



LIBERTY MATTERS

PERSPECTIVES ON MISES' SOCIALISM AFTER 100 YEARS

*In 1922 [Ludwig von Mises](#) published his third book, *Die Gemeinwirtschaft: Untersuchungen über den Sozialismus*, translated into English in 1936 under the title [Socialism](#). The LibertyClassics edition was published in 1981. It seems fitting to revisit this important work by one of the fathers of Austrian economics on its publication centenary. The book appeared at a time when socialism seemed to hold the answers and solutions for rebuilding a civilization that had just destroyed itself in the Great War. While many, if not most, people (especially intellectuals) associated the war's outbreak and subsequent horrors with the broadly liberal, free market order that prevailed before 1914, Mises argued that socialism's promises of a more just and prosperous world were hollow and would only lead to more tyranny and violence. The book was, therefore, either largely ignored or, when noticed, was not generally well received. It remained in circulation, however, and over the years was read by a small number of economists and social scientists on whom it made a profound impression. Probably the most famous of these was [Friedrich von Hayek](#), who read the book upon its initial publication. While he later wrote (in his 1978 "Foreword") that he did not agree with everything in the book, "I must admit, however, that I was surprised at not only how much of it is still highly relevant to current disputes, but how many of its arguments, which I initially had only half accepted or regarded as exaggerated and one-sided, have since proved remarkably true."*

MISES' SOCIALISM AT 100 YEARS!

by Virgil Storr

[Socialism](#) by [Ludwig von Mises](#) is an economic and sociological analysis of the consequences that are likely to follow the elimination of private ownership of the means of production. However, it delivers much more. Mises also discusses the nature of markets, the importance of property, prices, and profits, the social and economic significance of the division of labor, the links between politics and economics, the centrality of violence, and the role of ideas in shaping history. It also offers a powerful defense of liberalism and a trenchant critique of socialism on economic and sociological as well as philosophical, political, and historical grounds.

Second, [Socialism continues to be relevant](#) 100 years after its initial publication. For students in the Austrian school of political economy, it is a deeply relevant work as so much of the contemporary scholarship in the discipline is rooted in the arguments, observations and concerns Mises raises in *Socialism*.

Moreover, American attitudes towards socialism have softened in recent years. In 2019, for instance, 39% of Americans viewed socialism positively, compared to 35% in 2010.[1] Similarly, in 2019, 43% of Americans believed

“SOCIALISM BY LUDWIG VON MISES IS AN ECONOMIC AND SOCIOLOGICAL ANALYSIS OF THE CONSEQUENCES THAT ARE LIKELY TO FOLLOW THE ELIMINATION OF PRIVATE OWNERSHIP OF THE MEANS OF PRODUCTION. HOWEVER, IT DELIVERS MUCH MORE.”

that some form of socialism would be a good thing for the country compared to 25% in 1942.[2] These percentages are considerably higher for various cross sections, including Democrats, young people, and blacks. Additionally, concern over inequality, viewed as an inevitable consequence of capitalism, has increased. The Occupy Wall Street movement's refrain that “we are the

99%” captured perfectly the complaint that the system seems rigged in favor of the rich and powerful. That a few enjoy so much while others have so little is a signal to some that capitalism is broken. Indeed, there seems to be a growing sense, at least amongst some, that capitalism is failing us, and some form of socialism is the way forward.

Although it’s impossible to summarize all of *Socialism*, given its breadth, there are at least a handful of propositions that Mises advances in *Socialism* that are worth reemphasizing.

1. Prices are needed to overcome the calculation problem and so to engage in rational economic action.

There was a strange decades-long debate that occurred amongst Austrian economists about whether Mises’ articulation of the calculation problem was opposed to or similar to or the same as Hayek’s articulation of the knowledge problem.[3] Recall that [Hayek](#), in his famous 1942 paper “[The Use of Knowledge in Society](#),” argued that the knowledge needed to make sound economic decisions was necessarily dispersed and often tacit. As such, in order to make use of this local and tacit knowledge, individuals need to find a way to communicate what they know and learn what they need to know.



Friedrich von Hayek

[Hayek](#) argued that prices could serve as knowledge surrogates and that the price system was a vast telecommunication system. As Hayek explained,

It is more than a metaphor to describe the price system as a kind of machinery for registering change, or a system of telecommunications which enables individual producers to watch

merely the movement of a few pointers, as an engineer might watch the hands of a few dials, in order to adjust their activities to changes of which they may never know more than is reflected in the price movement.

With the knowledge gained through the price system, market participants learn whether they need to economize on certain goods or can use them less sparingly.

Arguably, Hayek’s knowledge problem is simply an exploration of a particular moment of Mises’ calculation problem. Indeed, through the competitive market process and, in particular, the price system, market participants gain access to the knowledge they need to engage in rational economic calculation.

Mises explains that all rational action is at root about relieving felt uneasiness. “All human action, so far as it is rational,” Mises (97) writes,

... appears as the exchange of one condition for another. Men apply economic goods and personal time and labour in the direction which, under the given circumstances, promises the highest degree of satisfaction, and they forgo the satisfaction of lesser needs so as to satisfy the more urgent needs. This is the essence of economic activity—the carrying out of acts of exchange.

In order to choose between different courses of action and to make judgements about different actual and imagined outcomes, it is critical that individuals have an “objective” way of comparing exchange values (i.e. money prices). As Mises (98) reminds us, “in an exchange economy, the objective exchange value of commodities becomes the unit of calculation.”

Money prices, then, enable individuals to overcome the calculation problem and, as a result, make rational economic action possible. As Mises discussed, finding an alternative to prices is a problem for socialism. It is also, arguably, a problem for any public policy that would distort prices.

2. *Socialism, in eliminating private ownership of the means of production, makes rational economic calculation impossible.*

Mises (45) reminds us repeatedly that “the aim of Socialism [is] to transfer the means of production from private ownership to the ownership of organized society, to the State.” Under socialism, Mises explains, the State decides what is to be produced, by whom, using which methods, and in which amounts.

In attempting to centrally organize the economy, however, the State is confronted with a challenge that is impossible to overcome. As Mises (102) explains,

Once society abandons free pricing of production goods rational production becomes impossible. Every step that leads away from private ownership of the means of production and the use of money is a step away from rational economic activity.

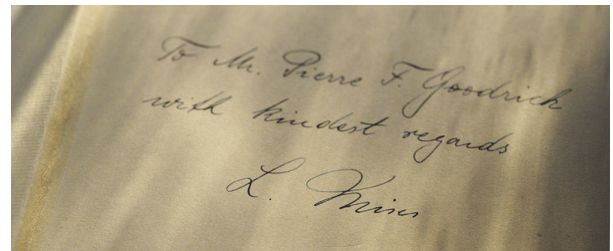
The socialist State must determine which of the set of technologically feasible plans for producing the goods it desires are economically feasible, that is, they must decide which do not use inputs that are more valuable than the goods they produce. But, the socialist State cannot engage in rational economic calculation. Absent private ownership of the means of production there can be no rivalry between different producers over inputs. Absent rivalry there will not be meaningful prices. There will not be prices that reflect the relative scarcities of inputs. Absent prices that reflect relative scarcities there can be no profit and loss determinations, and there can be no comparisons between the value of all the inputs required to produce a good and the value of the final product that is to be produced. Absent profit and loss determinations there can be no rational economic calculations. The decisions regarding what to produce will not be guided by what is socially beneficial or socially wasteful.

The socialist State, Mises explains, must essentially drive in the dark with no compass and no guideposts. As Mises writes, “the economic administration will have no sense of direction. It will have no means of ascertaining whether a given piece of work is really necessary, whether labour or material are not being wasted in completing it”

(103). The socialist State cannot rationally calculate; it must guess. Arguably, as Mises explains, the problem of how to rationally calculate is also a problem for more modest efforts to intervene in the economy.

3. *A socialist community is not just impracticable; it is also likely to be tyrannical.*

Although socialists often talk about members of the socialist community deciding how to make use of the means of production, the only apparatus available to the socialist community to exert this kind of control is the State. Additionally, although socialists often point to the socialist utopia as freeing workers from the bondage of wage labor, the State must have total control over every aspect of production in a socialist commonwealth. There is simply no way of socializing the means of production without forcibly taking from some to give to others and forcing some to work more than they would choose to work given the rewards.



Indeed, as Mises explains, socialism is necessarily dependent on control. Socialism transforms citizens into soldiers. It is incompatible with the self-determination of most people (73). According to Mises (163),

The Socialist Community is a great authoritarian association in which orders are issued and obeyed. ... As in an army, so under Socialism, everything depends on the orders of the supreme authority. Everyone has a place to which he is appointed. Everyone has to remain in his place until he is moved to another. It follows that men become pawns of official action. They rise only when they are promoted. They sink only when they are degraded.

Unfortunately, even the more modest attempts of arriving at a more equal distribution of all that society produces must rely on the same instruments. These

efforts, even though not aiming at a total radicalization of economic life, must still take from some to give to others and must still make some labor without remuneration. The greater the desired shift in the economic system away from free markets, the more control will have to be exerted.

Because socialism does not and cannot simply rely on volunteerism, cooperation, and exchange to aim society along a socially beneficial course, efforts to implement socialism are likely to be tyrannical. Not surprisingly, as Mises observed, “all historical attempts to realize the socialist ideal of society have the most pronounced authoritarian character” (73). Think here not of capitalist countries with small or large welfare systems like the United Kingdom and the Scandinavian states, but of real efforts to attempt to realize socialism like communist China and the Soviet Union.

4. Yet, capitalism gets blamed for wrongs it's never committed.

Although written in 1947, Mises' comments in the Epilogue on the unpopularity of free markets could have been written today. As Mises (481) writes,

Most governments and political parties are eager to restrict the sphere of private initiative and free enterprise. It is an almost unchallenged dogma that capitalism is done for and that the coming of all-round regimentation of economic activities is both inescapable and highly desirable.

And, as Mises (483) describes,

Nothing is more unpopular today than the free market economy, i.e., capitalism. Everything that is considered unsatisfactory in present-day conditions is charged to capitalism. ... Sermonizers accuse capitalism of disrupting the family and fostering licentiousness. But the “progressives” blame capitalism for the preservation of allegedly outdated rules of sexual restraint. Almost all men agree that poverty is an outcome of capitalism. On the other hand many deplore the fact that capitalism, in catering lavishly to the wishes of people intent upon getting more amenities and a better living,

promotes a crass materialism. These contradictory accusations of capitalism cancel one another. But the fact remains that there are few people left who would not condemn capitalism altogether.

Arguably, debates around climate change, the 2008 financial crisis, and our recent experience with the Covid pandemic have a similar flavor, with capitalism being blamed both for doing too much and too little.

5. Markets are democracies.

Mises has written quite persuasively that markets are at root democratic. Although rhetorically we often talk about owners as captains of industry and entrepreneurs as leaders, they are more servants than rulers. Consumers are sovereign in markets, “it is a consumer's democracy” (400). As Mises (400-401),

The entrepreneur is thus no more than an overseer of production. He of course exercises power over the worker. But he cannot exercise it arbitrarily. He must use it in accordance with the requirements of that productive activity which corresponds to the consumers' wishes. ... True, the entrepreneur is free to give full rein to his whims, to dismiss workers off hand, to cling stubbornly to antiquated processes, deliberately to choose unsuitable methods of production and to allow himself to be guided by motives which conflict with the demands of consumers. But when and in so far as he does this he must pay for it, and if he does not restrain himself in time he will be driven, by the loss of his property, into a position where he can inflict no further damage. Special means of controlling his behavior are unnecessary. The market controls him more strictly and exactly than could any government or other organ of society.

Admittedly, like any democracy, the consumer democracy can only be expected to deliver those programs, policies, and services that the consumers truly care about. As such, for companies in a capitalist system to remain profitable even though they are engaging in

unethical behavior (like mistreating workers or polluting the environment), consumers must either be unaware or not care enough to withhold their business.[4]

Mises has argued not only that markets are democratic but also that, once established, free markets lead people to demand democracy in other spheres. As Mises (171) explains,

When men have gained freedom in purely economic relationships they begin to desire it elsewhere. Hand in hand with the development of Capitalism, therefore, go attempts to expel from the State all arbitrariness and all personal dependence.

Mises' observation about the relationship between economic liberty and political liberty has been echoed by others. If correct, markets themselves could be an important bulwark not only against populism but also against the erosion of political rights that might result from the expansion of money into politics.

There are other parts of Socialism that continue to be deeply relevant and deserving of our attention. His discussion of the relationship between markets and love, in particular his observations that markets made marriages predicated on love possible, and that markets are also likely to be more tolerant of gender and sexual diversity, are worth considering. Similarly, his brief discussion of the different moralities demanded by socialism and capitalism is worth exploring and anticipates recent writing on this subject. And, his discussion of the relationship between the individual and society in capitalist and socialist communities is fascinating. One hundred years after it was published, Mises' [Socialism: An Economic and Sociological Analysis](#) remains a book worth reading.

Endnotes

[1] <https://news.gallup.com/poll/268295/support-government-inches-not-socialism.aspx>

[2] <https://news.gallup.com/poll/257639/four-americans-embrace-form-socialism.aspx>

[3] See Boettke (2018), F. A. Hayek: Economics, Political Economy and Social Philosophy (New York: Palgrave).

[4] See Storr and Choi (2019), Do Markets Corrupt Our Morals? (New York: Palgrave).

THE TEMPTING CERTAINTIES OFFERED BY SOCIALISM

by Alberto Mingardi

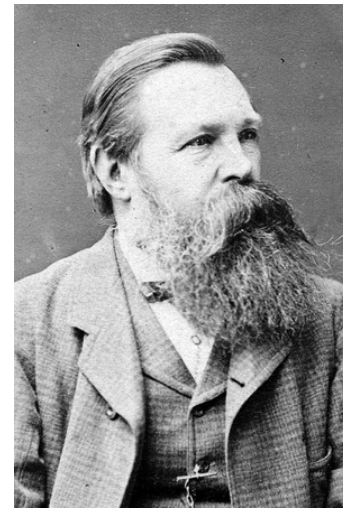
It is quite sad that men of learning tend to prefer obscure writers. Works written in a language known only to the initiated enable the educated person to raise a wall between herself and the rest of the world. To feel superior, in a sense. But a convoluted prose is seldom the product of a terse mind.

It takes quite a bit of effort to misinterpret [Ludwig von Mises](#) (1881-1973). *Socialism* (1922) is no exception. This book expands on Mises's path breaking 1920 essay, "The Economic Calculation in the Socialist Commonwealth," which opened the so-called "Socialist calculation debate," one of the great controversies in the social sciences of the 20th century. But the book is, as its subtitle suggests, "an economic and sociological analysis." The core of Mises's arguments is still his great discovery of two years before. Storr brilliantly summarizes it:

Absent private ownership of the means of production there can be no rivalry between different producers over inputs. Absent rivalry there will not be meaningful prices, there will not be prices that reflect the relative scarcities of inputs. Absent prices that reflect relative scarcities there can be no profit and loss determinations, there can be no comparisons between the value of all the inputs required to produce a good and the value of the final product that is to be produced. Absent profit and loss determinations there can be no rational economic calculations. The decisions regarding

what to produce will not be guided by what is socially beneficial or socially wasteful.

If you ever happen to have taught Mises to students, you know how counterintuitive this is. It is already a challenge to most people to understand that demand and supply may adapt one to the other. But certainly “spontaneous” market mechanisms are barely apt to deal with short term problems and cannot be trusted with decisions which require a “panoramic” vision of sorts—a genuine understanding of the way in which technology, society, and the planet are heading. Many continue to think that at some point the “socialized organization of production within the factory has developed so far that it has become incompatible with the anarchy of production in society,” to borrow [Friedrich Engels](#)’s (1820-1895)’ words.^[1] Socialism promises to turn the whole of society into a gigantic factory, consistently and rigidly organized, with no more space for the “anarchy of production.” Because life in the marketplace is uncertain and dependent on the vagaries of the consumer, whereas a business organization promises certainty, plans, and a salary at the end of the month no matter what is happening around you, such a vision was highly successful. But if society is to become a single factory, its owner should be “the people” rather than a private individual. Hence socialism was breeding the separation of ownership and control: ownership of the means of production belonged to everybody, but it ought to be controlled by a few managers, the best and brightest. They were imagined to have the needed “panoramic” vision to allocate resources in the name of society to its superior needs. Indeed, as Mises points out, “a socialist community can have only one ultimate organ of control which combines all the economic and other governmental functions” (112). But this is what socialists want: Certainty! Order! Anarchy of production no more!



Friedrich Engels

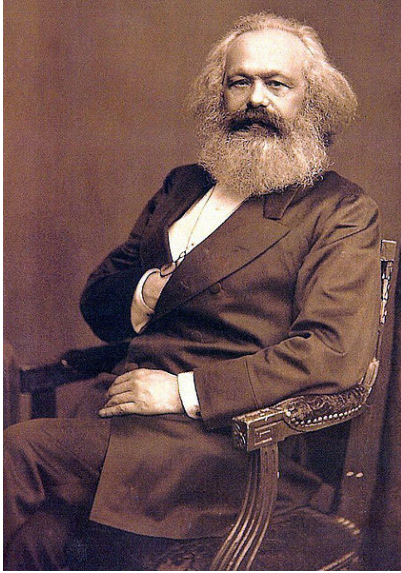
Building on the teachings of his Austrian forebears, Mises put this argument upside down. It is by insulating resources from private property rights that we blind ourselves on how to make the best use of them for society. Capitalism, warts and all, did not promise *perfection* in allocating resources but allowed for a process of continuing improvement, based upon whatever people felt they needed, not on what others thought they should have.

If Mises champions capitalism so forcefully and cogently it is because of historic evidence. Economic probes coincide with the “extension of the division of labour” which “brings production nearer to its goals - the greatest possible satisfaction of wants” (266). But Mises’ book, and his understanding of society, are anything but mechanistic and materialistic. On the contrary, it is hard to picture a thinker more profoundly convinced of the importance of ideas.

The history of mankind is the history of ideas. For it is ideas, theories and cortices that guide human action, determine the ultimate ends men aim at, and the choice of means employed for the attainment of these ends. *The sensational events which stir the emotions and catch the interest of superficial observers are merely the consummation of ideological changes.* (518, emphasis added)

As Virgil Storr notes, Mises’s comments in the Epilogue on the unpopularity of free markets could have been

written today. The Epilogue was written for the Spanish translation of the book and is known in the English language as *Planned Chaos*: perhaps the title which best summarizes the Misesian view of socialism. Socialism promises economic order instead of anarchy of production, but ends up in chaos and misery.



Karl Marx

One key element of those comments concerns the role of intellectuals. I have mentioned Mises's prose before. It is brilliant but more than anything else, it is clear. From *Socialism*, it appears that Mises had a model *a contrario* for his own - and that was [Marx](#).

As a scientific writer Marx was dry, pedantic, and heavy. The gift of expressing himself intelligibly had been denied him. In his political writings alone does he produce powerful effects, and these only by means of dealing antitheses and of phrases which are easy to remember, sentences which by play of words hide their own vacuity. In his polemics he does not hesitate to distort what his own opponent had said. Instead of refuting, he tends to abuse. (416)

Content and style “constitute yolk and white in a scrambled egg.”^[2] Mises obviously aspired to write in almost the opposite way, as he meant not to produce a “powerful effect” but to drive his readers toward a better understanding of economic processes. He did so thinking

of laymen as his main audience: not other clerics of the social sciences.

He held these clerics responsible for many a worrisome development. Mises thought that “the masses favor socialism because they trust the socialist propaganda of the intellectuals.... The intellectual leaders of the peoples have produced and propagated the fallacies which are on the point of destroying liberty and Western civilization. *The intellectuals alone are responsible for the mass slaughters which are the characteristic mark of our century*” (540). These are strong words, but Mises was hardly alone in finding men of words responsible for totalitarianism (either of the socialist or the national socialist kind).

Even an author who is not very likely to have read Mises, like Eric Hoffer (1902-1983), agrees. He notes that mass movements, some of which end up in promoting mass slaughters, “do not usually rise until the prevailing order has been discredited. The discrediting is not an automatic result of the blunders and abuses of those in power, but the deliberate work of men of words with a grievance.”^[3]

Hoffer thought that, even in the United States of his times, an “army of scribes” was “clamoring for a society in which planning, regulation, and supervision are paramount and the prerogative of the educated.”^[4] He saw a trend in history: scribes and traders as antithetical figures well before the industrial age. Mises long pondered the source of the anticapitalist mentality and pointed out that it is profoundly rooted with a disdain for the ordinary person.

Do these insights still apply in a world where intellectuals seem to have little or no influence? That is an important question to ask ourselves, thinking of how, as Storr reports, “American attitudes towards socialism have softened in recent years.” Are these simply seeds planted a long time ago, which are now blossoming? Are intellectuals perhaps more influential than the world of Instagram allows us to imagine? Or is socialism simply a dream which, whatever its faults, is better attuned to our fundamental moral intuitions than any other system of ideas, and capitalist prosperity is finally allowing us to go for it?

Endnotes

[1] See Engels (1882), *Socialism: Utopian and Scientific* (Moscow: Progress Publishers, 1970).

[2] McCloskey (2019), *Economical Writing*. Third Edition (Chicago: University of Chicago Press), 6.

[3] Hoffer (1951), *The True Believer: Thoughts on the Nature of Mass Movements* (New York: Harper Perennial, 2002), 130.

[4] Hoffer (1963), *The Ordeal of Change* (Titusville, NJ: Hopewell, 2006), 94.

ECONOMIC CALCULATION IN THE NON-SOCIALIST ENTERPRISE

by Yana Chernyak

In the first half of his lead essay, Storr articulates the ways in which prices make rational economic calculation possible by turning tacit knowledge into actionable information. The essay then explores the ways in which Mises's *Socialism* outlined how the socialist system interferes with this allocation and rationalization of resources, rendering economic calculation impossible. Amidst resurgent interest in socialism, Mises's work is certainly as relevant as ever today, but we must be careful not to overstate the centrality of the price mechanism and economic calculation to the operation of a well-functioning economy.

While the economic calculation debate is of central theoretical and historical importance, the idea that under a free market system the price mechanism actually enables *calculation per se* ignores the ways in which prices are themselves both guesses and constantly shifting. As long as prices are directionally correct and allowed to move freely in a contestable market, they incrementally shift the allocation of resources in the appropriate direction, but they never actually allow precise economic calculation (*Wirtschaftsrechnung*) to take place.

For example, Storr points out that “the socialist State cannot rationally calculate; it must guess.” Yet in the market economy, the majority of activity within the economic system is undertaken by entities who *also* cannot calculate: decisions within organizations from corporations to civil society groups are guesses as well. Storr correctly observes that Mises's claim is best understood to be offering a sense of directionality and guideposts for the allocation of resources. However, though firms and social organizations are subject to displacement in a way that the State is not, Mises obscures the importance of contestability and overstates the importance of prices as a feedback loop in his analysis. In his focus on contrasting socialism with capitalism as binaries in how they relate to the “unit of calculation,” he paints too narrow a picture of how market decisions are undertaken in the real world—in both capitalist and mixed systems.



Ludwig von Mises

As Peter Klein discusses in his 1996 “Economic Calculation and the Limits of Organization,” the central questions of the economic theory of the firm intersect in fundamental ways with the economic calculation debate.^[1] Namely, both are interested in why the market for corporations exists at all rather than economic activity organizing into a single, large corporation. Yet while the debate over what limits firm size and vertical integration continues in the literature, firms in the real world have grown to enormous size, with multinational corporations employing [43 million worldwide as of 2018](#). The average multinational employs tens of thousands of employees, with the largest employing hundreds of

thousands. Although firms are bounded by market prices in terms of inputs, an enormous amount of decision-making regarding day-to-day operation and resource allocation takes place within an unpriced environment. Even in the case of inputs, a large number of vertically integrated firms produce a dazzling variety of specialized, proprietary inputs which do not have comparable replacements on the open market, as the case of semiconductor manufacturing has recently demonstrated.

Despite these apparent formal similarities and parallels, even very large firms at this scale do not seem to resemble socialist economies in their character. Flipping the binary of socialism and capitalism on its head, we might wonder why this is the case. Mises's *Socialism* perhaps overstates the case for economic calculation as the keystone of the economy. But the central importance of contestability as a driver for this difference in character comes into clearer relief when we contrast unpriced decision-making within a socialist state with unpriced decision-making under private ownership, both in corporations and in non-market, non-state third spaces.

Consistent with Mises's focus on the individual, his discussion of economic calculation primarily explores the micro-level decision-making that people undertake within various roles in the economy, whether as consumers, as firm managers, or as private citizens in the family. However, for an individual organization to be efficient and respond to market pressures, it is sufficient for a corporation or group to be under competitive pressures at the macro-level, as this will inform the directionality of individual decisions within the environment, even in the absence of an internal price mechanism within a division or department.

Concomitant with contestability is the importance of residual claimancy through private ownership. Again, in the case of claimancy, it is often sufficient for ownership to be directionally correct rather than calculable to a very precise degree. [Armen Alchian](#) and [Harold Demsetz](#)' team production comes to mind in this analysis.^[2] For example, if a team member within a corporation or civil society group clearly contributes a significant amount to

particular projects or strategic decision making, although there may be unpriced outputs at stake, this should be reflected in his compensation even if the extent to which this is the case is not ultimately calculable to a particularly precise degree. Furthermore, this type of alignment need only exist on average, rather than in each individual case, in order for a firm to operate with substantial efficiency relative to others on the market. The extent of contestability within a given market coupled with the extent of competitive pressure exerted by other firms and organizations will determine what level of managerial efficiency is required to persist.



Armen Alchian

Seen through this lens, the shortcomings of socialism become much clearer. Even without the burden of successfully engaging in economic calculation, a socialist State does not meet the basic criteria for contestability nor does it allow participants to accrue benefits through a system of private ownership. Instead, both principles are perverted.

Contestability still appears in the form of competition over market share, but market share entails competition over state power and control. Similarly, with private property abolished, claimancy can only be established over control of others rather than over resources. It is this centralization of control and power without recourse to an alternative choice or entity that leads to the authoritarian character of socialist states but not of private enterprises and social institutions within a market economy.

Endnotes

[1] Klein, Peter G, “Economic Calculation and the Limits of Organization,” *Review of Austrian Economics*, Vol. 9, No. 2 (1996): 3-28.

[2] Alchian, Armen A. and Harold Demsetz, “Production, Information Costs, and Economic Organization.” *The American Economic Review*, Vol. 62, No. 5 (Dec., 1972): 777-795.



Francis Hutcheson

WHY MISES WOULD PICK
DEPENDENCE OVER
INDEPENDENCE

by Clemens Schneider

In her book on the different forms of Enlightenment, *The Roads to Modernity*, Gertrude Himmelfarb, the historian of ideas, quoted the British writer Hannah More describing the mood of her contemporaries with the term “the Age of Benevolence”. Indeed, [Adam Ferguson](#), when meditating on the social nature of man “as the member of a community, for whose general good his heart may glow with an ardent zeal,” quotes the timelessly entrancing lines from [Alexander Pope’s](#) *Essay on Man*:

“Man, like the generous vine, supported lives;
The strength he gains, is from th’embrace he gives.” (Epistle 3, lines 310-11.)

These are idioms and narratives that would hardly be used by outsiders to describe the foundations of liberalism. It is also unlikely that many liberals would think of these aspects first in explaining their belief to others. Yet, the idea of liberalism is rooted in this very image of humanity. You will find a lot of talk of kindness, trust, and optimism in the writings of early liberalism, of Hutcheson, Hume, and Smith, and later on Martineau, Mill, and Spencer.

Now, as far as we know, Ludwig von Mises was not a particularly soft-hearted character^[1] and his very logical way of reasoning often gives him the chilling appearance of a caricature neoliberal. Also, he yielded different types of followers and students, not all of whom were as benign as Hayek, Machlup, Liggio, and Kirzner.

Yet, when studying his works one can easily discover that Mises was anything but a champion of self-interest and egotism in a way that, for instance, Ayn Rand would present her convictions in *Anthem*: “To be free, a man must be free of his brothers.” In fact, in *Socialism* Mises established the exact opposite: “The most important effect of the division of labour is that it turns the independent individual into a dependent social being.” (270)

This is quite a bombshell, considering that Mises certainly chose his words consciously and wisely. Did “the last knight of liberalism” really just present the “independent individual” as a stage of humanity that has to be overcome and, to crown it all, pin this development to a core pillar of the free market? One should take a closer look before dropping the jaw.

Mises dwells on the point for a while and continues:

Under the division of labour social man changes, like the cell which adapts itself to be part of an organism. He adapts himself to new ways of life, permits some energies and organs to atrophy and develops others. He becomes one-sided. The

whole tribe of romantics, the unbending *laudatores temporis acti* (praisers of time past), have deplored this fact. For them the man of the past who developed his powers 'harmoniously' is the ideal: an ideal which alas no longer inspires our degenerate age. They recommend retrogression in the division of labour, hence their praise of agricultural labour, by which they always mean the almost self-sufficing peasant. (270)

The self-reliant person is, in this outline, the antithesis to civilization. Against that we can observe "the dependent social being" as the result of evolution, i.e. the never-ending learning process of nature. Dependency is thus a central feature of progress. Mises also emphasizes man as "social being" as opposed to the "individual", hinting that human eminence and excellence draw more from man's immersion in society than from his inside. We encounter Aristotle's *zoon politikon*, Seneca's *animal sociale*, and the abundant world of thought of the Scottish Enlightenment philosophers describing economy and trade as human actions.

This weight Mises puts on man's orientation towards the other as a constitutive element of the human being^[2] can also be found elsewhere in *Socialism*.

Under the social relations that arise from co-operation in common work this one-sided dependence becomes reciprocal. In so far as each individual acts as a member of society he is obliged to adapt himself to the will of his fellows. In this way no one depends more upon others than others depend upon him. This is what we understand by external freedom. It is a disposition of individuals within the framework of social necessity involving, on the one side, limitation of the freedom of the individual in relation to others, and, on the other, limitation of the freedom of others in relation to him. (170)

Although Mises repudiates anti-social individualism, he also does not adhere to sentimental altruism and the myth of self-sacrifice. Instead, he shares the realistic perception which [Adam Smith](#) already promoted of man as a social

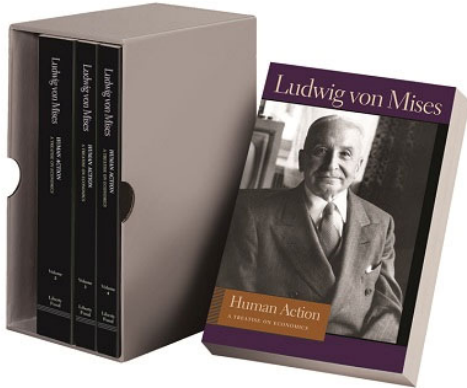
being that contributes to other people's wellbeing by being involved in truck, barter, and exchange:

The idea of a dualism of motivation assumed by most ethical theorists, when they distinguish between egoistic and altruistic motives of action, cannot therefore be maintained. This attempt to contrast egoistic and altruistic action springs from a misconception of the social interdependence of individuals. The power to choose whether my actions and conduct shall serve myself or my fellow beings is not given to me – which perhaps may be regarded as fortunate. If it were, human society would not be possible. In the society based on division of labour and co-operation, the interests of all members are in harmony, and it follows from this basic fact of social life that ultimately action in the interests of myself and action in the interest of others do not conflict, since the interests of individuals come together in the end. Thus the famous scientific dispute as to the possibility of deriving the altruistic from the egoistic motives of action may be regarded as definitely disposed of.

There is no contrast between moral duty and selfish interests. What the individual gives to society to preserve it as society, he gives, not for the sake of aims alien to himself, but in his own interest. The individual, who is a product of society not only as a thinking, willing, sentient man, but also simply as a living creature, cannot deny society without denying himself.(357)

In repudiating crude, solipsistic individualism and the cult of egotism Mises does not resort to normative claims or to metaphysical resources. For him it is quite sufficient to observe human action in order to understand that physical and cultural evolution are transforming us into increasingly interdependent members of society and civilization, up to the point where one would deny oneself if one were to deny society.

To what extent, however, are these claims by Mises consistent with his other works? Did he stick with this conception of man?



In *Human Action*, published 27 years after *Socialism*, Mises is quite unequivocal: “The exchange relation is the fundamental social relation. Interpersonal exchange of goods and services weaves the bond which unites men into society.” (Human Action, Vol. 1, p. 194) And shortly after, he explains the blueprint of civilization:

Western civilization as well as the civilization of the more advanced Eastern peoples are achievements of men who have cooperated according to the pattern of contractual coordination. These civilizations, it is true, have adopted in some respects bonds of hegemonic structure. The state as an apparatus of compulsion and coercion is by necessity a hegemonic organization. So is the family and its household community. However, the characteristic feature of these civilizations is the contractual structure proper to the cooperation of the individual families. There once prevailed almost complete autarky and economic isolation of the individual household units. When interfamilial exchange of goods and services was substituted for each family’s economic self-sufficiency, it was, in all nations commonly considered civilized, a cooperation based on contract. Human civilization as it has been hitherto known to historical experience is preponderantly a product of contractual relations. (Human Action, Vol. 1, p. 197)

We can also take a look at Mises’ essay “The Individual in Society”^[3] from 1952 which also addresses the question discussed above. Here he reaffirms the observations he had made 30 years before that dependency and freedom are not at all opposed. Dependence is rather one of the pivotal preconditions for the development of a free society of free persons:

“Freedom and liberty always refer to interhuman relations. A man is free as far as he can live and get on without being at the mercy of arbitrary decisions on the part of other people. In the frame of society everybody depends upon his fellow citizens. Social man cannot become independent without forsaking all the advantages of social cooperation.

The fundamental social phenomenon is the division of labor and its counterpart — human cooperation.” (“The Individual in Society,” in *Economic Freedom and Interventionism*, p. 12)

“Seen from the point of view of the individual, society is the great means for the attainment of all his ends. The preservation of society is an essential condition of any plans an individual may want to realize by any action whatever. Even the refractory delinquent who fails to adjust his conduct to the requirements of life within the societal system of cooperation does not want to miss any of the advantages derived from the division of labor. He does not consciously aim at the destruction of society. He wants to lay his hands on a greater portion of the jointly produced wealth than the social order assigns to him. He would feel miserable if antisocial behavior were to become universal and its inevitable outcome, the return to primitive indigence, resulted.

Liberty and freedom are the conditions of man within a contractual society. Social cooperation under a system of private ownership of the means of production means that within the range of the market the individual is not bound to obey and to serve an overlord. As far as he gives and serves other people, he does so of his own

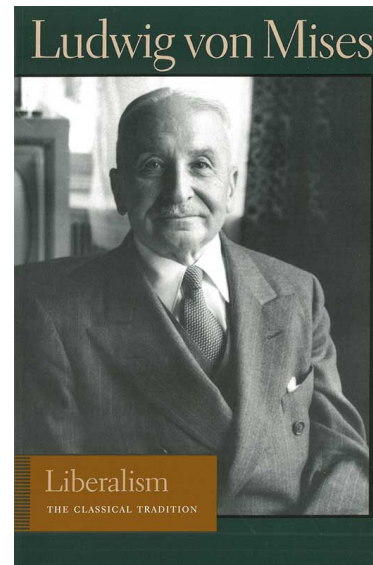
accord in order to be rewarded and served by the receivers. He exchanges goods and services, he does not do compulsory labor and does not pay tribute. He is certainly not independent. He depends on the other members of society. But this dependence is mutual. The buyer depends on the seller and the seller on the buyer." ("The Individual in Society", in *Economic Freedom and Interventionism*, p. 13 et seq.)

A final voice to be heard in this context is found in notes from lectures that Mises delivered at the Foundation for Economic Education, posthumously published by his long-time assistant [Bettina Bien Greaves](#)[4]. These are probably unfiltered, unredacted words representing an unobstructed Mises. Here Mises states:

The specific human faculty that distinguishes man from animal is cooperation. Men cooperate. [...] The various members, the various individuals, in a society do not live their own lives without any reference or connection with other individuals. [...]

It is important to remember that everything that is done, everything that man has done, everything that society does, is the result of such voluntary cooperation and agreements. Social cooperation among men – and this means the market – is what brings about civilization and it is what has brought about all the improvements in human conditions we are enjoying today. (1 et seq.)

Liberalism must always find its way in a changing world, must always reinvent itself. It is never "a completed doctrine or a fixed dogma", as Mises writes in *Liberalism*. In the endeavour of adapting this idea and enhancing its scope by the means of intellectual evolution, the positive view of dependence, which Mises shares with the fathers and mothers of classical liberalism, can serve as a basis. The view is distinct from those of conservatives and communitarians because of its focus on voluntary cooperation – and at the same time distinct from the travesty of liberalism depicted by its critics and occasionally assumed by liberals themselves.



For many decades liberalism, for better or worse, was associated with individualism, often in its rather unpleasant appearance. The focus on cooperation, on dependence as a source of wealth, knowledge, emancipation, and peace can convey a different reading of the idea. So that not the outer elbow is the sign of the liberal, but rather the inner one which forms the embrace we initially heard of in the quote by Alexander Pope, for man "is certainly not independent. He depends on the other members of society. But this dependence is mutual."

Endnotes

[1] In his introduction to Mises's notes and recollections, Hayek writes: "For Mises's friends of his later years, after his marriage and the success of his American activity had softened him, the sharp outbursts in the following memoirs, written at the time of his greatest bitterness and hopelessness, might come as a shock. But the Mises who speaks from the following pages is without question the Mises we knew from the Vienna of the twenties; of course without the tactful reservation that he invariably displayed in oral expression; but the honest and open expression of what he felt and thought." (Hayek, *The Fortunes of Liberalism*, p. 158 et seq.)

[2] There is a striking parallel to Martin Buber's anthropology, summarized in his magnum opus *I and Thou* (1923). Buber was born in 1878 in Vienna but moved to Lemberg (today Lviv) in 1882, he later studied in Vienna, also economics. Mises was born in Lviv in

1881 and later moved to Vienna; his book *Socialism* was published 1922.

[3] This article is a redacted excerpt from *Human Action*.

[4] Bettina Bien Greaves (ed.), *Ludwig von Mises on Money and Inflation: A Synthesis of Several Lectures*, Mises Institute Auburn, 2010.

SOME THOUGHTS ON THE NATURE OF HUMAN BEINGS AND THE IMPORTANCE OF COMPETITION

by Virgil Storr

I would like to thank each of the three scholars for their responses to my essay. All three agree that Mises's *Socialism* is a book worth reading. All three, I think, raise critical points about Mises's discussions of the economic and sociological consequences of eliminating markets in favor of collective ownership and central planning.

I wanted to share a couple of reactions that I had to their responses.

1. Rivalry is important because it makes economic calculation possible.

Chernyak chides [Mises](#) for making too big a deal about prices and calculation, and for not making a big enough deal about competition. As she writes, “we must be careful not to overstate the centrality of the price mechanism and economic calculation to the operation of a well-functioning economy.” And, “Mises obscures the importance of contestability and overstates the importance of prices as a feedback loop in his analysis.” According to Chernyak, economic calculation can't be the “keystone” of the market system because (a) prices never precisely capture the underlying economic reality, (b) much that matters in the economy is unpriced and unpriceable, and, so, (c) economic calculation can never be precise.

Chernyak is, of course, correct that prices are not unambiguous signals that give economic actors anything like clear marching orders. Prices must be interpreted. Mises did not think that prices had to be perfect or exact, nor did he think the results of economic calculation needed to be precise for prices and economic calculation to maintain their significance in understanding economic life. Don Lavoie made this point quite persuasively in several places. See, for instance, his [Rivalry and Central Planning](#) as well as his work on the role of interpretation in economic life and economic analysis. Steve Horwitz has, similarly, made this point when discussing [prices as knowledge surrogates](#). I also tried to make this point in my [Understanding the Culture of Markets](#) where I try to highlight the role of culture in helping economic actors to decipher the never-unambiguous price signals that they must make sense of as they engage in economic activity.

Additionally, Chernyak is right to point out that contestability in particular and competition in general are surely important. Indeed, Mises's calculation argument begins with competition. Recall, socialism fails on Mises's account because, in the first instance, it cuts off rivalry between the owners of the means of production. Mises is, thus, not ignoring competition but is actually centering it. There is no calculation without prices. And, *there are no prices without rivalry*. That Lavoie titled his fantastic work on the socialist calculation debate *Rivalry and Central Planning* highlights the centrality that rivalry is to the Austrian critique of central planning.

That firms can easily enter into markets to compete with existing firms, that competition exists, is important primarily because it is how we get prices. Absent firms competing with each other for machinery, supplies, inputs, workers, and customers--absent rivalry, there are no meaningful prices. Absent prices we cannot know whether our enterprises are socially beneficial. Prices are essential for figuring out if our outputs are worth the inputs that we used to produce them. *Rivalry is primarily important because it makes economic calculation possible*.

2. Mises didn't think of humans as over- or under-socialized

Mark Granovetter in his famous article "[Economic Action and Social Structure: The Problem of Embeddedness](#)" argued that the social sciences often modeled humans as under-socialized or over-socialized. By under-socialized, Granovetter meant that we sometimes began our analysis by positing an individual motivated entirely by pecuniary gain and operating as if unaffected by social relations and unencumbered for social structures. By over-socialized, Granovetter meant that we sometimes began our analysis by positing social actors who follow social norms automatically.

Mises, however, avoided both pitfalls. He neither treated human beings as isolated atoms nor as social automatons. Instead, for Mises (in [Human Action](#)),

Inheritance and environment direct a man's actions. They suggest to him both the ends and the means. He lives not simply as man in abstracto; he lives as a son of his family, his people, and his age; as a citizen of his country; as a member of a definite social group; as a practitioner of a certain vocation; as a follower of definite religious, metaphysical, philosophical, and political ideas; as a partisan in many feuds and controversies. He does not himself create his ideas and standards of value; he borrows them from other people. His ideology is what his environment enjoins upon him.

Human beings for Mises were, as I argued with Peter Boettke elsewhere, "affected by, influenced by, even directed by social structures and relations but not determined by them." Schneider is right to highlight how consistently Mises characterized human beings in all their social richness.

3. Perhaps the cry for socialism is not really a lament over cronyism

Mingardi helpfully puts the question of what is behind the recent appeals to socialism back on the table. I'll confess to not being at all certain as to what is driving it. As a colleague of mine constantly repeats, there are too many dead bodies attributable to socialism to make it a socially appealing system. Over the years, I've become

convinced that what people find appealing in socialism is the critique of capitalism, a critique that seems more plausible and convincing as capitalism has seemed to morph into cronyism. Think of what gave rise to the energy behind the Occupy Wall Street Movement (i.e., corporate bailouts). I do wonder if the cries for socialism are not really laments over cronyism.

INDIVIDUALISM, INDEPENDENCE, AND EGOTISM

by Alberto Mingardi

In his brilliant essay, Clemens Schneider presents a convincing view of liberalism as focused "on cooperation, on dependence as a source of wealth, knowledge, emancipation, and peace". Many imprecise and dangerous words plague the public debate, but "independence" may be a particularly dangerous one. It is very popular in the economic context: for example, "energy independence" is a goal for most of our contemporaries. The same is true for independence for rare earth elements, or for this or that technology, such as advanced microchips, telecommunications, and artificial intelligence, to mention a few.

Hence when it comes to independence in the economic context "crude, solipsistic individualism and the cult of egotism" seems to be more a matter of nation states, than for individuals. It leads to autarky, a condition that politicians like to advertise as the ultimate outcome of their policies - even in spite of it being a rather miserable state.



Ayn Rand

Schneider contrasts Mises's vision of cooperation to Ayn Rand's, who thought "to be free, a man must be free of his brothers". He seems to think Rand was a cat person, and Mises a dog person - and classical liberals had better be dog persons. As a believer in feline supremacy, I am uneasy with that.

A few of us marvel at the accomplishments of human cooperation - alas, we are not many, while most take it for granted. But we marvel at such accomplishments, because as a rule, and for its most important part, this cooperation happens under the auspices of the price system without the participants acknowledging it. Famously, we address ourselves not to the humanity of the brewer, of the butcher and of the baker, but to their self-love.

Idioms of politics are indeed a complicated matter - and the call for individual "independence" is, I think, rather more nuanced than a sort of miniaturized version of the call for national, economic independence. Self-reliant, independent individuals are not necessarily eating only the fruits of their garden. And perhaps a market society needs individuals thinking of themselves as self-reliant individualists.

Schneider starts his essay by quoting Gertrude Himmelfarb, who was a great historian of Victorian virtues. Self-reliance, not in the sense Mises uses, of stubborn economic independence, but in the sense of one's being reliant on her own efforts and ability may be

necessary for a free society to prosper and perhaps even to subsist. Its opposite, I suppose, is not a proper appreciation of the role of other individuals in our life: but a rather parasitic attitude towards the community, if not the government altogether.

I agree wholeheartedly that classical liberals, [Mises](#) being the classical liberal par excellence, have a realistic picture of the individual, warts and all, and do not dream of Übermenschen. Yet liberalism needs, from time to time, the contributions of people who go against the grain. Mises was a case in point, Pareto and Rand are others who come to mind. Passionate naysayers, who expose the complacency of consensus. That's what great business innovators do: they navigate upwind and they enjoy it. A free society needs cat persons.

It is true that we should not forget that a certain set of behaviors underpins a free society. "Kindness, trust, and optimism" are certainly important. But so is a strong preference for self help, an appreciation of life as an adventure, a desire for making it through, and perhaps feeling a little bit ashamed of being dependent not on voluntary cooperation of other people in the market, but of charity and government aid. In many ways, one of the casualties of socialism was precisely this culture - which is threatened by the milder versions of socialism we practice today too.

Let us consider another quote from Ayn Rand, this time from Francisco D'Anconia's speech on money.

"When you see that in order to produce, you need to obtain permission from men who produce nothing - When you see that money is flowing to those who deal, not in goods, but in favors - When you see that men get richer by graft and by pull than by work, and your laws don't protect you against them, but protect them against you", in short: when everything is dependent not on human cooperation but on politics, whatever the glowing words it is using, and individualism is passé, "You may know that your society is doomed."

I suspect Ludwig von Mises would have agreed, and my friend Clemens Schneider too.

SOCIALISM'S FUNDAMENTAL ERROR

by Yana Chernyak

In their response essays, Mingardi and Schneider focus on some of the key cultural elements of [Socialism](#) which [Mises](#) identifies. In particular, both explore the ways in which the interdependence of economic exchange mirrors that of our social organization. In the first half of his essay, Mingardi contrasts the “anarchy of production” under capitalism with socialist organization, pointing out that socialists often overlook a crucial element: the continuous improvement inherent in markets. Schneider’s essay highlights the extent to which Mises understood the fundamental social interdependence of economic liberalism—a far cry from the egoist brush with which collectivism often paints the capitalist system.

The central mistake that socialists make is alluded to in Mingardi’s essay however. They think that the entire economy, and thus the entire society, can become a single factory. In terms of the organization of social relations, the socialist conflates the ability of interpersonal relations to grow from tight knit connections, like those of a family, into a larger society through the extended order. The very nature of the extended order is distinct from the types of relationships that constitute the family or close friendships, but the socialist only understands social relations, and thus economic relations, through the narrow conception of personal relationships.



Friedrich von Hayek

As [Friedrich Hayek](#) explains in *The Fatal Conceit*, the extended order “is a framework of institutions – economic, legal, and moral – into which we fit ourselves by obeying certain rules of conduct that we never made, and which we have never understood in the sense of which we understand how the things that we manufacture function” [emphasis added].^[1] One way to think about how socialists misunderstand economic production then, is that they believe that an entire society can be structured in the way intimate relations are, without appreciating the transformative power of the extended order in large group social relations. The failure to understand the emergent nature of economic order in turn warps the socialist understanding of economic organization, and manifests in a belief in the viability of a centralized, expert management structure for the entire economy. This error fundamentally misunderstands the emergent nature of information in large groups, assuming instead that all economic information can be gathered and acted upon in the same way that interpersonal relations allow us to gather information from our friends, family and close associates.

In *The Mystery of the Kibbutz: Egalitarian Principles in a Capitalist World*, Ran Abramitzky explores a persistent, real world example of successfully applying socialist principles that confirms this point. As Abramitzky and Russ Roberts discussed on an episode of [Econtalk](#) about the book, the typical kibbutz hews closely to Dunbar’s number—the group size of 150 or so relationships

humans can personally maintain—in terms of the number of families in the community.^[2] Outside its walls, the kibbutz is embedded in the extended order, drawing on the benefits of capitalist economic organization in order to support its socialist ideals on the inside. It is the extended order, not the kibbutz, that makes economic prosperity possible in the population at large.

I am grateful to Mingardi and Schneider for their emphasis on the sociological elements of Mises's analysis in helping to tease out socialism's fundamental error in understanding the nature of man that underlies its quest to redefine how we organize our relations with our fellows. In the absence of a more complex theory of organization, perhaps this very misunderstanding is part of human nature, given our embodied, evolved understanding of how we form and engage in relationships with others. Indeed, the distinction between small groups and more complex, larger groups in this sense leads to a greater appreciation and awe for the extended order and the ways in which it weaves the possibilities of economic production together with the social intimacy of personal relationships through a nested arrangement of smaller-scale social systems within the extended order itself.

Endnotes

[1] Hayek, F.A. *The Fatal Conceit: The Errors of Socialism*. The University of Chicago Press. 1991, p. 14.

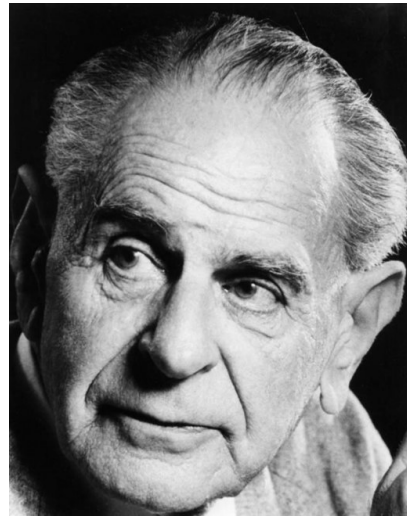
[2] <https://www.econtalk.org/ran-abramitzky-on-the-mystery-of-the-kibbutz/#audio-highlights>

THE INTELLECTUALS AND LIBERALISM

by Clemens Schneider

In his essay, Alberto Mingardi points out that [Mises](#) scolds intellectuals for having “produced and propagated the fallacies which are on the point of destroying liberty and Western civilization.” Mingardi also expands on the specific types of intellectuals that Mises is addressing here: people using “convoluted prose.”

Indeed, Karl Popper, in his *Open Society and its Enemies*, also speaks of Hegel's work as “oracular philosophy.” The problem with this kind of communication is that to impress it launches smoke. Whoever conveys their message in this manner is not interested in reaching out to the other person to convince them or make them respect one's own position. They are focused on the showy effect of their words rather than the meaning. It is the obvious explanation to attribute the success of anti-liberal ideas such as socialism or nationalism to their pompous and vague manner of communication. Yet it can also be a frequent excuse of classical liberals and libertarians for their underwhelming success in making their mark on society.



Karl Popper

And for this reason, it is vital to also pay attention to the sentence following the quotation by Mingardi: “They [the intellectuals] alone can reverse the trend and pave the way for a resurrection of freedom.” Mises does not reject intellectuals lock, stock, and barrel. Quite to the contrary: “Not mythical ‘material productive forces,’ but reason and ideas determine the course of human affairs.” What is missing are intellectuals who do not succumb to the luring of fame by literary acrobatics, but practice down-to-earth literary athleticism. They need to put effort into understanding and into being understood.

Mises, as Mingardi explains, writes in a way that “is brilliant but more than anything else, it is clear.” His tone is unique and his intransigency legendary. But would he

be so narrow-minded as to expect that everybody should choose this way of communicating? That this could be the only correct mode of disseminating the ideas and values of liberalism? Or would he, indeed, encourage intellectuals to develop their very own genius so that in the spirit of division of labour everybody contributes as well as they can?

The struggle for freedom desperately needs intellectuals because, as Mises writes: “the intellectuals, not the populace, are moulding public opinion.” Liberals must acknowledge that it is often by their own shortcomings that they yield the floor to their enemies on the right and the left: an anti-intellectual sentiment; a lack of imagination and creativity; the aversion towards taking up the challenge of intellectual competition; and the reluctance to devote their lives to this quest (as the *last knight of liberalism* did).

Mingardi asks “Are intellectuals perhaps more influential than the world of Instagram allows us to imagine?” – They are. (And one might not want to underestimate the world of Instagram as a catalyst and transmitter of intellectual brainwork ...)

Mises addresses this influence in the lectures he gave in Argentina in 1959 (published by [Liberty Fund](#) as [Economic Policy: Thoughts for Today and Tomorrow](#)):

Everything that happens in the social world in our time is the result of ideas. Good things and bad things. What is needed is to fight bad ideas. We must fight all that we dislike in public life. We must substitute better ideas for wrong ideas.

Ideas and only ideas can light the darkness. These ideas must be brought to the public in such a way that they persuade people. We must convince them that these ideas are the right ideas and not the wrong ones.

What we need is nothing else than to substitute better ideas for bad ideas. This, I hope and am confident, will be done by the rising generation. Our civilization is not doomed, as Spengler and Toynbee tell us. Our civilization will not be

conquered by the spirit of Moscow. [sic] Our civilization will and must survive. And it will survive through better ideas than those which now govern most of the world today, and these better ideas will be developed by the rising generation.

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