

# Mises And History

By Leonard P.iggio

The death of Ludwig von Mises has brought forth numerous essays on his contribution to economics. It is equally in order to discuss his work in the historical sciences, as he called them. Having had the honor and pleasure of attending Mises' graduate seminar during the years in which he wrote *Theory and History* and devoted his seminar to that subject, I had the rare opportunity of participating in the final formulation of his long-considered concepts of the historical sciences. But, before discussing that part of his contribution in another article, I shall indicate some of the substantive historical analyses which Mises made.

Faced with the rise of classical liberalism in the 19th century and its collapse since the first world war, Mises had very special motives for examining contemporary history. Mises emphasized that ideas are the base on which all social activity takes place. It is in the realm of ideas that the battle for civilization and progress takes place. Mises emphasized the fact and the necessity that classical liberalism had to be obstinate and uncompromising. Success of liberal ideas required the enlightenment of people who studied ideas who would convince the citizenry of their correctness. Mises advocated a revolution in ideas as the necessary step to the revolution of the practice of freedom. However, the advocates of classical liberalism in the 19th century were not obstinate and uncompromising. The English utilitarians, especially Ricardo, had incomplete and compromised notions leading succeeding liberals not to correct and complete them but to turn away to more compromises as in the case of John Stuart Mill.

One of the important causes of the decline of liberalism, Mises believed, was the illusion that society would necessarily continue to accept and perfect its ideas. Mises believed that as classical liberalism came closer to realization, it was necessary for its advocates not to rest, but to increase their activity and perfect the theoretical base of classical liberalism. Instead, liberalism was swept away by the emergence of parties speaking to special interests. For Mises liberalism meant the abolition of special privileges. In discussing class conflict, Mises emphasized: "Conflicts of interests can occur only in so far as restrictions on the owners' free disposal of the means of production are imposed by the interventionist policy of the government or by interference on the part of other social forces armed with coercive power." Coercive power, government intervention are the sole causes of war between interests. For Mises, the supporters of feudalism, privilege and status were clearly defeated by classical liberalism. The rise of the new challenge to classical liberalism came from within itself, from the failures of utilitarian economists. Mises said:

But in Ricardo's system of catallactics one may find the point of departure for a new theory of the conflict of interests within the capitalist system. Ricardo believe that he could show how, in the course of progressive economic development, a shift takes place in the relations among the three forms of income in his system, viz., profit, rent, and wages. It was this that impelled a few English writers in the third and fourth decades of the nineteenth century to speak of the three classes of capitalists, landowners, and wage-laborers and to maintain that an irreconcilable antagonism exists among these groups. This line of thought was later taken up by Marx.

In the *Communist Manifesto*, Marx still did not distinguish between caste and class. Only later, when he became acquainted in London with the writings of the forgotten pamphleteers of the twenties and thirties and, under their influence, began the study of Ricardo's system, did he realize that the problem in this case was to show that even in a society without caste distinctions and privileges irreconcilable conflicts still exist. This antagonism of interests he deduced from Ricardo's system by distinguishing among the three classes of capitalists, landowners, and workers . . . At no time, however, did Marx or any one of his many followers attempt in any way to define the concept and nature of classes. It is significant

that the chapter entitled "The Classes" in the third volume of *Capital* breaks off after a few sentences. More than a generation elapsed from the appearance of the *Communist Manifesto*, in which Marx first makes class antagonism and class war the keystone of his entire doctrine, to the time of his death. During this entire period Marx wrote volume after volume, but he never came to the point of explaining what is to be understood by a "class."

(Mises, *The Free and Prosperous Commonwealth* (trans. by Ralph Raico; ed. by Arthur Goddard), Princeton, Van Nostrand Series in the Humane Studies, 1962, pp. 163-64.)

However, the wedge of Ricardian concepts of disharmony of interests in a perfect capitalist society, and the existence of special interest political parties in societies claiming to be capitalist, permitted the socialists to appear the champions of the abolition of privilege, of classless society resulting from the withering away of the state. Mises emphasized that in the absence of an uncompromisingly presented liberalism, socialism appeals to people who think more clearly and seek a serious solution to government by special interests. Through the dominant position socialism gained at the Universities, it was able, in Mises' view, to gain the sincere, honest, and best minds among the youth. In many ways, the success of socialism was due to its ability to appear to be what liberalism actually is. Mises described the many ways that the parties of the special interest state have prevented the presentation and success of liberal ideas and thus permitted the success of socialism. Mises insisted that liberals must emphasize the fact that since liberalism serves no special interest there is "no class that could champion liberalism for its own selfish interests." For Mises liberalism could not be the special party of capitalists. Historical reality has demonstrated that the wealthy tend to support any other party except the liberals. Indeed, for capitalists to support liberalism, it is necessary for them to rise above their self-interest to the level of general principles. Mises noted:

The "have's" do not have any more reason to support the institution of private ownership of the means of production than do the "have-not's." If their immediate special interests come into question, they are scarcely liberal. The notion that, if only capitalism is preserved, the propertied classes could remain forever in possession of their wealth stems from a misunderstanding of the nature of the capitalist economy, in which property is continually being shifted from the less efficient to the more efficient businessman. In a capitalist society one can hold on to one's fortune only if one perpetually acquires it anew by investing it wisely. The rich, who are already in possession of wealth, have no special reason to desire the preservation of a system of unhampered competition open to all. . . . They do have a special interest in interventionism, which always has a tendency to preserve the existing division of wealth among those in possession of it. But they cannot hope for any special treatment from liberalism, a system in which no heed is paid to the time-honored claims of tradition advanced by the vested interests of established wealth. (*Ibid.*, p. 186)

Mises deduced from history that all governments inherently recognize no limitations on power. Complete domination over property is the goal of all governments, and if they accept limitations it is merely tactical since the admission of any government control over property implies total control. Mises concluded:

"Thus, there has never been a political power that voluntarily desisted from impeding the free development and operation of the institution of private property of the means of production. Governments tolerate private

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property when they are compelled to do so, but they do not acknowledge it voluntarily in recognition of its necessity. Even liberal politicians, on gaining power, have usually relegated their principles more or less to the background . . . A liberal government is a *contradictio in adjecto*. (*Ibid.*, p. 68)"

Mises insisted that the concept of self-determination was the most logical derivation from liberalism. Self-determination made sense not as a collective concept, but as an individualist concept. "If it were in any way possible to grant this right of self-determination to every individual person, it would have to be done." But, Mises considered individual self-determination to be technically impractical; however, as a matter of principle it was irrefutable that the individual must have the right to individual self-determination. In foreign policy, Mises applied this concept to self-determination consistently.

The right of individual self-determination was clearly applicable in the area of education. For Mises, compulsory education in any circumstances was a violation of this right. Compulsory education is a clearly political act. "There is, in fact, only one solution: the state, the government, the laws must not in any way concern themselves with schooling or education. Public funds must not be used for such purposes. The rearing and instruction of youth must be left entirely to parents and to private associations and institutions."

Mises made an important, if often unrecognized, analysis of imperialism, which is another aspect of the negation of the right self-determination. Mises indicated that the origins of imperialism can be found in the desire of states to create protected export "markets." A desire to avoid the effects of competition, Mises said, led states

to the adoption of the policy of using import duties to protect domestic production operating under less favorable conditions against the superior competition of foreign industry, in the hope of thereby making the emigration of workers unnecessary. Indeed, in order to expand the protected market as far as possible, efforts are made to acquire even more territories that are not regarded as suitable for European settlement. We may date the beginning of modern imperialism from the late seventies of the last century, when the industrial countries of Europe started to abandon the policy of free trade and to engage in the race for colonial "markets" in Africa and Asia . . .

"The basic idea of colonial policy was to take advantage of the military superiority of the white race over the members of other races. The Europeans set out, equipped with all the weapons and contrivances that their civilization placed at their disposal, to subjugate weaker peoples, to rob them of their property, and to enslave them. Attempts have been made to extenuate and gloss over the true motive of colonial policy with the excuse that its sole object was to make it possible for primitive peoples to share in the blessings of European civilization . . . If, as we believe, European civilization really is superior to that of the primitive tribes of Africa or to the civilizations of Asia — estimable though the later may be in their own way — it should be able to prove its superiority by inspiring these peoples to adopt it of their own accord. Could there be a more doleful proof of the sterility of European civilization than that it can be spread by no other means than fire and sword? (*Ibid.*, 123-25)."

Mises countered the argument that the liberal solution — immediate withdrawal of government (European colonial) and leaving the inhabitants alone — might lead to chaos or oppression. Since Europe exported the worst of its civilization under imperialism, it is not the fault of the natives that they may adopt all the evils taught them by the Europeans. Since imperialism is the negation of liberalism, there was no possibility for non-Europeans to come into contact with liberal concepts and practices. Imperialism itself was one of the means by which European politicians sought to escape from the logical necessity of completing the liberal revolution in Europe. Just as mercantilism was

## Danish Delight

It takes a lot for the august and stately *New York Times* to lose its cool, sometimes one gets the impression that if Canada were suddenly launch an atomic attack on the U. S. tomorrow, the *Times* would comment in low and measured tones. But the *Times* has lost its cool, it has taken the sudden and magnificent emergence of libertarianism on the international scene to do it. And for the second coolest newspaper in Washington, the *Washington Post*, to suffer the same trauma.

The occasion was the Danish elections of December 5, when the right Social Democrats were decimated in the Parliament, while the old opposition suffered just as badly. Instead, leaping on to the scene was a brand new party, the Progress party, formed only recently, corraling no less than 28 seats to make it the second largest party in the country.

The Progressives are led by their charismatic founder, Mo Glistrup, a wealthy tax lawyer who has been stumping Denmark championing an all-out libertarian program. Boasting that he managed to legally avoid payment of income tax for years, Glistrup promised a grievously tax-ridden public that he would abolish the income tax, beginning with all incomes less than \$10,000 a year. He also called for drastic cuts in the government bureaucracy and in the welfare system and magnificently called for changing the name of Prime Minister to Minister in Charge of Abolishing Government Activities. One of the problems with previous libertarian-style parties in Europe, from the nineteenth century to the present, has been the temptation to be patriotic: to abandon libertarian principle on behalf of militarism or war. But not Glistrup: instead he and the Progressives call for abolition of the Danish military. His foreign policy? An automated tape recording on a hot line to Russia, saying "We surrender."

The *Washington Post* so lost its vaunted "objectivity" that in its headline it said "Clowns Win in Denmark". The *New York Times* editorial (Dec. 6), succumbed to scarcely concealed hysteria. It noted the Danish elections (and indeed in Norway and Sweden as well

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the overseas extension of feudalism, so imperialism was the overseas extension of neo-mercantilism.

For Mises none of the arguments in support of imperialism could be based on any basis in liberalism. Abolition of all forms of imperialism was consistent with liberalism. Mises felt that the evil consequences of imperialism would become evident only after the withdrawal of European troops and bureaucrats because only then would the full effects of the impact of European illiberalism flower. The longer the Europeans remained the more poisonous the blossoms. Thus, the immediate end of imperialism would reduce the effects, and its prolongation "in the interests of the natives" would intensify it. Mises added:

"If all that can be adduced in favor of the maintenance of European rule in the colonies is the supposed interest of the natives, then one must say that it would be better if this rule were brought to an end completely. No one has a right to thrust himself into the affairs of others in order to further their interest, and no one ought, when he has his own interests in view, to pretend that he is acting selflessly only in the interest of others. (*Ibid.*, p. 127)."

Mises total commitment to classical liberalism, pure and uncompromised, made him an heir in history to the great 19th century classical liberals who dealt with history generally, such as Acton, or contemporary history, such as Cobden and Bright. Mises was fearless where Acton, Cobden and Bright, in attacking the state in all its aspects not the least in its more recent manifestation, imperialism. Individual and the State are irreconcilable. History confirms what reason teaches us, that the State is the negation of the individual and his extension, private property, just as where the Individual and his property rightfully exist, that the State be abolished. It was because of the failure to pursue and achieve that freedom by 19th century liberals, that the current struggle is necessary. Mises has emphasized that it is by studying that failure that the lessons will be learned to achieve liberty. Those who dare not study history will be bound to repeat it.