

Money as Politics: Libertarian Advocates for a Decentralized Currency, 1971-2009

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Cryptocurrency achieved a \$3 trillion USD market cap in November of this year—a staggering new high. Despite this growth, cryptocurrency remains puzzling to outside observers, partly due to its arcane terminology, and partly from cryptocurrencies’ basis not in mainstream economics, but rather, in a radical libertarian economics that exalts decentralized currencies over a government-controlled dollar. American libertarians have long seen the imposition of a fiat currency in the shape of the U.S. dollar as blatant coercion. Libertarians argue that the Federal Reserve’s control over the money supply means that bureaucratic actors can create inflation, contribute to endlessly rising debt, and, supposedly, lead America to inevitable default. Since the 1970s, many libertarians have instead supported the gold standard—a solid, “honest” currency with a fixed price—as well as the proliferation of decentralized currencies established by private entities. While these imaginings have long appeared utopian to mainstream observers, the decentralized market of cryptocurrency is an overt instantiation of these ideas—and one that is increasingly coming to hold an influence within the global market.

My research project asks, how and why did libertarians argue for a decentralized monetary system since the 1970s and how have these ideas been influential in supporting economic projects like cryptocurrency? Libertarian hopes for a decentralized currency were central to the movement from its very beginning in the early 1970s. Many libertarians in fact point to Nixon’s wage and price controls, and his abandonment of the gold standard, as the main reason for their radicalization and growing support for free-market ideas. Importantly, ideas about denationalization of the currency were offered by radicals, as well as free-market advocates. Acclaimed economist and Nobel Laureate, F. A. Hayek, advocated for these ideas in an understudied pamphlet entitled *Denationalization of Money* (1976). Hayek argued that “if we want free enterprise and a market economy to survive... we have no choice but to replace the governmental currency monopoly and national currency systems by free competition between private banks of issue.”¹ The same year that Hayek published this polemic, libertarian Ron Paul was elected to Congress on a platform that called for the end of the Federal Reserve and a return to the gold standard—an indication that libertarian ideas about money were gaining traction with some American constituencies, even if they remained on the margins of political life.²

Figures like Hayek and Paul also supported grassroots organizations, most notably, the National Committee for Monetary Reform. This committee, lead by radical anarcho-capitalist Murray Rothbard, began with three goals: to legalize gold clauses, stop U.S. gold sales, and reinstate the gold standard. The Committee grew rapidly over the 1970s, starting with a mailing list of 3,000 individuals in 1972, and claiming to have 10,000 members in all 50 states and across 38 foreign countries by 1977.³

¹ F. A. Hayek, *The Denationalization of Money* (Institute for Economic Affairs, 1976).

² Brian Doherty, *Ron Paul’s Revolution: The Man and the Movement He Inspired*, 1st ed (New York: Broadside Books, 2012); Jennifer Burns, “Ron Paul and the New Libertarianism,” *Dissent* 59, no. 3 (2012): 46–50.

³ James Blanchard, *Gold Newsletter*, National Committee for Monetary Reform, 5.1. MSS 10187-k, Box 15, University of Virginia Special Collections.

Existing scholarship on libertarianism has mostly focused on the intellectual history of the libertarian movement, parsing the Chicago, Geneva, and Austrian schools of thought as they developed in scholarly spaces.⁴ Much less attention has been given to the development of grassroots economic ideas that were often overly simplistic and yet remained popular in fringe spaces before migrating into the mainstream. My research will combine a traditional intellectual history of notable libertarian figures who supported the gold standard or decentralized currency, such as F. A. Hayek, Ron Paul, John Allison, Peter Schliff, and Steve Forbes, with an analysis of grassroots organizations and networks that mobilized public support for these ideas.

To conduct this research, I will travel to the Hoover Archives at Stanford University to look at several key archival collections, particularly the F. A. Hayek Papers. As grassroots supporters of gold legalization kept to the margins of public life, there exist no central collections that focus entirely on these organizations. Evidence of the National Committee for Monetary Reform, however, appears within several Hoover collections including, but not limited to: the Roy A. Childs Papers, the Lawrence Samuels Papers, and the Williamson Evers Papers.

The Early-Careers Scholars Research fund would support my research at the Hoover Archives, paying for my airfare from New York to San Francisco (\$400) and my accommodation for two weeks (\$1100). I will be supplementing this funding with funds I have received as an Adam Smith Fellow at the Mercatus Center.

⁴ Key works that parse libertarian thought include: Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge, Mass: Harvard University Press, 2012); Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018); Philip Mirowski and Dieter Plehwe, *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge: Harvard University Press, 2009); Jennifer Burns, *Goddess of the Market: Ayn Rand and the American Right* (New York: Oxford University Press, 2009); Janek Wasserman, *The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas* (New Haven: Yale University Press, 2019).