking for higher returns, and led home builders and buyers to malinvest in a glut of new homes.

In his 1922 book “Socialism,” Mises showed that central planning cannot work for an economy, since such a system is incapable of establishing a genuine price and costing structure that is necessary for businesses to decide what to produce. The eventual collapse of Communism proved him correct.

The followers of Mises and the Austrian School, including Ron Paul, advocate that the Federal Reserve abandon “fiat” money, i.e. the arbitrary creation of new money and credit not based on expanding savings and productivity, as opposed to “hard” money such as a gold standard. This makes “Austrian” economists vulnerable to criticism of orthodoxy by mainstream economists, including the monetarists of the Chicago School, who believe that a gradual expansion of the money supply can be a foundation for an growing economy without major recessions. Maybe Mises will have the last word on this.

Tom Tauber

Acknowledgements: Material for this article came from a biography of Ludwig von Mises published by the Ludwig von Mises Institute in Auburn, AL (<http://mises.org/about/3248>) and a Wikipedia article, “Ludwig von Mises” (http://en.wikipedia.org/wiki/Ludwig_von_Mises)