

ARCHIVAL INSIGHTS INTO THE
EVOLUTION OF ECONOMICS

HAYEK: A COLLABORATIVE BIOGRAPHY

**Part IX:
The Divine Right of
the 'Free' Market**

Robert Leeson



Archival Insights into the Evolution of Economics

Series Editor

Robert Leeson
Department of Economics
Stanford University
Stanford, California, USA

This series provides unique insights into economics by providing archival evidence into the evolution of the subject. Each volume provides biographical information about key economists associated with the development of a key school, an overview of key controversies and gives unique insights provided by archival sources.

More information about this series at
<http://www.springer.com/series/14777>

Robert Leeson
Editor

Hayek: A Collaborative Biography

Part IX: The Divine Right
of the 'Free' Market

palgrave
macmillan

Editor

Robert Leeson
Department of Economics
Stanford University
Stanford, CA, USA

Archival Insights into the Evolution of Economics

ISBN 978-3-319-60707-8

ISBN 978-3-319-60708-5 (eBook)

DOI 10.1007/978-3-319-60708-5

Library of Congress Control Number: 2017954926

© The Editor(s) (if applicable) and The Author(s) 2017

This work is subject to copyright. All rights are solely and exclusively licensed by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature

The registered company is Springer International Publishing AG

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Contents

1	What Is ‘Hayek?’	1
	<i>Robert Leeson</i>	
2	Faith-Based Economics	63
	<i>Robert Leeson</i>	
3	Hayek, Mises, and the Iron Rule of Unintended Consequences	131
	<i>Chip Berlet</i>	
4	Accelerating the Climate of Hate: The Austrian School of Economics, Hayek, and ‘The New Hate’	175
	<i>Arthur Goldwag</i>	
5	Christian Reconstructionism and the Austrian School of Economics	191
	<i>Michael J. McVicar</i>	
6	The Genealogy of Jaime Guzmán’s Subsidiary State	249
	<i>Renato Cristi</i>	

7	Hayek, Thatcher, and the Muddle of the Middle	263
	<i>Andrew Farrant and Edward McPhail</i>	
8	Economics and Religion, What Is the Relationship?: A Case Study of Nordic Social Democracy	285
	<i>Robert H. Nelson</i>	
9	Clerical Fascism: Chile and Austria	305
	<i>Robert Leeson</i>	
10	Clerical Fascism: Portugal, Spain, and France	357
	<i>Robert Leeson</i>	
11	Austria, the Past and Anti-Semitism	371
	<i>Helen Fry</i>	
	Index	405

Notes on Contributors

Chip Berlet co-author of *Right-Wing Populism in America*, award-winning journalist and independent scholar, whose articles have appeared in *Totalitarian Movements*, *Contemporary Sociology*, *American Anthropologist*, *Critical Sociology*, *Criminology and Public Policy* and *Research in Political Sociology*.

Renato Cristi Emeritus Professor, Department of Philosophy, Wilfrid Laurier University, Canada.

Andrew Farrant Associate Professor of Economics, Dickinson College, PA, USA.

Helen Fry Historian and Lecturer, Honorary Research Fellow, Department of Hebrew and Jewish Studies, University College, London, UK.

Arthur Goldwag author of *Isms and Ologies, Cults, Conspiracies, and Secret Societies*, and *The New Hate: A History of Fear and Loathing on the Populist Right*.

Robert Leeson Visiting Professor of Economics, Stanford University, Adjunct Professor of Economics, Notre Dame Australia University, California.

Edward McPhail Professor of Economics, Dickinson College, PA, USA.

Michael J. McVicar Assistant Professor Department of Religion, Florida State University, Florida, USA.

Robert H. Nelson Professor of Public Policy, University of Maryland, USA, author of *Lutheranism and the Nordic Spirit of Social Democracy: A Different Protestant Ethic*, *God? Very Probably: Five Rational Ways of Thinking about the Question of a God*, *The New Holy Wars: Economic Religion versus Environmental Religion in Contemporary America*, *Private Neighborhoods and the Transformation of Local Government*, *Economics as Religion: From Samuelson to Chicago and Beyond*, *A Burning Issue: A Case for Abolishing the U.S. Forest Service*, *Public Lands and Private Rights: The Failure of Scientific Management*, *Reaching for Heaven on Earth: The Theological Meaning of Economics*, *The Making of Federal Coal Policy* and *Zoning and Property Rights*.



1

What Is 'Hayek'?

Robert Leeson

'The Victory of Fascism in a Number of Countries Is Only an Episode in the Long History of Struggles over the Problem of Property.'

From campfire 'Dreamtime' through seventeenth century witch-burning to flying planes into the World Trade Centre, religious 'knowledge' has defined the structure of human thought—either through oral traditions or through sacred texts such as Heinrich Kramer's *Malleus Maleficarum* ('Hammer of the Witches'). Although the Enlightenment promoted secular objectives within the residual context of these structures, 'Church' became increasingly separated from 'State.' In the physical universe, 'God' was no longer required (by scientists, at least) to explain 'order'; while in

R. Leeson (✉)

Department of Economics, Stanford University, Stanford, CA, USA
Notre Dame Australia University, Fremantle, Australia

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_1

the social universe, religion appeared to be retreating to the sphere of private belief. After almost 120 years of taking up arms against fellow Christians (1517–1648), the intellectual structure of the quasi-religious ‘Invisible Hand’—which explained and promoted social harmony—created the *economic* foundations of Classical Liberalism.

Political Classical Liberalism developed simultaneously. In the seventeenth century, the arrow of service was reversed—at least intellectually. The feudal order maintained that both Emperor and Pope were God’s (often feuding) representatives; but after the Reformation, the divine right of kings promoted the service of ‘God’ through ‘His’ representative: the nation-based King and Church. In the seventeenth-century England, the House of Stuart lost its head (Charles I), was replaced by a Republic and then by a quasi-hereditary monarchy (the ‘Lord Protector’), and then *invited* to return as constitutional rather than divine monarchs. When the death-bed Catholic Charles II was succeeded by the Catholic James II (who then fathered a son and heir), two Tories and five Whigs (the ‘Immortal Seven’) wrote the 1688 ‘Invitation to William,’ the Dutch *Stadtholder*, inviting him to invade. James II (1633–1701) thus kept his faith but lost ‘his’ property (throne)—two of his daughters reigned in his place: Mary II (1689–1694) and Anne (1702–1714).

Anne’s closest Protestant relative was then chosen to become George I (1714–1727)—of a diminished monarchy: Britain began the transition to the system of ‘Prime-Minister-in cabinet,’ not regal, government. Sir Robert Walpole (1676–1745) is generally regarded as the *de facto* first prime minister (1721–1742); and two centuries later—as Friedrich ‘von’ Hayek (1978) bemoaned that post-Habsburg Austria was governed by democracy—‘a republic of peasants and workers’¹—Ramsey MacDonald (1866–1937), the illegitimate son of a farm labourer and a housemaid, became the 43rd and 45th British prime minister (1924, 1931–1935).

In the sixteenth century, the King of Spain and Habsburg Holy Roman Emperor of the First Reich, Charles V, ‘inherited’ the Burgundian Netherlands and became the sole feudal overlord—the *Stadtholder* represented *his* interests. After the 1581 Dutch Revolt, the *Stadtholder* (which continued only in the Republic of the Seven United Netherlands) became the highest executive official, appointed by the States of each Province. To reinforce this expectation, the English Parliament presented to the victo-

rious William and his wife Mary, the Bill of Rights—which limited the powers of the monarch and specified the rights of Parliament (including the requirement for regular parliaments, free elections, and freedom of speech in Parliament).

In 1607, the British Empire began in Jamestown, named after James I, the first Stuart King, capital of the colony of Virginia (1616–1699); but in 1688, his grandson, James II, fled to become a pensioner of the absolutist Bourbon Sun King of France, Louis XIV (reigned 1643–1715). In 1614, Louis XIII (reigned 1610–1643) had called a Parliament; his son is attributed with the phrase '*L'état, c'est moi.*'; and after his grandson Louis XV's reign (1715–1774), his great-grandson became Louis XVI (reigned 1774–1791). These four Kings could have ruled France for two centuries—had there been more deference towards superstition: what Hayek (1978) praised as the 'traditional element, the element of surrounding rules.'² His family had been elevated from the Third to the Second Estate in 1789—an inauspicious year for the nobility.

Louis XV's mistress, Madame de Pompadour, is attributed with the phrase '*Après nous, le déluge.*' Hayek (1978) described both the *déluge* that washed away the legal basis of Habsburg inherited titles and privileges and the 'intellectual activity' to which he devoted his life: 'The whole traditional concept of aristocracy, of which I have a certain conception—I have moved, to some extent, in aristocratic circles, and I like their style of life.' The 'Great' War between the dynasties undermined the 'spontaneous' order: 'The tradition died very largely; it died particularly in my native town Vienna, which was one of the great cultural and political centers of Europe but became the capital of a republic of peasants and workers afterwards. While, curiously enough, this is the same as we're now watching in England, the intellectual activity survives this decay for some time.'³

In March 1917, Nicholas II, the Emperor of Russia, was forced to abdicate. In the same month, Kaiser Wilhelm II's *Gotha G.IV* began bombing London: on 17 July 1917, King George V changed the name to his 'House' from 'Saxe-Coburg and Gotha' to 'Windsor.' Hayek (1978) reflected: 'Once I got to England, it was just a temperamental similarity. I felt at home among the English because of a similar temperament. This, of course, is not a general feeling, but I think most Austrians I know who have lived in England are acclimatized extraordinarily easily. There must

be some similarity of traditions, because I don't easily adapt to other countries.' Four years after the demise of the Habsburgs, Hayek left the 'republic of peasants and workers' for another republic: 'I had been in America before I ever came to England, I was here as a graduate student in '23 and '24, and although I found it extremely stimulating and even knew I could have started on in an assistantship or something for an economic career, I didn't want to. I still was too much a European and didn't the least feel that I belonged to this society. But at the moment I arrived in England, I belonged to it.'⁴

A few years later, Hayek told Bartley that his love affair with England had begun in America in 1923–1924: 'It was then that I discovered my sympathy with the British approach, a country I did not yet know but whose literature increasingly captivated me. It was this experience which, before I had ever set foot on English soil, converted me to a thoroughly English view on moral and political matters, which at once made me feel at home when I later first visited England three and a half years later.... In the sense of that Gladstonian liberalism, I am much more English than the English' (cited by Caldwell 2008, 690–691).

According to Hayek (1997 [1949], 224), there was a crucial distinction between the 'real scholar or expert and the practical man of affairs' and non-propertyed intellectuals, who were a 'fairly new phenomenon of history,' and whose low ascribed status deprived them of what Hayek regarded as a central qualification: 'experience of the working of the economic system which the administration of property gives.' This led Hayek (1978) to complain about the 'intellectual influence' of those who challenged *his* 'civilisation': 'On the one hand, people no longer learned the old rules; on the other hand, this sort of Cartesian rationalism, which told them don't accept anything which you do not understand.' These two effects 'collaborated and this produced the present situation where there is already a lack of the supporting moral beliefs that are required to maintain *our* [emphasis added] civilization. I have some—I must admit—slight hope that if we can refute the intellectual influence, people may again be prepared to recognize that the traditional rules, after all, had some value.'⁵

Those who promote religion see the world as a battle between God and the Devil; Hayek (1992a [1977]) saw the social universe as a battle

between superstitions: 'The gold standard was based on what was essentially an irrational superstition. As long as people believed there was no salvation but the gold standard, the thing could work. That illusion or superstition has been lost. We now can never successfully run a gold standard. I wish we could. It's largely as a result of this that I have been thinking of alternatives.' In his September 1984 closing address to the Mont Pelerin Society, Hayek put 'superstition' into a 'more effective form':

we owe *our* [emphasis added] civilization to beliefs which I have sometimes have offended some people by calling 'superstitions' and which I now prefer to call 'symbolic truths.' (Cited by Leeson 2013, 197)

Hayek (1978) told James Buchanan that Ludwig 'von' Mises had 'great influence on me, but I always differed, first not consciously and now quite consciously. Mises was a rationalist utilitarian, and I am not. He trusted the intelligent insight of people pursuing their known goals, rather disregarding the traditional element, the element of surrounding rules.'⁶ Hayek (1978) was in a

curious conflict because I have very strong positive feelings on the need of an 'un-understood' moral tradition, but all the factual assertions of religion, which are crude because they all believe in ghosts of some kind, have become completely unintelligible to me. I can never sympathize with it, still less explain it. In spite of these strong views I have, I've never publicly argued against religion because I agree that probably most people need it. It's probably the only way in which certain things, certain traditions, can be maintained which are essential ... I don't believe a word of it. [laughter]⁷

Through 'selective evolution'—marrying cousins—the Habsburgs became 'ghosts' (extinct) before the Hayeks had been enrolled in their intergenerational entitlement programme. Hayek's (1978) 'latest development' was 'the insight that we largely had learned certain practices which were efficient without really understanding why we did it; so that it was wrong to interpret the economic system on the basis of rational action. It was probably much truer that we had learned certain rules of conduct which were traditional in our society. As for why we did, there was a

problem of selective evolution rather than rational construction.⁸ Louis XIV's court preacher, Jacques-Bénigne Bossuet (1627–1704), described one of these traditional rules: 'I do not call majesty that pomp which surrounds kings or that exterior magnificence which dazzles the vulgar. That is but the reflection of majesty and not majesty itself. Majesty is the image of the grandeur of God in the Prince' (cited by Snyder 1967, 122).

In 1791, Louis XVI and his Queen, Marie Antoinette (Archduchess of Austria, child of Empress Maria Theresa and Francis I, Holy Roman Emperor) fled Paris, hoping to reach the Austrian border. Bourbon support for the American Revolution had created a financial crisis which necessitated the calling of a Parliament (for the first time since 1614) which resulted in the major part of regal executive authority being transferred to elected representatives. And in the United States, the Bill of Rights (1789–1791) extended its English 1689 precursor to colonial 'rebels' and their 'treasonous' Parliament.

Political Classical Liberalism came to mean the belief that the State should serve—exist for the benefit of—the individual. In the twentieth century, attempts were made to re-reverse the arrow of service a revival of through divine right: of ayatollahs; of the State and the Party—absolutist monarchs, Adolf Hitler and Joseph Stalin; and of 'The Free Market'—producer-funded political operatives, 'von' Hayek, 'von' Mises, Alisa Zinov'yevna Rosenbaum ('Ayn Rand') and Murray Rothbard. Ayatollahs typically rule (or seek to rule) where—to protect 'their' property—the oil industry, supported by the CIA and the British and French 'intelligence' services, had subverted the development of *political* liberalism. Coincidentally, perhaps, Hayek, Hitler and Mises were born under the House of Habsburg; Stalin and Rand were born under the House of Romanov; and had Rothbard's Jewish-born parents not migrated (to the United States) they would probably have been killed in the Holocaust of the successor State (the Third Reich) to the Habsburgs and Hohenzollerns.

Communities in which 'legitimate' and 'definitive'—but bogus—'knowledge' is produced and consumed invite scholarly investigation. The Austrian William A. Paton—who orchestrated the McCarthyite campaign to block Lawrence Klein's promotion at the University of Michigan—is described by the Jewish-born E. Roy Weintraub as 'certainly no Austrian' (Society for the History of Economics, SHOE 4 June

2014). Weintraub's 'knowledge' collaborator was his fellow History of Economics Society (HES) president Bruce Caldwell—'free' market monopolist of the Hayek Archives and Paton's fellow member of the Mont Pelerin Society—who has devoted his career to constructing a protective belt around Hayek and his 'spontaneous' order. The anti-Semitic Hayek is an HES Distinguished Fellow; and Caldwell and Leonidas Montes' academically unpublishable 'Friedrich Hayek and His Visits to Chile'—published un-refereed in the 'referred,' Rothbard-founded, Boettke-edited, *Review of Austrian Economics* (2014a, b, 2015)—was awarded the 2016 HES 'best article award prize.'⁹

Hayek (28 August 1975) was obliged to make a 'confidential' reply to Arthur Seldon, the co-founder of the Institute of Economic Affairs (IEA), apologizing for having apparently stated that he regarded the IEA as a mere popularizing 'propaganda' institution. The IEA, he assured Seldon, was superior to the Foundation for Economic Education's (FEE) 'propaganda' efforts (the Irvington 'setup').¹⁰ In *The Freeman*, FEE's Paton (1966, 19, 20) complained that 'At times many Americans evidence an almost mystic faith in the ability of government agencies to cure all our ills.' But government employees 'have no Aladdin's lamps or other magic tools.' America was a 'disaster area': 'The disaster which has befallen us is the change in attitudes. The decline in willingness to assume responsibility and take the initiative, at individual and family levels ... And there are few signs on the horizons that we will wake up in time to avoid going over the cliff into full-fledged socialism.'

At the University of Chicago and the University of California, Los Angeles, Arnold Harberger (1999) observed Austrian School economists and philosophers at close quarters:

There was a great difference in focus between Hayek (the Austrians) and Chicago as a whole. I really respect and revere those guys. I am not one of them, but I think I once said that if somebody wants to approach economics as a religion, the Austrian approach is about as good as you can get. They approach it from the angle of philosophy: They derived the principles of free market economics from what they saw as 'the nature of man' and other fundamental principles. Their approach pays little attention to empirical measurements and testing.

When Leo Rosten asked whether he had noted the ‘unbelievable intensity with which people maintain their beliefs, and the difficulty of getting people to change their minds in the face of the most extraordinarily powerful evidence?’ Hayek (1978) replied: ‘Well, one has to be if one has preached this thing for fifty years without succeeding in persuading. [laughter]’.¹¹

Hayek (1978) preached the language of religious conversion:

the secondhand dealers in ideas--have to play a very important role and are very effective. But, of course, in my particular span of life I had the misfortune that the intellectuals were completely conquered by socialism. So I had no intermediaries, or hardly any, because they were prejudiced against my ideas by a dominating philosophy. That made it increasingly my concern to persuade the intellectuals in the hopes that ultimately they could be *converted* and transmit my ideas to the public at large¹²; what *converted* me is that the social scientists, the science specialists in the tradition of Otto Neurath, just were so extreme and so naive on economics that it was through [Neurath] that I became aware that positivism was just as misleading as the social sciences [emphases added].¹³

In the tax-exempt *Collected Works of F.A. Hayek*, ‘converted’ was silently corrected to ‘dissuaded’:

what *dissuaded* [emphasis added] me is that the social scientists, the science specialists in the tradition of Otto Neurath, just were so extreme and so naive on economics; it was actually [*sic*] through them [*sic*] that I became aware that positivism was just [*sic*] misleading as the social sciences. (Hayek 1994, 50)

In *Human Action*, Mises (1963, 282; 1966, 282) lobbied for the Warfare State:

He who in our age opposes armaments and conscription is, perhaps unknown to himself, an abettor of those aiming at the enslavement of all.

And in the tax-exempt *Human Action The Scholars Edition* (Mises 1998), this was silently corrected through deletion.

'Hayek' means at least three interrelated phenomena:

- An individual requiring non-hagiographic biographical analysis.
- A fundraising icon.
- An integral part of a broader social, political and religious movement.

This *Archival Insights into the Evolution of Economics* series provides a systematic archival examination of the process by which economics is constructed and disseminated. All the major schools will be subject to critical scrutiny; a concluding volume will attempt to synthesize the insights into a unifying general theory of knowledge construction and influence. Part IX of *Hayek a Collaborative Biography* examines the social, political and religious movements.

Austrian School frauds—Hayek, Mises, 'Deacon' McCormick, Sudha Shenoy, and so on—are easy to detect (Leeson 2013, 202; 2015b). For example, in researching *William F. Buckley Jr.: Patron Saint of the Conservatives* (1988), John Judis (15 May 1984) asked Hayek why in 1955 he refused to let his name be listed on the *National Review* masthead (Judis had only Buckley's side of the correspondence). Hayek (27 May 1984) replied that he did not 'preserve' the correspondence of so long ago.¹⁴ But simultaneously, Hayek was negotiating to send all his correspondence—including the letters that Judis wished to see—to the Hoover Institution.¹⁵ Hayek thus simultaneously lied and left the evidence that exposed his lies: as soon as the Hayek Archives became 'public' (open to scholars), Judis could have uncovered the lie and found the answer to his question.

Margit Mises (1984, 44, 23) 'learned to understand' her fiancé: 'these terrible attacks were really a sign of depression, a hidden dissatisfaction and the sign of a great, great need for love.' Hayek's mental illness manifested itself in obsessive self-interest and extreme mood swings. Charlotte Cubitt did not specify which type of psychiatrist her employer was supervised by; but Hayek (1978a) explained: 'it seems that it was through psychiatry that I somehow got to the problems of political order'¹⁶; it would sound so frightfully egotistic in speaking about myself—why I feel I think in a different manner. But then, of course, I found a good many instances of this in real life.'

After his second prolonged bout of suicidal depression (1969–1974), Hayek always carried a razor blade with which to slash his wrist; he wanted to know ‘where “the poison”, that is arsenic, could be obtained.’ During his third bout (1985–), the second Mrs Hayek instructed Cubitt (2006, 168, 188, 168, 89, 111, 174, 188, 284, 328, 317) not to let her husband near the parapet of their balcony. When asked ‘What did Hayek think about subject *x*?’ his fellow Austrian-LSE economist (1933–1948), Ludwig Lachmann (1906–1990), would routinely reply: ‘Which Hayek?’ (cited by Caldwell 2006, 112). Cubitt noted that Hayek became ‘upset’ after reading an article on schizophrenia, and ‘wondered whether he thought it was referring to himself or Mrs Hayek.’ The 1974 Nobel Prize for Economic Sciences exacerbated this personality split: Walter Grinder detected ‘almost two different people’ (Ebenstein 2003, 264).

In May 1975, Governor Ronald Reagan described communism as ‘a form of insanity ... a temporary aberration that will one day disappear from the earth because it is contrary to human nature’ (cited by Kengor 2001). As president, Reagan (27 March 1984) informed Eamonn Butler of the Adam Smith Institute that ‘von’ Hayek had played ‘an absolutely essential role in preparing the ground for the resurgent conservative movement in America.’¹⁷ Reagan (1984, 198) also wrote: ‘von Mises ... rekindled the flames of liberty in new generations of thinkers ... we owe an incalculable debt to this dean of the Austrian school of economics for expanding our knowledge and inspiring a new vision of liberty in our age.’

In accepting the Republican Party Presidential nomination, Reagan (17 July 1980) had invited Americans to join him in a ‘crusade to make America great again.’ He reflected about the nation’s past and its ‘shared values’ and invoked Thomas Paine’s (1776) *Common Sense Addressed to the Inhabitants of America*: ‘We have it in our power to begin the world over again.’¹⁸ The United States was founded by those who were apprehensive about inherited titles: this found expression in The Title of Nobility Clause—Article 1, Section 9, Clause 8 of the Constitution.¹⁹ Paine’s (2000 [1775]) ‘Reflections on Titles’ is part of *The Founders’ Constitution* (Kurland and Lerner 2000). Paine approved of the title ‘The Honorable Continental Congress’; but when reflecting on

the pompous titles bestowed on unworthy men, I feel an indignity that instructs me to despise the absurdity ... The lustre of the *Star* and the title of *My Lord*, over-awe the superstitious vulgar, and forbid them to inquire into the character of the possessor: Nay more, they are, as it were, bewitched to admire in the great, the vices they would honestly condemn in themselves. This sacrifice of common sense is the certain badge which distinguishes slavery from freedom; for when men yield up the privilege of thinking, the last shadow of liberty quits the horizon [emphases in original].

Paine's 'Reflections on Titles' is available on the Ludwig von Mises Institute website.²⁰

A legitimate noble title requires a legitimate royal source: a *fons honorum* (the 'fountainhead' or 'source of honor'). Hayek (1978) reflected that the 'Great' War was a 'great break in my recollected history.'²¹ It also broke the Habsburg nobility: coats of arms and titles ('von,' 'Archduke,' 'Count,' 'Ritter,' etc.) were abolished on 3 April 1919 by the *Adelsaufhebungsgesetz*, the Law on the Abolition of Nobility. Violators face fines or six months jail. Republics transform 'subjects' into 'citizens': the status of "German Austrian citizens" equal before the law in all respects' was forcibly imposed on Austrian nobles (Gusejnova 2012, 115). The Habsburg-born, Austrian-educated Arthur Koestler (1950, 19) described some of the affected: 'Those who refused to admit that they had become déclassé, who clung to the empty shell of gentility, joined the Nazis and found comfort in blaming their fate on Versailles and the Jews. Many did not even have that consolation; they lived on pointlessly, like a great black swarm of tired winter flies crawling over the dim windows of Europe, members of a class displaced by history.'²² In Austria and Germany, the fledgling democracies that emerged after the 'Great' War between the dynasties perished in the 'von' Hayek- and 'von' Mises-intensified Great Depression (Leeson 2017a).

Rothbard (2006 [1992], 450) contrasted 'Mises's consistency and clarity' with Hayek's

muddle, inconsistency, and contradictions ... Since Hayek was radically scornful of human reason ... [he] had to fall back on the importance of blindly obeying whatever social rules happened to have 'evolved,' and his

only feeble argument against intervention was that the government was even more irrational, and was even more ignorant, than individuals in the market economy.

Hayek (1978) ‘just learned [Mises] was usually right in his conclusions, but I was not completely satisfied with his argument. That, I think, followed me right through my life. I was always influenced by Mises’s answers, but not fully satisfied by his arguments. It became very largely an attempt to improve the argument, which I realized led to correct conclusions. But the question of why it hadn’t persuaded most other people became important to me; so I became anxious to put it in a more effective form.’²³

After Mises (1985 [1927], 44, 49) failed to persuade ‘Germans and Italians,’ ‘Ludendorff and Hitler’ and other ‘Fascists’ to form a pact with Austrian Classical Liberals, in 1947 Hayek (1978) tried ‘a more effective form’ pact—the Mont Pelerin Society:

I had already had the idea we might turn this into a permanent society, and I proposed that it would be called the Acton-Tocqueville Society, after the two *most representative figures* [emphasis added]. Frank Knight put up the greatest indignation: ‘You can’t call a liberal movement after two Catholics!’ [laughter] And he completely defeated it; he made it impossible. As a single person, he absolutely obstructed the idea of using these two names, because they were Roman Catholics.²⁴

The initial split correlated with institutional affiliation: the religiosity of FEE’s representatives—especially its founder, Leonard Read—against the University of Chicago economists. Reverence also divided the Mont Pelerin Society—the ‘sycophancy’ that Buchanan (1992, 130) deplored when directed at ‘von’ Hayek and ‘von’ Mises but wallowed in when directed at himself by George Mason University (GMU) economists (Vaughn 2015). Much of this sycophancy manifested itself in deference towards fake nobility:

Those of us who have loved as well as revered Ludwig von Mises, words cannot express our great sense of loss: of this gracious, brilliant and wonderful man; this man of unblemished integrity; this courageous and lifelong

fighter for human freedom; this all-encompassing scholar; this noble inspiration to us all ... Mises's death takes away from us not only a deeply revered friend and mentor, but it tolls the bell for the end of an era: the last living mark of that nobler, freer and far more civilized era of pre-1914 Europe ... But oh, Mises, now you are gone, and we have lost our guide, our Nestor, our friend. How will we carry on without you? But we have to carry on, because anything less would be a shameful betrayal of all that you have taught us, by the example of your noble life as much as by your immortal works. Bless you, Ludwig von Mises, and our deepest love goes with you; We live in an age where everyone seems to be bending to the latest wind, anxious to maintain his status as 'politically correct.' Lu and Margit [Mises] were of a different and far nobler cloth and of a different age. (Rothbard 2006 [1973], 452, 453, 455; 1993, 455)

According to Rothbard (2006 [1993], 451), FEE's Orval Watts earned a 'master's and a doctor's degree in economics from Harvard University in its nobler, pre-Keynesian era.' Ethical issues widened the split: George Stigler and Milton Friedman described Read and Watts as dishonest 'bastards' (Leeson 2017b), while Friedman's (2017 [1991]) 'Say "No" to Intolerance' targeted Mises.

At the 1969 Mont Pelerin Society meeting in Venezuela, where a dinner was held to honour his 70th birthday,

Hayek apparently indicated that he had not spoken about these matters previously, 'except to the closest of friends.' He indicated, first, that while his family background was Catholic, both of his grandfathers had left the Church, that he, personally, 'had never quite bothered to classify himself religiously, other than perhaps to consider himself something of an agnostic.' Hayek then ... suggested that 'somehow it might be possible to bring two distinct "liberal" factions into harmony and cooperation for the cause of liberty: (1) a group strongly oriented in religion, and (2) a group who prided themselves in being agnostics and/or atheists. It was in that intent that the original members of the Mont Pelerin Society *were selected* [emphasis added].' Hayek continued—here calling on Henry Hazlitt and F.A. Harper, the only two people there who had been at the original meeting—that this seemed hopeless; that the two factions were not inclined to leave the religious differences lie idle.' Harper indicates that, while Hayek did not name names, he and his wife recalled that, following

a visit to an old monastery, Frank Knight was moved to deliver an ‘atheistic sermon,’ and that one of six people sitting with them got up and moved to another table. (Shearmur 2015)

The structure of production explains why Austrian ‘knowledge’ is unreliable: religious icons cannot—by definition—be dishonest crooks. At least a dozen disciples—including the devout Mormon CIA ‘intelligence officer,’ Mark Skousen, and the public stoning theocrat, Gary North—made the pilgrimage to ring the doorbell labelled ‘Prof. Dr Friedrich A. von Hayek’ (Ebenstein 2003, 316) to be told by ‘von’ Hayek (1994, 107, 37) that he was ‘a law abiding citizen and completely stopped using the title von.’ Yet Hayek (1994, 37) also referred to ‘the minor title of nobility (the “von”) which the family still bears.’ *The Times* (17 December 1931) reported that ‘von Hayek’ had been appointed to the Tooke Professorship at the London School of Economics (LSE); at the LSE Hayek was known as ‘von Hayek’; he wore his family coat of arms on his signet ring (Ebenstein 2003, 75, 298). In Frederic Benham’s (1932, v) *British Monetary Policy*, his LSE colleague, ‘Professor von Hayek,’ was thanked. *The Times* (19 October 1932) published a letter from ‘von Hayek’ (and three LSE colleagues, T. E. Gregory, Arnold Plant and Lionel Robbins) on ‘Spending and Saving Public Works from Rates’. Over half a century later—with Hayek’s approval—the shield of his coat of arms was reproduced on the cover of *The Fatal Conceit: The Errors of Socialism* (1988), edited by William Warren Bartley III (Cubitt 2006, 274).²⁵

In and out of Austria, Hayek repeatedly attached the illegal ‘von’ to his name (Leeson 2015a, Chap. 1)—including, symbolically, his *Economica* essay on ‘The Maintenance of Capital’ (1935). Yet, in a letter to *The Times*, Hayek (14 November 1981) professed deep indignation that ‘von’ had been attached to his name: perhaps even Labour MPs could be ‘shamed’ into not answering arguments by reference to ‘descent.’ After British naturalization in 1938, he did not, he claimed, generally use it himself in that form.²⁶

According to the official biographer appointed by the Ludwig von Mises Institute: ‘After the destruction of the monarchy in November 1918, the new republican government abolished all titles and banned their use in print. Ludwig Heinrich Edler von Mises became Ludwig

Mises according to Austrian law. Outside the country, however, he would continue to use the title that his great-grandfather had earned for his family' (Hülsmann 2007, 28, 335). Yet according to 'von' Mises' (2003 [1933] lxxxi) *Epistemological Problems of Economics*, published by the Mises Institute with an 'Introduction to the Third Edition by Jörg Guido Hülsmann' the German language edition had been signed: 'LUDWIG VON MISES VIENNA, AUSTRIA JANUARY, 1933.'²⁷

In 1945, there was a shift to the political left: the empires of the Italian Fascists, the Japanese military (the 'Greater East Asia Co-Prosperity Sphere') and the Austro-German Nazis had been defeated; a Labour Party prime minister occupied 10 Downing Street (1945–1951) for the first time since 1931; and the Democratic Party continued to occupy the White House (1933–1953).²⁸ In response, Buckley, Frank Meyer, and M. Stanton Evans sought to provide more respectable foundations for the political right by replacing overt white supremacy and anti-Semitism with a 'fusion' of economic libertarianism, social traditionalism and militant anticommunism. The Austrian School of Economics is a magnet for homosexuals (seeking escape from 'social traditionalism') and theocrats who seek to publicly stone them to death. Apart from that cognitive dissonance, most tend to embrace the other two fusion elements (many are also overt white supremacists and covert anti-Semites).

In 1952, General Dwight Eisenhower won office by crusading against 'Korea, Communism and Corruption' (which he associated with Democrats); but the Senate vote to 'condemn' Joe McCarthy (2 December 1954) was something of a reversal; and Richard Nixon's enforced resignation (9 August 1974) appeared to further discredit the 'fusion.' Yet according to an article in Buckley's *National Review*, the climax of the (post-Nobel Prize) Hillsdale College tax-exempt Mont Pelerin meeting was George Roche III toasting Queen Elizabeth II—accompanied by

a mood of sheer bliss ... as if an Invisible Hand had prankishly arranged a sneak preview of Utopia Such fellowship is of course much enhanced in the vicinity of the bar, which was open three times a day What we could not expect was the pampering and elegant food that attended us from beginning to end One fellow disappeared into the service regions

with a bottle of champagne for the staffers, and almost immediately a fresh bottle appeared on his table. It was magic Clearly, unseen benefactors had picked up the tab; otherwise Hillsdale's budget would have rocketed into federal orbit It was lovely. (Wheeler 1975)

Thatcher became Conservative Party leader (1975) and prime minister (1979), Reagan became president (1981), the Berlin Wall fell (1989), and shortly afterwards the Soviet Empire crumbled. Armed with their PhD mantra ('Freedom works, baby! Freedom works'), Austrian 'free' market religion promoters facilitated the rise of an equally threatening Empire: Russia of the Oligarchs (Haiduk 2015).

In 1991, George Bush awarded the Presidential Medal of Freedom to three 'fusion' activists. First, 'the greengrocer's daughter who shaped a nation to her will' and who 'sailed freedom's ship wherever it was imperilled. Prophet and crusader, idealist and realist, this heroic woman made history move her way ... there will always be an England, but there can never be another Margaret Thatcher ... Consider the 1980s and early 1990s—a golden age of liberty ... She helped mold perhaps democracy's finest hour ... Like her successor, John Major, she believed passionately in free enterprise. And so she used it to renew British initiative and national pride.'²⁹

Second, Buckley the 'celebrated founder' of *National Review* who 'raised the level of political debate in this country, and our Nation is better for it. A true Renaissance man, we honor him today for a lifetime of achievement in American political and social thought.' And third,

Professor Friedrich von Hayek for a lifetime of looking beyond the horizon. At a time when many saw socialism as ordained by history, he foresaw freedom's triumph. Over 40 years ago, Professor von Hayek wrote that 'the road to serfdom' was not the road to the future or to the political and economic freedom of man. A Nobel laureate, he is widely credited as one of the most influential economic writers of our century. Professor von Hayek is revered by the free people of Central and Eastern Europe as a true visionary, and recognized worldwide as a revolutionary in intellectual and political thought. How magnificent it must be for him to witness his ideas validated before the eyes of the world. We salute him.³⁰

In 1991, Hayek told his second wife to put him—not in a nursing home—but into a

lunatic asylum, yet their doctor said he was in perfect physical shape. His hallucinatory experiences exhausted him ... Sometimes he would see things in vivid shapes, green meadows, writing on the wall, and even perceived sounds. No matter how strongly Mrs. Hayek would deny the reality of these apparitions he would insist that he had seen and heard them. On one such occasion he was so distressed because she would not believe him that he clutched my hand and said that the presence of persons and their singing had lasted for nine hours. (Cubitt 2006, 355–356)

Rothbard had difficulty adjusting to life outside his 'only child' family home: according to his 1936 fourth-grade teacher's report, 'Murray seems to be so exceedingly happy that it is sometimes difficult to control his activities in the class. He must develop a more controlled behavior in the group' (cited by Long 2006). The Austrian School epigone generation co-leader, Peter Boettke (2010), wants to 'get the US out of North America'—presumably a muddled reference to secession. Fearful of travel, Rothbard (1992a) sought to time-travel back to a mythical version of the neo-feudalism from which his parents had escaped: 'We shall break the clock of social democracy. We shall break the clock of the Great Society. We shall break the clock of the welfare state. We shall break the clock of the New Deal. We shall break the clock of Woodrow Wilson's New Freedom and perpetual war. We shall repeal the 20th century.' Having supported the white supremacist 1948 Dixiecrats, Rothbard 'would not stop until we repealed the Federal Judiciary Act of 1789, and maybe even think the unthinkable and restore the good old Articles of Confederation.'

Rothbard (2007 [1958], 14), who was frightened of the dark or at least unable to sleep outside daylight hours, told Ayn Rand, an amphetamine addict, about the 'defect' in his 'own psyche.' All of his 'adult life' he had been 'plagued' with a 'phobic state,' of which his 'travel phobia is only the most overt manifestation': 'i.e. with frightening emotions which I could neither control nor rationally explain.' Rothbard was unable to cope: 'the only way I could successfully combat this painful emotion is by

sidestepping the situations which seemed to evoke it—knowing that this is an evasion, but also knowing no better way.’

From the IEA, Ralph Harris (16 September 1970) offered to supply Hayek with the name of a doctor who had been treating him for depression.³¹ Like Mises, Hayek and Anthony Fisher (the IEA co-founder),³² Rothbard (2007 [1958], 14) suffered from debilitating depression—offering to Rand ‘one or both of the following explanations’ in an effort to ‘figure out why I should have been so depressed.’ The first was that his ‘brain became completely exhausted under the intense strain of keeping up with a mind that I unhesitatingly say is the most brilliant of the twentieth century.’ The second was that he ‘felt that if I continued to see you, my personality and independence would become overwhelmed by the tremendous power of your own. If the latter, then the defect is, of course, again mine and not yours.’ Middle-named ‘Newton’ to emphasize his parents’ attachment to science, Rothbard told his new cult leader that she was his Sun Queen: ‘I have come to regard you as like the sun, a being of enormous power giving off great light, but that someone coming too close would be likely to get burned.’

In 1600, those with faith-based ‘knowledge’ insisted that the universe orbited around Jerusalem and burnt Giordano Bruno at the stake for questioning their authority. These chapters explore the process by which the sacred texts of four malevolently mentally ill individuals—Rand, *The Goddess of the Market* (Burns 2009), Mises, Hayek and Rothbard—helped construct a ‘free’ market religion which, in several countries, all but turned the State into their ‘subsidiary.’ These chapters may also have significance with respect to other cults and sects.

Austrian ‘Logic’ and Human Rights Abuses

In at least six ways, Adolf Hitler was the product of the climate to which Hayek and Mises were major contributors.

- After arriving in Vienna in 1907, Hitler acquired anti-Semitism from the climate co-created by the proto-Nazi von Hayeks.

- Hayek's (1994, 61–62) obsession about his own Aryan ancestry predated Hitler's.
- Hayek and Mises promoted *Anschluss* (Leeson 2017a).
- Mises (2012 [1916], Chap. 10) was a lobbyist for Austro-German *Lebensraum* before Hitler.
- In promoting *political* Fascism, Mises (1985 [1927], 42–43) sought to undermine 'everywhere ridiculous' democracy:

The comparison that people drew between the men whom the democracies placed at the head of the government and those whom the emperors and kings, in the exercise of their absolute power, had elevated to that position, proved by no means favorable to the new wielders of power. The French are wont to speak of 'killing with ridicule.' And indeed, the statesmen representative of democracy soon rendered it everywhere ridiculous.

Nothing did more harm to democracy in Germany and Austria than the deflation that Mises and Hayek promoted—but according to Mises (1985 [1927], 42–43): 'Nothing has done more harm to democracy in Germany and Austria than the hollow arrogance and impudent vanity with which the Social-Democratic leaders who rose to power after the collapse of the empire conducted themselves.'

- In his *Völkischer Beobachter* newspaper, Hitler promoted Austrian business cycle theory for the same reason that Hayek and Mises did:

The government calmly goes on printing these scraps of paper because, if it stopped, that would be the end of the government. Because once the printing presses stopped—and that is a prerequisite for the stabilisation of the mark—the swindle would at once be brought to light ... Believe me, our misery will increase. The scoundrel will get by ... The reason: because the State itself has become the biggest swindler and crook. A robbers' State! ... If the horrified people notice that they can starve on billions, they must arrive at this conclusion: we will no longer submit to a State which is built on the swindling idea of the majority. We want a dictatorship. (Cited by Heiden 1944, 131–133; Shirer 1960, 87; Noakes and Pridham 1994, 19)

As a paid lobbyist for employer trade unions, Mises used *any* argument to undermine the power of labour trade unions. In ‘The General Rise in Prices in the Light of Economic Theory,’ Mises promoted a cost-push explanation of inflation that is inconsistent with his *Theory of Money and Credit*, published the year before (*Theorie des Geldes und der Umlaufsmittel* 1912). Referring to the ‘groups that initiate the rise in prices,’ Mises (2002 [1913], Chap. 7) asserted:

It is true that no effort by labor unions can permanently succeed in pushing wages above their natural level. In the best of cases, all that they can achieve is to raise wages, but they cannot prevent the necessary adjustment of wages back to their natural level. The adjustment, however, does not come about by nominal wages coming down again to their old level. The money wage remains unchanged. The rise in the prices of goods has the effect of bringing real wages back to the ‘natural’ wage that corresponds to the given conditions of the market.

President Boettke of Hayek’s Mont Pelerin Society regards historian of economic thought as ‘gullible.’³³ One American University, Washington, Professor of Economics dismissed Mises’ Fascism as a mere ‘moral lapse’; before requesting clarification: ‘While this chapter [Mises 2002 [1913], Chap. 7] also discusses monetary inflation, it seems oddly to suggest the possibility of ongoing inflation even with a constant money supply. I assume he changed his view after the post-WWI hyperinflations made the link so much clearer. Is this the case? Thanks, Alan Isaac’ (SHOE 22 May 2104; 24 February 2016).³⁴

Between 1917 and 1922, four defeated dynasties fell: the Romanovs, Habsburgs, Hohenzollerns and Ottomans. At the ‘Peace’ conference, two of the victor states—Italy and Japan—sought to expand, while the empires of two other victor states—Britain and France—lingered on until after the end of the Second World War. Between the 1918 demise of the Habsburgs and Mussolini’s 1922 ‘March on Rome’ and Ludendorff and Hitler’s 1923 attempted ‘March on Berlin and Vienna,’ Mises (1951 [1922], 234–235) appeared to transfer his allegiance to the British Empire: ‘England, who had become the greatest of the colonial powers, managed her possessions according to the principles of free trade theory.

It was not cant for English free traders to speak of England's vocation to elevate backward state of civilisation. England has shown by acts that she regarded her possessions in India, in the Crown Colonies, and in the Protectorates, as a general mandatory of European civilization.'

According to Mises (1951 [1922], 235), 'Liberalism aims to open all doors closed trade. But it no way desires to compel people to buy or to sell. Its antagonism is confined to those government which, by imposing prohibition and other limitations on trade, exclude their subjects from the advantages of taking part in world commerce, and thereby impair the standard of life of all mankind.' The First Opium War (1839–1842) has analogies with the 1773 Boston Tea Party: the destruction of the 'property' of the East India Company (1200 tons of opium). Mises' 'antagonism' was directed at those whom Austrians would later denigrate as 'Public Health Nazis' who were interfering with the 'consumer sovereignty' of opium addicts. Opium later funded the terrorist attacks on the United States which Rothbard (1993) encouraged.

In 1857, two liberals in the (non-Austrian) Classical tradition, Richard Cobden and John Bright, brought down the Palmerston government over the Opium Wars. In jingoistic response, Palmerston accused Cobden of demonstrating an 'anti-English feeling, an abnegation of all those ties which bind men to their country and to their fellow-countrymen, which I should hardly have expected from the lips of any member of this House. Everything that was English was wrong, and everything that was hostile to England was right' (cited by Edsall 1986, 303–310).

Henry John Temple, 3rd Viscount Palmerston (1784–1865)—later the first prime minister of the newly formed Liberal Party (1859–1865)—referred to the Chinese who opposed the opium trade as 'barbarians—a set of kidnapping, murdering, poisoning barbarians' at the 'extreme end of the globe' (cited by Ridley 1970, 467). In *Liberalism in the Classical Tradition*, 'von' Mises (1985 [1927], 48–49) insisted that 'Fascists carry on their work among nations in which the intellectual and moral heritage of some thousands of years of civilization cannot be destroyed at one and not among the barbarian peoples on both sides of the Urals, whose relationship to civilization has never been any other than that of marauding denizens of forest and desert accustomed to engage, from time to time, in predatory raids on civilized lands in the hunt for booty. Because

of this difference, Fascism will *never* [emphasis added] succeed as completely as Russian Bolshevism in freeing itself from the power of liberal ideas.' Mises (1951 [1922], 234, n1) knew which side Austrian Classical Liberals should be on:

In judging the English policy for opening up China, people constantly put in the foreground the fact that it was the opium trade which gave the direct, immediate occasion for the outbreak of war complications. But in the wars which the English and French waged against China between 1839 and 1860 the stake was the general freedom of trade and not only the freedom of the opium trade. That from the Free Trade point of view no barriers ought to be put in the way even of the trade in poisons, and that everyone should abstain by his own impulse from enjoyments harmful to his organism, is not so base and mean as socialist and Anglophone writers tend to represent.

Mises (2012 [December 1916], Chap. 10) lobbied for Austro-German *Lebensraum*:

The industrialized countries are not in a position to prevent the agricultural countries from transitioning into being industrial nations, which would have been an effective means of retaining the status quo in the international economy, if it had only been possible to do so. From the national point of view, another method is available: the annexation of colonies that have a primarily agricultural character to the extent that the home country and the colonies together form an area that appears to be, in relation to the quality of its natural production conditions, no more densely populated than the territory of other nations. This is the path that England has followed and which Germany *ought to have followed*, had it not degenerated into the misery of provincial factionalism while the Russians and the Anglo-Saxons conquered the world ... *The foundations of a global empire are its population ... The German people currently lack these foundations.* Germany can only provide for the population within its territory by manufacturing goods made with foreign-supplied raw materials that are then sold to foreign buyers, in order to acquire those raw materials required for its own consumption, and to pay wages and other industrial incomes. This situation cannot be sustained over the long term. For this reason, the German people *need colonies for settlement if they do not wish to lose their global ranking* [emphases added].

Six years later, Mises (1951 [1922], 235) retreated to a more effective façade: 'The Liberal policy has nothing in common with Imperialism. On the contrary, it is designed to overthrow imperialism and expel it from the sphere of international trade.'

Hayek told Cubitt (2006, 15), his second authorized biographer, that of the two Empires he had watched decline, 'England's downfall had been the more painful to him.' American anti-colonialism had destroyed a large portion of the first British Empire: Hayek (1978) objected to 'extreme American anti-colonialism: the way in which the Dutch, for instance, were forced overnight to abandon Indonesia, which certainly hasn't done good to anybody in that form. This, I gather, was entirely due to American pressure, with America being completely unaware that the opposition to colonialism by Americans is rather a peculiar phenomenon.' Hayek 'did not become an American in the sense in which I became British. But I think this is an emotional affair. My temperament was more like that of the British than that of the American, or even of my native fellow Austrians. That, I think, is to some extent a question of your adaptability to a particular culture.'³⁵

Hayek's 1974 Nobel Prize for Economic Sciences was awarded on the back of Fritz Machlup's (1974) uncritical acceptance of Robbins' (2012 [1931], Foreword, 172) uncritical acceptance (in the Foreword to the first edition of *Prices and Production*) of Hayek's assertion about having predicted the Great Depression: 'I could never have had the influence I did if it hadn't been for Robbins' (Hayek cited by Howson 2011, 206).³⁶ Hayek's fraud appears to have been uncovered at the University of Chicago between 1932 and 1934 by Knight and Jacob Viner (Leeson 2017c). Knight and/or Viner presumably conveyed their concerns to Robbins—whose Foreword was deleted from the second edition of Hayek's (1967 [1935]) *Prices and Production*.

Hayek's (1978) 'determination to become a scholar was certainly affected by the unsatisfied ambition of my father to become a university professor.'³⁷ Mises' 'great chagrin' was that a university professorship was 'never offered to him.'³⁸ Through fraud, Hayek (1978) became a university professor at the LSE in 1931: 'at once I became in a sense British, because that was a natural attitude for me, which I discovered later. It was like stepping into a warm bath where the atmosphere is the same as your body.'³⁹

When Cubitt (2006, 51) asked whether he felt uncomfortable about Jewish people, Hayek ‘replied that he did not like them very much, any more than he liked black people.’ Initially, Hayek ‘thoroughly dislike[d]’ Mises (Leube 2003, 15). Between 1931 and 1949, Hayek, who disliked ‘very unpleasant’ Jewish accents (Leeson 2015a, 46), was exposed to British accents by living adjacent to ‘the most Jewish constituency in the United Kingdom’ (Hoare 2015). But Hayek (1978) did not acquire the middle-class language of his north-west London neighbours (as his children did) or of his LSE colleagues, but instead the accent and affectations of the English upper class. For example, schemes to limit tax revenue were promoted by people who were ‘frightfully confused.’⁴⁰ Knight was ‘frightfully dogmatic’ about capital theory.⁴¹ Mises could be ‘frightfully exaggerating.’⁴² Harold Laski was ‘frightfully offended by my *The Road to Serfdom*.’⁴³ Thomas Nixon Carver took ‘me to his country club and gave me a big luncheon, which I almost abused. [laughter] All I remember is that he was frightfully offended.’⁴⁴ Hayek encountered Viennese socialism in its ‘Marxist, frightfully doctrinaire form.’⁴⁵ And monotheistic religions are so ‘frightfully intolerant.’⁴⁶

Hayek had ‘early been charmed’ by Keynes’ company, a ‘charm that continued’ when the LSE was moved to Cambridge early in the war as a consequence of the Austro-German ‘bombing of the British capital’ (Hamowy 1999, 283). Hayek (1994, 92) observed that people got ‘enchanted by merely listening’ to Keynes’ ‘words’: his Old Etonian ‘voice was so bewitching.’ Hayek (1978) explained that ‘Well, you see, I think the intellectual history of all this is frightfully complex.’⁴⁷ Keynes told him ‘Oh, never mind, my ideas were frightfully important in the Depression of the 1930s, but you can trust me: if they ever become a danger, I’m going to turn public opinion around like this [snapping fingers]’⁴⁸ Keynes was ‘much too self-assured, convinced that what other people could have said about the subject was not frightfully important.’⁴⁹ And it would ‘sound so frightfully egotistic in speaking about myself—why I feel I think in a different manner. But then, of course, I found a good many instances of this in real life.’⁵⁰

Hayek (1978) was ashamed of the Italian accent which he had picked up from ‘peasants’: ‘I picked up Italian during the war in Italy—well, sort of Italian. I don’t dare to speak it in polite society.’⁵¹ Hayek’s fellow Reform

Club member, the Old Etonian and Guy Francis de Moncy Burgess, had both Russian 'gold' and a Foreign Office supervisor 'too polite to inquire' about his spying (Sutherland 2005, 358). Hayek (1978) also valued deference to the 'spontaneous' order: 'the curious thing is that in the countryside of southwest England, the class distinctions are very sharp, but they're not resented. [laughter] They're still accepted as part of the natural order.'⁵²

Hayek (1978) loved the 'strength' of certain English

social conventions which make people understand what your needs are at the moment without mentioning them ... The way you break off a conversation. You don't say, 'Oh, I'm sorry; I'm in a hurry.' You become slightly inattentive and evidently concerned with something else; you don't need a word. Your partner will break off the conversation because he realizes without you saying so that you really want to do something else. No word need to be said about it. That's in respect for the indirect indication that I don't want to continue at the moment.

In contrast, in Austria there would be an 'effusion of polite expressions explaining that you are frightfully sorry, but in the present moment you can't do it. You would talk at great length about it, while no word would be said about it in England at all.'⁵³

Point X of President Woodrow Wilson's XIV Points doomed the Habsburg neo-feudal 'spontaneous' order: 'The people of Austria-Hungary, whose place among the nations we wish to see safeguarded and assured, should be accorded the freest opportunity to autonomous development.' According to Austrians, the 'freest' opportunity is provided by 'consumer sovereignty'—Mises (2007 [1958], 11) told the author of *Atlas Shrugged* (Rand 1957): 'You have the courage to tell the masses what no politician told them: you are inferior and all the improvements in your conditions which you simply take for granted you owe to the effort of men who are better than you.'

The upper Habsburg Estates were primarily focused on maintaining the 'privileges of their aristocratic members ... the nobles regarded the Austrian people as an extension of their own peasantry, their only function to keep the nobility in luxury' (Taylor 1964, 14, 188–9). Mises lived

with his mother until he was 53: ‘The only explanation’ that Margit Mises (1984, 25) could find was that his ‘mother’s household was running smoothly—their two maids had been with them for about 20 years—and Lu could come and go whenever it pleased him and could concentrate on his work without being disturbed.’

In *The Road to Serfdom*, Hayek (2007 [1944], v) protested:

When a professional student of social affairs writes a political book, his first duty is plainly to say so. This is a political book ... But, whatever the name, the essential point remains that all I shall have to say is derived from certain ultimate values. I hope I have adequately discharged in the book itself a second and no less important duty: to make it clear beyond doubt what these ultimate values are on which the whole argument depends. There is, however, one thing I would like to add to this. Though this is a political book, I am as certain as anybody can be that the beliefs set out in it are not determined by my personal interests.

In for-posthumous-general-consumption oral history interviews, Hayek explained what these ‘ultimate values’ were: fraud. *The Road to Serfdom*, he explained, had been written for personal interests: to allow the ‘old aristocracy’ to resume their ascribed status and to drive the ‘new aristocracy’—labour trade unionists and elected politicians—back down the road back to serfdom (Leeson 2015a, Chap. 3).

According to Rothbard (2006 [1992], 448–449), the ‘promotion efforts funded by J. Howard Pew of the then Pew-owned Sun Oil Company’ ensured that *The Road to Serfdom* ‘became extraordinarily influential in American intellectual and academic life.’ As Hayek was writing *The Road to Serfdom*, the Austrian School philosopher and *National Review* columnist, Erik ‘Ritter von’ Kuehnelt-Leddihn (pseudonym F. S. Campbell), published *The Menace of the Herd* (1978 [1943]). ‘God and Gold’ Austrian School reconquistadors embrace restored monarchy, or anything but democracy (Hoppe 2001), pope and monarch, supported by a ‘natural aristocracy’ (Rockwell 1994a), a ‘small, self-perpetuating oligarchy of the ablest and most interested’ (Rothbard 1994a) or ‘dictatorial democracy’⁵⁴—‘a system of really limited democracy’ (Hayek 1978).⁵⁵ Otto von Habsburg was full of hope: ‘There is an extraordinary revival of religion in France ... I never would have thought one could dare to say in

France what Sarkozy is saying—that the separation of church and state in France is wrong.’ After the fall of the Berlin Wall, ‘many’ of the 400-strong ‘Von Habsburg clan have staked claims to properties previously confiscated by the Communists’ (Watters 2005; Morgan 2011).

The first Emperor of Austria, Francis I (reigned 1804–1835), was a *Doppelkaiser* (double Emperor) until defeat by Napoleon at the 1806 Battle of Austerlitz led him to abdicate (as Holy Roman Emperor Francis II) as the First Reich was dissolved. French defeat (by the Sixth Coalition, Austria, Prussia, Russia, Portugal, Sweden, Spain, the UK and some German states) facilitated the Bourbon restoration (1814–1830) and revived Roman Catholic power in Europe; French defeat by Prussia led to the Austrian-excluded Second Reich (1871–1918); and French defeat by the Austrian-led Third Reich led to Clerical Fascism (1940–1945; Chap. 10 below).

The Habsburg Pretender (1986, vii–viii) smelt counterrevolution: ‘people read Somary ... his memory is coming back to life.’ He was referring to the Austrian School banker, Felix Somary (1881–1956), who shortly after the end of the Second World War, informed him that ‘Aristocracy has to begin somewhere,’ and—pointing to westward bound ‘unkempt’ train passengers (some presumably refugees)—added: ‘These are going to be our overlords in the future’ (Watters 2005). According to Otto (1986, vii–viii), Somary was ‘one of Switzerland’s leading bankers and certainly his time’s outstanding expert on economic crises His roots were in the old Austro-Hungarian Empire with its *great supranational tradition* [emphasis added] and its remarkable Vienna school of economics We all too often lack the universal person Let us hope that those responsible for our fate will follow the path which he traces for us.’

In the 1970s, Austrian ‘free’ market religion revivalism was matched by an anti-Western fundamentalist revival in the Middle East and a pro-Western ‘Religious Right’ coalition which in 1980 helped replace Jimmy Carter (a devout Baptist) with Reagan (whose church attendance appeared to have primarily cosmetic value). Hillsdale College—where Reagan was, reportedly, treated ‘almost like a martyr’ (Eakin 1996)—symbolized the fusion between the Austrian School of Economics and the ‘Religious Right,’ to which the atheist Mises made significant contributions. Five years before his embrace of *political* Fascism, Mises (1951

[1922], 234–235) described what liberalism meant to him: ‘The wars waged by England during the era of liberalism to extend her colonial empire and to open up territories which refused to admit foreign trade, laid the foundations of the modern world economy ... Were England to lose India to-day, and were that great land, so richly endowed by nature, to sink into anarchy, so that it no longer offered a market for international trade—or no longer offered so large a market—it would be an economic catastrophe of the first order.’

Two years after the publication of Hitler’s (1939 [1925]) *Mein Kampf*, Mises’ (1985 [1927], 51) *Liberalism in the Classical Tradition* issued a blunt ‘eternal’ instruction:

It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilization. The merit that Fascism has thereby won for itself will live on eternally in history.

There appear to be seven steps in the Austrian logic chain.

- In *Human Action*: ‘Government means always coercion and compulsion and is by necessity the opposite of liberty. Government is a guarantor of liberty and is compatible with liberty only if its range is adequately restricted to the preservation of economic freedom. Where there is no market economy, the best-intentioned provisions of constitutions and laws remain a dead letter’ (Mises 1998 [1949], 283). Having added a nuance that would be inaccessible to his nuance-insensitive disciples (government is ‘the only means available to make peaceful human coexistence possible’), Mises’ (2009a, [1958], 34–35) *Liberty and Property* re-emphasized this first logical step: ‘As regards the social apparatus of repression and coercion, the government, they cannot be any question of freedom. Government is essentially the negation of liberty. It is the recourse to violence or threat of violence in order to make all people obey the orders of the government, whether they like it or not ... it is the opposite of liberty. It is beating, imprisoning, hanging. Whatever government does it is ultimately supported

by the actions of armed constables. If the government operates a school or hospital, the funds required are collected by taxes, i.e., by payments exacted from the citizen.'

- In *Liberalism in the Classical Tradition*, Mises (1985 [1927], 49) provided the second step: 'Now it cannot be denied that the only way one can offer effective resistance to violent assaults is by violence. Against the weapons of the Bolsheviks, weapons must be used in reprisal, and it would be a mistake to display weakness before murderers. No liberal has ever called this into question.'
- In 'A New Strategy for Liberty,' Rothbard (1994b), the Academic Vice President of the Ludwig von Mises Institute, provided the third step by solving the 'coordination problem' between Austrian economists and 'Redneck' militia groups:

A second necessary task is informational: we cannot hope to provide any guidance to this marvellous new movement until we, and the various parts of the movement, find out what is going on. To help, we will feature a monthly report on 'The Masses in Motion.' After the movement finds itself and discovers its dimensions, there will be other tasks: to help the movement find more coherence, and fulfil its magnificent potential for overthrowing the malignant elites who rule over us.

According to Boettke (2010), 'anger can be a wonderful muse'; and according to Misesans, Rothbard's motto was 'hatred is my muse' (Peterson 2014; Tucker 2014). Rothbard (1994c, 6) insisted that 'the least' Austrians and their fellow travellers could do 'is accelerate the Climate of Hate in America, and hope for the best.'

After the second bombing of the World Trade Centre (which killed 2606 people), various individuals were placed on 'no-fly' lists. After the first bombing of the World Trade Centre (26 February 1993), which killed six and injured hundreds, Rothbard (1993) encouraged further terrorist attacks on the United States: 'I must admit I kind of like that bit about blowing up the UN building, preferably with [UN Secretary General] Boutros Boutros-Ghali inside.' In addition to a significant proportion of the world's diplomatic community, in New York the United Nations employs 6389 people.⁵⁶

- Llewellyn Rockwell Jr., the co-founder of the Ludwig von Mises Institute, and Gary North, the Mises Institute ‘Murray Rothbard Medal Of Freedom’ holder, provided the fourth step: by making Austrian ‘liberty’ an overtly religious issue. In ‘To Restore the Church Smash the State,’ Rockwell (1998) stated that ‘Religiously active Christians have only one permanent enemy in politics: the irredeemably corrupt modern state,’ while North (2013) repeated a standard Austrian refrain: ‘liberals do not like to talk about Hitler as a gun controller. They want to bury that aspect of history. They also do not like to talk about the fact that German Jews were disarmed by the state. Of course, they do not like to see people pick on Jews, but the liberals’ bottom line is this: **better a disarmed Jew who is pushed around than an armed public that is not pushed around** [North’s bold].’

Rothbard died on 7 January 1995. Buckley (1995) understated his influence: ‘huffing and puffing in the little cloister [the Mises Institute] whose walls he labored so strenuously to contract, leaving him, in the end, not as the father of a swelling movement that ‘rous[ed] the masses from their slumber,’ as he once stated his ambition, but with about as many disciples as David Koresh had in his little redoubt in Waco.’ At the 1993 siege of the Branch Davidians Seventh-day Adventists cult in Waco, Texas, Timothy McVeigh distributed a pro-gun-rights literature and bumper stickers such as ‘When guns are outlawed, I will become an outlaw,’ telling a reporter that the ‘government is afraid of the guns people have because they have to have control of the people at all times. Once you take away the guns, you can do anything to the people. You give them an inch and they take a mile. I believe we are slowly turning into a socialist government. The government is continually growing bigger and more powerful, and the people need to prepare to defend themselves against government control.’⁵⁷

McVeigh wrote to a newspaper:

Taxes are a joke. Regardless of what a political candidate ‘promises,’ they will increase. More taxes are always the answer to government mismanagement. They mess up. We suffer. Taxes are reaching cataclysmic levels, with no slowdown in sight ... Is a Civil War Imminent? Do we have to shed blood to reform the current system? I hope it doesn’t come to that. But it might. (Cited by Stickney 1996, 198)

- In 'The *Real* State of the Union,' Rockwell (1994b) provided the fifth step—by fuelling fears about the 'abuse of power' which 'resulted in 86 dead religious dissenters in Waco, Texas Clinton cries peace, peace, but there is no peace. We are, in fact, on the verge of another domestic war. Two of our most important public intellectuals—Samuel Francis and Walter Williams—suggest we reconsider secession. That is a fitting reflection of the state of the union.'
- In the ex-Confederate States, memories linger of William Tecumseh Sherman's 'March to the Sea' and his torching of Atlanta. Rothbard was heard 'whimsically wondering in Atlanta whether, in a revolutionary situation, it would be immoral to blockade the hated *New York Times*' (Stromberg 1995, 47). McVeigh and Anders Behring Breivik provided the sixth step. On 19 April 1995, McVeigh exploded a truck bomb outside the Alfred P. Murrah Federal Building, Oklahoma City, killing 168 people, including 19 children in the day care centre, and injuring 684 others: 'McVeigh was a true believer, in his mind a combatant in the resistance movement or underground army battling the New World Order, and other nations under the control of the United Nations. He was a self-made patriot and freedom-fighter, defending his country against the alleged forces of tyranny and treason' (Wright 2007, 4). In 2011, Breivik killed eight people by detonating a truck bomb amid the *Regjeringskvartalet* (the 'Government quarter') in Oslo, Norway, and then shot dead 69 participants of a Workers' Youth League summer camp.
- McVeigh was obviously hoping to 'accelerate the Climate of Hate in America,' and Breivik was inspired by Misesian literature and 9-11 style religiosity (Tietze 2015). After dismissing the references to the literature of the Mises Institute which had inspired Breivik's hate-filled manifesto, Rockwell (2011) provided the seventh step—by denying responsibility for the first six steps:

Libertarianism is the one political theory extant that consistently preaches nonviolence in every way, condemning all aggression against person and property, whether it is done by a private party or under the cover of law ... Libertarianism posits a belief that is not widely held today, but is nonetheless true: namely, that society can organize itself without violence (no theft, no murder), but only using that blessed institution of mutual cooperation

among individuals. The use of violence in any form is not only contradictory to libertarian theory; libertarianism stands alone as the only political outlook that makes nonviolence its core tenet.

Buchanan (1992, 130) met his first ‘Princess’ through a ‘luxurious’ Mont Pelerin Society meeting; and Rockwell (1997, 6–7) was horrified that a National Public Radio commentator was ‘particularly annoyed that the grief shown toward Diana’s death far surpassed the sadness at the Oklahoma City bombing.’ Rockwell, who noted that the children and ‘civil servants or gun-wielding regulators’ killed in Oklahoma had low ascribed status, sarcastically added:

What an outrage that people feel worse about the death of a princess than of a Social Security worker. Sure, Diana’s children are left without a mother; so are many children in the inner city, who fall through the social safety net thanks to federal budget cuts. Why should Diana matter any more than they do? Well, for one reason, because of the natural law. We cannot value all people equally. We certainly can’t admire civil servants or gun-wielding regulators just because they work for the government. The remnants of the monarchical cast of mind—the love of the natural elite cause us to have a greater reverence for princesses, especially when they wield no power ... Far from being the end of the English monarchy, the Diana phenomenon could mean its revival, and the revival of interest in the idea of monarchy the world over. [Woodrow] Wilson thought he had abolished the monarchical impulse in the First World War. Yet it’s back with a vengeance.

Nine years after the demise of the Habsburgs, Mises (1985 [1927], 49–50) aspired to become the intellectual *Führer* of a Nazi-Classical Liberal Pact. Mises agreed that ‘In order to assure success, one must be imbued with the will to victory and always proceed violently. This is its highest principle.’ But the ‘political tactics’ of Austrian Classical Liberals differed from Fascists because of the latter’s ‘complete faith in the decisive power of violence.’ To succeed, Fascism would have to embrace Mises: ‘If it wanted really to combat socialism, it would have to oppose it with ideas. There is, however, only one idea that can be effectively opposed to socialism, viz., that of liberalism.’

The 'similar movements' of 'bloody counteraction' that the Jewish-born Mises referred to include the anti-Semitic *l'Action Française*. Two-thirds of a century later, the Jewish-born Rothbard (1994d, e) defended Byron De La Beckwith, Jr. (the anti-Semitic Ku Klux Klan assassin of the African-American voter registration activist Medgar Evers, who was convicted because he was politically 'incorrect'), Silvio Berlusconi (a 'dedicated free-marketeer'), Mussolini (because he had a reluctant 'anti-Jewish policy'), Islamo-Fascists, and those described as 'neo-fascists.'

Referring to Mises, Hayek (1978) reflected: 'Being for ten years [1921–1931] in close contact with a man with whose conclusions on the whole you agree but whose arguments were not always perfectly convincing to you, was a great stimulus.'⁵⁸ The British Fascisti was established in 1923. Six years later, Hayek (1995 [1929], 68), while praising Edwin Cannan's 'fanatical conceptual clarity' and his 'kinship' with Mises' 'crusade,' noted that British–Austrians had failed to realize necessary consequences of the whole system of Classical Liberal thought: 'Cannan by no means develops economic liberalism to its ultimate consequences with the same ruthless consistency as Mises.' According to Caldwell (1995, 70, n67), the third general editor of *The Collected Works of F.A. Hayek*, Hayek was probably referring to *Liberalism in the Classical Tradition* in which Mises (1985 [1927], 49) insisted that

The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.

In 'The Cultural Background of Ludwig von Mises' Kuehnelt-Leddihn explained that during the 'Great' War, 'von' Hayek and 'von' Mises fought

to prevent the 'world from being made safe for democracy.'⁵⁹

'Fascism' (as defined by Mises) overthrew democracy in Italy (1922), Spain (1923), Chile (1924 and 1973), Poland (1926), Portugal (1926), Germany (1933), Austria (1934) and elsewhere. In Portugal, the *Ditadura Nacional* (National Dictatorship) of the authoritarian *Estado Novo*

(New State) lasted until the 1974 *Revolução dos Cravos* (the Carnation Revolution)—just as the Nobel Prize selection committee were preparing that year’s reward:

von Hayek’s ideas and his analysis of the competence of economic systems were published in a number of works during the forties and fifties and have, without doubt, provided significant impulses to this extensive and growing field of research in ‘comparative economic systems.’ For him it is not a matter of a simple defence of a liberal system of society as may sometimes appear from the popularized versions of his thinking.⁶⁰

Cubitt (2006, 19) reported that in 1977, Hayek ‘must have meant or hoped to influence’ General Augusto Pinochet during his visit to Chile because

they shook hands, and then asked me to send him a copy of the last chapter of *Law, Legislation and Liberty III*, namely ‘A Model Constitution,’ along with a letter. Presumably to emphasise his point he also asked me to some days later to send the same to [Chilean Senator Pedro Ibáñez] though this time without any note from him.

The following year, Hayek (1978) explained his tactics to Robert Bork:

Nobody could believe more strongly that a law is only effective if it’s supported by a state of public opinion, which brings me back—I’m operating on public opinion. I don’t even believe that before public opinion has changed, a change in the law will do any good. I think the primary thing is to change opinion on these matters ... When I say ‘public opinion,’ it’s not quite correct. It’s really, again, the opinion of the intellectuals of the upper strata which governs public opinion. But the primary thing is to restore a certain awareness of the need [to limit] governmental powers which, after all, has *existed for a very long time and which we have lost* [emphasis added].⁶¹

Hayek (1978) informed Buchanan that his constitutional proposal was ‘received exceedingly friendly by the people whom I really respect, but that’s a very small crowd. I’ve received higher praise, which I person-

ally value, for *The Constitution of Liberty* [1960] but from a very small, select circle.⁶² In 1962, Hayek sent *The Constitution of Liberty* to the Portuguese dictator (1932–1968), António de Oliveira Salazar, with a covering note explaining that he hoped that it might assist him ‘in his endeavour to design a constitution which is proof against the abuses of democracy’ (cited by Farrant et al. 2012, 521).

In 1918, 85 per cent of those who were governed by the Habsburgs were illiterate (Taylor 1964, 166, 41, 35). Mises (1985 [1927], 115) provided the foundations of aristocratic liberty:

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.

According to Hayek, the ‘dictator Oliveira Salazar attempted the right path in that sense, but failed. He tried, but did not succeed’ (cited by Caldwell and Montes 2014a, 44; b, 2015, 298). Portugal languished under Salazar’s (1932–1968) corporatist-authoritarian regime: in the mid-twentieth century, half of Portuguese homes had running water and 30 per cent had electricity. Illiteracy was widespread. Even after joining the European Union, Portugal failed to catch up with respect to human capital formation: according to figures from the Organization for Economic Cooperation and Development, in 2009, only 30 per cent of Portuguese adults had completed high school or its equivalent (Sayare 2012).

Hayek (1978) was contemptuous of those who had been recruited to serve him and his cause:

So, again, what I always come back to is that the whole thing turns on the activities of those intellectuals whom I call the ‘secondhand dealers in opinion,’ who determine what people think in the long run. If you can persuade them, you ultimately reach the masses of the people.⁶³ You have to persuade the intellectuals, because they are the makers of public opinion. It’s not the people who really understand things; it’s the people who pick up what is fashionable opinion. You have to make the fashionable opinion

among the intellectuals before journalism and the schools and so on will spread it among the people at large.⁶⁴

Having been alerted to Hayek's contempt for human rights (SHOE 20 May 2014), on 26 September 2014, Caldwell and Montes (2014a, 50; b, 2015, 304) posted a working paper on the Duke University Centre for the History of Political Economy (CHOPE) website which referred to 'the uncomfortable question of why Hayek chose to remain silent about the human rights abuses that took place under [Pinochet's] junta' without mentioning the evidence: Hayek's (1966, 1978) statements on human rights and his praise of Mises' 'ruthless consistency.'

Mises (1985 [1927], 47–48) explained that Fascist 'unscrupulous methods' involved human rights abuses: *not* excluding 'murder and assassination from the list of measures to be resorted to in political struggles.' Because Classical Liberals had previously defended human rights, the 'militaristic and nationalistic enemies of the Third International' had felt themselves 'cheated by liberalism.' Hayek was obviously determined not to make the same mistake with Pinochet and other Operation Condor dictators.

Had Hayek and Mises been genuine Classical Liberals they would have objected to human rights abuses; had they been White Terror promoters masquerading as scholars they would have been indifferent. Mises (1985 [1927], 154) was indifferent: 'Whether or not the Russian people are to discard the Soviet system is for them to settle among themselves. The land of the knout and the prison-camp no longer poses a threat to the world today. With all their will to war and destruction, the Russians are no longer capable seriously of imperiling the peace of Europe. One may therefore safely let them alone.'

The year after visiting Pinochet, Hayek (1978) defended the 'civilisation' of apartheid from the American 'fashion' of 'human rights':

You see, my problem with all this is the whole role of what I commonly call the intellectuals, which I have long ago defined as the secondhand dealers in ideas. For some reason or other, they are probably more subject to waves of fashion in ideas and more influential in the American sense than they are

elsewhere. Certain main concerns can spread here with an incredible speed. Take the conception of human rights. I'm not sure whether it's an invention of the present [Carter] administration or whether it's of an older date, but I suppose if you told an eighteen year old that human rights is a new discovery he wouldn't believe it. He would have thought the United States for 200 years has been committed to human rights, which of course would be absurd. The United States discovered human rights two years ago or five years ago. Suddenly it's the main object and leads to a degree of interference with the policy of other countries which, even if I sympathized with the general aim, I don't think it's in the least justified. People in South Africa have to deal with their own problems, and the idea that you can use external pressure to change people, who after all have built up a civilization of a kind, seems to me morally a very doubtful belief. But it's a dominating belief in the United States now.⁶⁵

Do unarmed villagers, protesters, diplomats and politicians—in Sharpeville, 1960, Mý Lai, 1968, Chile, 1973, Soweto, or Embassy Row, Washington, 1976—have 'property' rights over their bodies? Do Classical Liberals seek to protect political prisoners from rape and torture by agents of the coercive power of the State? Or do they like Hayek (1992b [1945], 223) promote 'shooting in cold blood'? Mises (1985 [1927], 19) elevated Austrian *economic* liberalism over *political* liberalism:

The program of liberalism, therefore, if condensed into a single word, would have to read: *property* [Mises' emphasis] ... All the other demands of liberalism result from this fundamental demand.

Referring to 'Germans and Italians' and 'Ludendorff and Hitler,' the delusional Mises (1985 [1927], 44, 49) described the human rights abusers who he had enlisted to defend 'property,' 'freedom' and 'peace':

The fundamental idea of these movements—which, from the name of the most grandiose and tightly disciplined among them, the Italian, may, in general, be designated as Fascist—consists in the proposal to make use of the same unscrupulous methods in the struggle against the Third International as the latter employs against its opponents.

Volume Overview

The Chicago Maroon reported that

Thanks to conservative TV and radio personality Glenn Beck's persistent promotion, former U of C professor F.A. Hayek's *The Road to Serfdom*, first published by the University of Chicago Press in 1944, climbed to the top of [Amazon.com](#)'s bestseller list this summer. Since Beck spent one episode of his *Fox News* show on the book on June 8, *Serfdom* has sold 156,000 paperback copies and 14,000 e-book copies ... it's much more academic than top-sellers like the *Twilight* series or Stieg Larsson's detective fiction.

On his website, Beck proclaimed:

This book was like a Mike Tyson (in his prime) right hook to socialism in Western Europe and in the United States. But its influence didn't stop there. It has inspired political and economic leaders for decades since, most famously, Ronald Reagan. Reagan often praised Hayek when he talked about people waking up to the dangers of big government. (Cited by Gaspari [2010](#))

In *I Chose Liberty*, Austrians discuss the influence that Ayn Rand and the John Birch Society had on their ideology: 'On any libertarian journey, an encounter with the John Birch Society was inevitable' (Blumert [2010](#), 56; see also Rockwell [2010](#) [1999], 288; Nolan [2010](#), 238; Salerno [2010](#), 307–308).⁶⁶ North ([2010](#), 239–240) had been recruited by a 'little old lady in tennis shoes':

My main academic interest in 1958 was anti-Communism. In 1956, the lady had taken me to hear the anti-Communist Australian physician Fred Schwarz, when I was 14, in one of his first speaking tours in the United States. Shortly thereafter, I sent Schwarz's Christian Anti-Communism Crusade \$100 (\$650 in today's money), which were big bucks for me. I had been working in a record store after school for \$1 an hour for only a few months. I remember the lady who first handed me a copy of *The Freeman*. It was in 1958. She was an inveterate collector of *The Congressional Record*. She clipped it and lots of newspapers, putting the clippings into files. She was a

college-era friend of my parents. She was representative of a dedicated army of similarly inclined women in that era, whose membership in various patriotic study groups was high, comparatively speaking, in southern California.

North was describing the Southern Californian *Mothers of Conservatism: Women and the Postwar Right* for whom Hayek's (1944) *The Road to Serfdom* had become the 'signature tome' (Nickerson 2012, 35–36).

The (Viennese-born) University of Michigan economist, Wolfgang Stolper, informed J. Herbert Fürth that Buchanan—the Austrian-influenced recipient of the 1986 Nobel Prize for Economic Sciences—fitted Josef Schumpeter's description of an 'irresponsible' intellectual: he could not see how anybody could regard him as anything other than an 'ideological fool' who spoke of 'free' markets as if they were 'magic formulas.' Chapter 2 examines the Nobel inflammatory rhetoric of Buchanan and Richard E. Wagner's (1977) *Democracy in Deficit: The Political Legacy of Lord Keynes* and the neoclassical optimization—what Hayek called 'financial considerations'—that appears to be an integral part of Austrian 'scholarship.' Also examined are Austrian 'family values' morality and the process by which crude and intensely religious ideologues become tax-funded 'Professors of Economic Science.'

In Chap. 3, Chip Berlet uncovers the interconnections between the Mises–Hayek philosophy and the roots of the 'culture wars' in the United States, the anti-labour union white supremacism in the ex-Confederate States and the conspiracy theories of Beck and the John Birch Society.

On 1 March 1934, Mises becomes member 282,632 of the Austro-Fascist Fatherland Front (*Vaterländische Front*) and member 406,183 of *Werk Neues Leben*, the official Austro-Fascist social club (Hülsmann 2007, 677, n149); in 1946, he became an FEE employee; and by the 1960s, he had become enmeshed in the conspiracy theories of the John Birch Society, the Christian Freedom Foundation, Spiritual Mobilization and the National Right to Work Committee. Part of this anti-labour union movement was stoked by white supremacist who feared that unions would force white workers to work alongside black workers. A significant number of Americans continue to see the world as a struggle with Satanic forces during the 'End Times': it was these fears that the atheist Rothbard (1992b) pandered to with his 'Outreach to the Redneck.'

Skousen (1997) may have only one academically refereed publication, but Buckley told him: ‘I keep your economics book at my bedside and tell all my friends to read it!’ Skousen was referring to *The Making of Modern Economics* (2009) which contains bogus stories about Pigouvian externalities having been invented by a gun-runner for Stalin. As FEE president, Skousen (2008), over lunch, gave Buckley a copy. Shortly afterwards, John Whitney, Chairman of the W. Edwards Deming Center for Quality Management and Professor of *Professional Practice* at the Columbia Business School, telephoned and, a few months later, arranged for Skousen to take over his courses: ‘I immediately accepted. I will be eternally grateful to William F. Buckley, Jr., for opening this door to my career.’

Skousen (1991, 12, 287, 276) described ‘The Expanding Austrian Universe’ in which Austrians had ‘taken hold’: GMU, NYU, Auburn, and the University of Nevada at Las Vegas. Other centres include Grove City College, Hillsdale College, Claremont McKenna College and the University of Dallas. Having been a full-time lobbyist for the Lower Austria Chamber of Commerce and Industry (1909–1934, part time 1934–1938), in 1943 Mises was appointed to the United States National Association of Manufacturers Economic Principles Commission where he met ‘J. Howard Pew of Sun Oil Company, the major financial contributor to laissez-faire causes; B.E. Hutchinson, vice-chairman of Chrysler; and Robert Welch, of Welch Candy Corp., who went on in the late 1950s to found the John Birch Society’ (Rothbard 1988 [1973], 103, n51). Before the Koch brothers, Pew family oil money funded the Austrian School of Economics (through Grove City College and other outlets).

In Chap. 4, Arthur Goldwag examines Austrian School sentiments—relating to the American Civil War, Holocaust revisionism, so-called scientific racism, Christian Reconstructionism, homophobia, anti-Feminism and anthropogenic climate change denial—in the context of his analysis of *The New Hate: A History of Fear and Loathing on the Populist Right* (2012) and Edward Glaeser’s (2005) formalization of the hate-based ‘rational’ transaction with voters.

In Chap. 5, Michael McVicar explores the relationship between the Austrian School’s ‘moral’ rejection of the modern nation-state and Christian Reconstruction which insists that all of civil society should be

subordinate to the strictures of ancient Biblical law: theocracy and public stoning for a host of 'moral' and civil crimes. Yet Mises' (2009a [1958], 15) promotion of 'consumer sovereignty' was based on the 'liberty' it allegedly provided from coercion: 'In the political sphere, there is no means for an individual or a small group of individuals to disobey the will of the majority.'

Paul Ryan (2012a), the 54th Speaker of the U.S. House of Representatives (2015–), told the Atlas Society that Ayn Rand was 'required reading in my office for all my interns and my staff. We start with *Atlas Shrugged*. People tell me I need to start with *The Fountainhead* then go to *Atlas Shrugged* [laughter]. There's a big debate about that. We go to *Fountainhead*, but then we move on, and we require Mises and Hayek as well ... The fight we are in here, make no mistake about it, is a fight of individualism versus collectivism.' And according to Ryan (2012b):

We need a better approach to restore the balance, and the House-passed budget offers one by reintroducing subsidiarity, which the Holy Father has called 'the most effective antidote against any form of all-encompassing welfare state.'

Three years after Pinochet seized power, Hayek's (1976, 7) *The Mirage of Social Justice* reinforced the idea that the State serves only as a precondition for the success of the 'spontaneous' order generated within society: 'The services which the government can render beyond the enforcement of rules of just conduct are not only supplementary or subsidiary to the basic needs which the spontaneous order provides for... [T]hey are services which must be fitted into that more comprehensive order of private efforts which government neither does nor can determine.' The Hayekian Brian Crozier (1993, 157) claims to have drafted Pinochet's 'Constitution of Liberty.' In Chap. 6, Renato Cristi examines the influence of the 'Subsidiary State' as promoted by Jaime Guzmán, the *Kronjurist* of Pinochet's dictatorship.

In Chap. 7, Andrew Farrant and Edward McPhail discuss Hayek's promotion of 'extensive unemployment' and his contempt for Amnesty International's evidence about Pinochet's human rights abuses which he dismissed as the work of a 'bunch of leftists.'

In Chap. 8, Robert Nelson provides a broader examination of the religious ‘residue’ in social science—with a case study of the Nordic social democracy promoted by Hayek’s co-recipient of the 1974 Nobel Prize for Economic Sciences, Gunnar Myrdal.

Mises (2009b [1978 (1940)], 120) praised the achievements of Fascist Austria and its one-party Corporatist State: ‘Only one nation had attempted serious opposition to Hitler on the European continent—the Austrian nation. It was only after five years of successful resistance that little Austria surrendered, abandoned by all.’ In addition to Austria (1934–1945) and Pinochet’s Chile (1973–1990), the most prominent Clerical Fascist regimes were Getúlio Vargas’s Brazil (1930–1945; 1951–1954), Salazar’s Portugal (1932–1968), General Francisco Franco’s Spain (1936–1975), and Marshall Philippe Petain’s Vichy France (1940–1945). Chapters 9 and 10 describe some common White Terror characteristics of these regimes.

Hayek (1978) reflected about ‘what you might call the race problem, the anti-Semitism. There was a purely non-Jewish group; there was an almost purely Jewish group; and there was a small intermediate group where the two groups mixed.’⁶⁷ Hayek’s (1994, 61) own family was in ‘the purely Christian group; but in the university context I entered into the mixed group.’ Since Hayek (1978) ‘was brought up essentially in an irreligious family,’ the phrase ‘purely Christian’ appears to mean proto-Nazi or anti-Semitic. Hayek’s childhood friend, J. Herbert Fürth (20 April 1984), informed Gottfried Haberler that Hayek’s family ‘adhered to Nazism long before there was an Adolf Hitler.’⁶⁸ Fürth (23 March 1992) also told Paul Samuelson that Hayek’s father was the president of a ‘highly nationalistic society of German physicians’ who competed with the politically neutral General Medical Association. Hayek’s mother was ‘equally nationalistic, and mad at me because I had “seduced” her son from nationalism.’⁶⁹ Hayek explained to Cubitt (2006, 17, 51) that his mother was ‘converted to Nazism by a woman friend’; Hitler’s success was due to his appeal to women, ‘citing his mother as another example.’ To ‘his certain knowledge,’ Nazism ‘had been actively upheld’ in Austria ‘long before it had reached Germany.’

Rosten asked about Mises’ (1944, 94–96) description of the *Wandervogel* most of whom had ‘one aim only: to get a job as soon as possible with the

government. Those who were not killed in the wars and revolutions are today pedantic and timid bureaucrats in the innumerable offices of the German *Zwangswirtschaft*. They are obedient and faithful slaves of Hitler.' Hayek (1978) replied: 'Oh, I saw it happen; it was still quite active immediately after the war. I think it reached the highest point in the early twenties, immediately after the war. In fact, I saw it happen when my youngest brother [Erich] was full time drawn into that circle; but they were still not barbarians yet. It was rather a return to nature. Their main enjoyment was going out for walks into nature and living a primitive life. But it was not yet an outright revolt against civilization, as it later became.'⁷⁰

Hayek was 'at pains to point out and was to repeat this many times, that his family could not have Jewish roots' (Cubitt 2006, 51). Heinrich von Hayek spent the Third Reich injecting chemicals into freshly executed victims of the Nazis. According to one of his colleagues, his victims may not have been dead when his 'experiments' began. He was a *Scharführer* (non-commissioned officer) in the *Sturmabteilung* (SA, Storm Detachment, Assault Division, or Brownshirts), and from 1934 to 1935, *Führer* in the *Kampfring der Deutsch-Österreicher im Reich (Hilfsbund)*, an organization of German-Austrians living in Germany that displayed a Swastika in its regalia (Hildebrandt 2013, 2016). He presumably used his influence to ensure that a German-Austrian living in England—his brother—would be given privileged treatment in Nazi-occupied Britain: unlike over 2300 intellectuals and politicians, 'Friedrich von Hayek' is not on the list of those whose arrest would be 'automatic' following an Austro-German invasion.⁷¹

In 1937, Hayek wrote to Walter Lippmann:

I wish I could make my 'progressive' friends ... understand that democracy is possible only under capitalism and that collectivist experiments lead inevitably to fascism of one sort or another. (Cited by Nash 2004)

When Hitler was defeated, Hayek (1992b [1945], 223) pretended to insist that captured or surrendering Nazis should be shot 'in cold blood'; but two years later, when Heinrich was barred from academic employment under German de-Nazification laws, Hayek compared the Holocaust to playing the fiddle in the Viennese Symphony Orchestra: 'It is scarcely easier to justify the prevention of a person from fiddling

because he was a Nazi than the prevention because he is a Jew' (*Spectator* 1947; cited by Ebenstein 2003, 390, n21).

In *The Road to Serfdom*, Hayek (1944)—to kick over the traces of Austrian School culpability for Hitler—blamed 'The Socialists of all Parties.' Mises (1 March 1940) assured the American-Austrian Benjamin Anderson that 'Your doubts about a visit in Europe are unfounded. It is just the right time for you to come and to see what is going on.' According to his biographer, 'Mises had been convinced that the new war would start just as the last war had ended—in the trenches. He was convinced that France and its allies would withstand any German attack. Modern conditions had made defense the most effective military strategy.' Two months later,

Mises could hardly believe what he read in the newspapers. 'Belgium! Holland!' he exclaimed in his notebook on May 10 ... On June 14, Mises exclaimed again: 'Paris!' and three days later 'Armistice!' It was an ordeal. May 1940 was, as he later recalled, 'the most disastrous month of Europe's history.' (Hülsmann 2007, 750–751)

Mises' official biographer declared that this 'was the only time he was ever wrong in forecasting an important political or economic event' (Hülsmann 2007, 750–751). Referring to 'Germans and Italians' and 'Ludendorff and Hitler,' the delusional Mises (1985 [1927], 44, 49) described those who he had enlisted to defend 'property,' 'freedom' and 'peace': 'The deeds of the Fascists and of other parties corresponding to them were emotional reflex actions evoked by indignation at the deeds of the Bolsheviks and Communists. As soon as the first flush of anger had passed, their policy took a more moderate course and will probably become even more so with the passage of time.' But the Nazis chose a Pact with the Soviet Union rather than with the Austrian School of Economics.

Between 26 May and 4 June 1940, one-third of a million Allied soldiers were rescued by the 'little ships of Dunkirk' (hundreds of merchant marine, fishing and pleasure boats). Mises again 'got in touch with Anderson, a good friend of his, who at that time was chief economist at the Chase Bank in New York. Professor Anderson immediately took the necessary steps and got for both of us a nonquota visa, which allowed us to enter the United States immediately.' On 18 June 1940, Mises received

a telegram from the University of California Dean Robert Calkins offering a position as 'lecturer and research associate professor.' Mises was in 'no way happy about this offer, but it meant a possibility and a way out.' E. F. Penrose, professor of economics at the University of California, wrote a threatening letter on his behalf: 'I trust that in the present unsettled state of Europe he will not be obstructed or be in any way interfered with in reaching the United States. If he should be interfered with in any way the fact will become known in the United States and would certainly influence public opinion strongly against whatever persons or whatever country prevented him—as an accepted immigrant—from coming to the United States' (Margit Mises 1984, 55–56).

In 1939, the St Louis ocean liner carrying Jewish refugees from Germany was denied entry into the United States. In 1940, *The Last Knight of Liberalism*—whose motto was 'Do not give in to evil,' but proceed ever more boldly against it (Hülsmann 2007, 34)⁷²—fled to neutral America to escape from the 'Fascists' he had so recently courted:

Lu was in a terrible state of mind. As calm and composed as he seemed, he was not made for adventures and uncertainties of this kind. I needed all my courage to help him overcome his desolation. (Margit Mises 1984, 58)

Others—often at great personal risk—remained to fight those whom Mises (1985 [1927], 51) had 'eternally' blessed: 'It cannot be denied that Fascism and similar movements aimed at the establishment of dictatorships are full of the best intentions and that their intervention has for the moment saved European civilization.' In Chap. 11, Helen Fry describes the von Hayek's Nazi Austria and the efforts of an employee of the British Passport Office in Vienna who was in the 'front line of efforts' to save the country's Jews.'

Notes

1. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

2. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
3. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
4. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
5. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
6. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
7. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
8. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
9. <http://historyofeconomics.org/awards-and-honors/best-article-prize/>
10. <http://www.margarethatcher.org/document/114609> Hayek Papers Box 27.6.
11. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
12. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
13. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
14. Hayek Papers Box 29.47.
15. Hayek Papers Box 25.24.
16. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
17. Hayek Papers Box 24.72.

18. <http://partners.nytimes.com/library/politics/camp/800715convention-gop-ra.html>
19. This states: 'No title of nobility shall be granted by the United States: and no person holding any office of profit or trust under them, shall, without the consent of the Congress, accept of any present, emolument, office, or title, of any kind whatever, from any king, prince, or foreign state.'
20. <http://mises.org/books/paine2.pdf>
21. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
22. Wieser (1983 [1926], xxxix) expressed similar sentiments: 'The inconceivability of the World War was followed by the inconceivability of inner decay ... How could this all have happened? Had life not lost all of its meaning?'
23. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
24. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
25. Hayek (20 October 1987) to Bartley. Hayek Papers Box 126.4.
26. Hayek Papers Box 170. <http://www.margarethatcher.org/document/117176>. The letter was not published, presumably, because the *Times* wished to protect Hayek's reputation.
27. *Grundprobleme der Nationalökonomie* had actually been signed 'Wien, Januar 1933. **L. Mises**' (1933, xiv [bold in original]). Within Austria, in 'daily business' he was addressed as 'Professor von Mises' (Hülsmann 2007, 335).
28. When Harry Truman won in 1948, Paton complained: 'Miserable day, isn't it?' (cited by Lawrence et al. 2004, 85).
29. <http://www.margarethatcher.org/document/108263>
30. <http://www.presidency.ucsb.edu/ws/?pid=20239>
31. Hayek Papers Box 19.19.
32. 'As Antony's depression deepened, he found it difficult to concentrate ... At their most acute these could last weeks or even months and could render him inactive and silent, miserable but apologetic. Later in his life, the down cycle of his mood-swings was sufficiently severe to prevent him from doing any kind of meaningful work' (Frost 2002, 8).

33. <http://www.coordinationproblem.org/2014/06/robert-leeson-hayek-and-the-underpants-gnomes.html>
34. Isaacs stated: 'I consider even the brief and very conditional Mises praise offered to fascism of the 1920s to have been a moral lapse.' No mention was made of Mises' status as a card-carrying Austro-Fascist and member of the official Fascist social club.
35. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
36. 'I am bound to say that [Austrian business cycle theory] seems to me to fit certain facts of the American slump better than any other explanation I know. And I cannot think that it is altogether an accident that the Austrian *Institut für Konjunkturforschung*, of which Dr. Hayek is director, was one of the very few bodies of its kind which, in the spring of 1929, predicted a setback in America with injurious repercussions on European conditions' (Robbins 2012 [1931], 172).
37. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
38. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
39. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
40. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
41. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
42. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
43. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
44. Friedrich Hayek, interviewed by Armen Alchian 11 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

45. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
46. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
47. 'Well, you see, I think the intellectual history of all this is frightfully complex, because this idea of necessary laws of historical development appears at the same time in [Georg Wilhelm Friedrich] Hegel and [Auguste] Comte. So you had two philosophical traditions—Hegelian idealism and French positivism--really aiming at a science which was supposed to discover necessary laws of historical development. But it caught the imagination—[It] not only [caught] the imagination but it appeased certain traditional feelings and emotions. As I said before, once you put it out that the market society does not satisfy our instincts, and once people become aware of this and are not from childhood taught that these rules of the market are essential, of course we revolt against it.' Friedrich Hayek, interviewed by Leo Rosten on 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
48. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
49. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
50. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
51. Hayek to Angelo Petroni (13 January 1984). Hayek Papers Box 29.12.
52. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
53. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
54. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

55. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
56. <https://www.quora.com/How-many-people-work-in-the-U-N-building>
57. <http://law2.umkc.edu/faculty/projects/ftrials/mcveigh/mcveighwaco.html>
58. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
59. <http://mises.org/pdf/asc/essays/kuehneltLeddihn.pdf>
60. http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1974/press.html
61. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
62. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
63. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
64. Friedrich Hayek, interviewed by Thomas Hazlett 12 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
65. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
66. Although some of the local-level Birchers are inclined to oversimplify the cause and solution to the world's ills, I was fortunate in knowing JBS founder Robert Welch, and the great Gary Allen was a pal. Hardly libertarians, these folks always seem to be on the right side of important issues, if not always for the right reasons. The JBS advocates a vast military state, yet they are rock solid on the key matter of the U.S. maintaining a non-interventionist foreign policy. If this sounds a bit schizophrenic, well—as Murray used to say—“Everybody is entitled to one deviation” ’ (Blumert 2010, 56).
67. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

68. Fürth Papers. Hoover Institution. Box 5.
69. Fürth Papers. Hoover Institution. Box 6.
70. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
71. 'Nazi Black List' file. Hoover Institution Archives.
72. 'Tu ne cede malis sed contra audentior ito.'

Bibliography

- Anderson, R. G. 1999. George and Me. LewRockwell.com. <https://www.lewrockwell.com/1999/12/robert-g-anderson/george-and-me/>
- Barros, R. 2004. *Constitutionalism and Dictatorship. Pinochet, the Junta, and the 1980 Constitution*. Cambridge: Cambridge University Press.
- Batamarco, R. 1995. Three Fallacies of Rent Control. Foundation for Economic Education. 1 June. <https://fee.org/articles/three-fallacies-of-rent-control/>
- Benham, F. 1932. *British Monetary Policy*. London: P.S. King and Son.
- Bennett, L. 2012. Tracking Koch Money and Americans for Prosperity. *Forbes* 31 March. <https://www.forbes.com/sites/lauriebennett/2012/03/31/tracking-koch-money-and-americans-for-prosperity/#2a762ff96c46>
- Bessner, D. 2014. Murray Rothbard, Political Strategy, and the Making of Modern Libertarianism. *Intellectual History Review* 24.4: 441–456.
- Block, W. 2008. *Labor Economics from a Free Market Perspective: Employing the Unemployable*. Singapore: World Scientific.
- Blumert, B. 2010. Where Did I Go Wrong? In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Boettke, P. 2010. EXCLUSIVE INTERVIEW. Peter Boettke on the Rise of Austrian Economics, Its Academic Inroads and Why the Market Should Decide. *Daily Bell* 12 December. <http://www.thedailybell.com/exclusive-interviews/anthony-wile-peter-boettke-on-the-rise-of-austrian-economics-its-academic-inroads-and-why-the-market-should-decide/>
- Brulle, R. 2014. Institutionalizing Delay: Foundation Funding and the Creation of U.S. Climate Change Counter-Movement Organizations. *Climatic Change*. 122.4: 681–694.
- Buchanan, J. 1992. I Did Not Call Him 'Fritz': Personal Recollections of Professor F. A. v. Hayek. *Constitutional Political Economy* 3.2, Spring/Summer: 129–135.

- Buchanan, J. M. and Wagner, R. E. (1977) *Democracy in Deficit: The Political Legacy of Lord Keynes*. New York: Academic Press.
- Buckley, W. 1995. Murray Rothbard RIP. *National Review* 6 February. <http://notableandquotable.blogspot.com.au/2008/04/william-f-buckleys-obituary-of-murray.html>
- Bullock, A. 1991. *Hitler: A Study in Tyranny*. New York: Harper Perennial.
- Burns, J. 2009. *Goddess of the Market Ayn Rand and the American Right*. New York: Oxford University Press.
- Bryan, W. 2014. Giving Is Both Job and Joy for Hot Springs Philanthropist. *Three Rivers Edition* 16 November. <http://www.arkansasonline.com/news/2014/nov/16/giving-both-job-and-joy-hot-springs-philanthropist/>
- Caldwell, B. 1995. Editorial Notes. In Hayek, F. A. *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press.
- Caldwell, B. 2004. *Hayek's Challenge: An Intellectual Biography of F.A. Hayek*. Chicago: University of Chicago Press.
- Caldwell, B. 2006. Popper and Hayek Who Influenced Whom? In Jarvie, I. Milford, K. and Miller, D. (Eds.) *Karl Popper a Centenary Assessment. Life and Times and Values in a World of Facts*. Aldershot: Ashford.
- Caldwell, B. 2007. Introduction and Editorial Notes. In Hayek, F. A. *The Road to Serfdom Texts and Documents The Definitive Edition*. Chicago: University of Chicago Press.
- Caldwell, B. 2008. Hayek on Mill. *History of Political Economy* 40.4: 689–704.
- Caldwell, B. 2010. Ten (Mostly) Austrian Insights For These Trying Times. Mimeo. <http://econfaculty.gmu.edu/pboettke/workshop/Spring2010/Caldwell4.pdf>
- Caldwell, B. 2014. Center for the History of Political Economy 2013–2014 Annual Report Summer. <https://hope.econ.duke.edu/sites/hope.econ.duke.edu/files/Summer%202014%20Annual%20Report.pdf>
- Caldwell, B. and Montes, L. 2014a. Friedrich Hayek and His Visits to Chile. CHOPE Working Paper No. 2014-12. August.
- Caldwell, B. and Montes, L. 2014b. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics*. First online: 26 September 2014.
- Caldwell, B. and Montes, L. 2015. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics* 28.3, September: 261–309.
- Crozier, B. 1993. *Free Agent: The Unseen War 1941–1991*. New York: Harper Collins.
- Cubitt, C. 2006. *A Life of August von Hayek*. Bedford, England: Authors On line.

- Davidson, E. 1966. *The Trials of the Germans: An Account of the Twenty-two Defendants Before the International Military Tribunal at Nuremberg*. London: Macmillan.
- Eakin, E. 1996. God and Man at Hillsdale A Conservative College's Double Vision. *Lingua Franca* 6.6, September/October. <http://linguafranca.mirror.theinfo.org/9609/hillsdale.html>
- Ebeling, R. 1975. The Second Austrian Conference. *Libertarian Forum* VIII.7: 4–8. <http://rothbard.altervista.org/articles/libertarian-forum/lf-7-7.pdf>
- Ebenstein, A. 2003. *Friedrich Hayek a Biography*. New York: Palgrave.
- Edsall, N. 1986. *Richard Cobden Independent Radical*. London: Harvard University Press.
- Evans, K. 2010. Spreading Hayek, Spurning Keynes. Professor Leads an Austrian Revival. *Wall Street Journal* 28 August. <http://www.wsj.com/articles/SB10001424052748703418004575455911922562120>
- Farrant, A. McPhail, E. and Berger, S. 2012. Preventing the “Abuses” of Democracy: Hayek, the “Military Usurper” and Transitional Dictatorship in Chile? *American Journal of Economics and Sociology* 71.3: 513–538.
- Friedman, M. F. 2017 [1991]. Say ‘No’ to Intolerance. In Leeson, R. and Palm, C. (Eds.) *Friedman on Freedom*. Hoover Press: Stanford, California.
- Frost, G. 2002. *Anthony Fisher Champion of Liberty*. London: Institute of Economic Affairs.
- Gaspari, A. 2010. U of C book gets Glenn Beck bump. *The Chicago Maroon* 22 October. <http://chicagomaroon.com/2010/10/22/u-of-c-book-gets-glenn-beck-bump/>
- Glaeser, E. L. 2005. The Political Economy of Hatred. *The Quarterly Journal of Economics* 131.1, February: 45–86.
- Goldberg, S. 2013. Conservative Groups Spend up to \$1bn a Year to Fight Action on Climate Change. *Guardian* 21 December. <http://www.theguardian.com/environment/2013/dec/20/conservative-groups-1bn-against-climate-change>
- Goldwag, A. 2012. *The New Hate: A History of Fear and Loathing on the Populist Right*. Random House: New York.
- Gusejnova, D. 2012. Noble Continent: German Speaking Nobles as Theorists of European Identity in the Inter-war Period. In Hewitson, M and D’Auria, M. (Eds.) *Europe in Crisis: Intellectuals and the European Idea, 1917–1957*. New York: Berghahn.
- Haberler, G. 1986. Reflections on Hayek’s Business Cycle Theory. *Cato Journal* 6.2, Fall: 421–435.

- Habsburg, O. 1986 [1960]. Foreword. In Somary, F. *The Raven of Zurich The Memoirs of Felix Somary*. London: St Martin's Press. Translated from the German by A. J. Sherman.
- Haiduk, K. 2015. Hayek and Coase Travel East: Privatization and the Experience of Post-Socialist Economic Transformation. In Leeson, R. (Ed.) *Hayek: A Collaborative Biography Part VI Good Dictators, Sovereign Producers and Hayek's 'Ruthless Consistency'*. Basingstoke, England: Palgrave Macmillan.
- Hamowy, R. 1999. F. A. Hayek, on the Occasion of the Centenary of His Birth. *Cato Journal* 9.2, Fall: 279–287. <http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/1999/11/cj19n2-5.pdf>
- Harberger, A. 1999. Interview with Arnold Harberger. An Interview with the Dean of the 'Chicago Boys.' *The Region March*. <https://www.minneapolisfed.org/publications/the-region/interview-with-arnold-harberger>
- Hayek, F. A. 1935. The Maintenance of Capital. *Economica* N.S. 2, August: 241–276.
- Hayek, F. A. 1944. *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hayek, F. A. 1948. *Individualism and Economic Order*. Chicago: University of Chicago Press.
- Hayek, F. A. 1960. *The Constitution of Liberty*. Chicago: University of Chicago Press.
- Hayek, F. A. 1966. Misconception of Human Rights as Positive Claims. *Farmand* II/12, Anniversary Issue: 32–35.
- Hayek, F. A. 1967 [1935]. *Prices and Production*. New York: Augustus M. Kelly. Second edition.
- Hayek, F. A. 1974. Prize Lecture. The Pretence of Knowledge. http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1974/hayek-lecture.html
- Hayek, F. A. 1975. In Haberler, G. *A discussion with Friedrich A. von Hayek: Held at the American Enterprise Institute on April 9, 1975*. Washington: American Enterprise Institute.
- Hayek, F. A. 1976. *Law, Legislation and Liberty Volume 2 The Mirage of Social Justice*. Chicago: University of Chicago Press.
- Hayek, F. A. 1978. *Oral History Interviews*. Centre for Oral History Research, University of California, Los Angeles. <http://oralhistory.library.ucla.edu/>.
- Hayek, F. A. 1979. *Law, Legislation and Liberty Volume 3 The Political Order of a Free People*. Chicago: University of Chicago Press.
- Hayek, F. A. 1988. *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press. Edited by William Warren Bartley III.

- Hayek, F. A. 1992a [1977]. The Road from Serfdom. *Reason* July. <http://reason.com/archives/1992/07/01/the-road-from-serfdom/5>
- Hayek, F. A. 1992b. *The Fortunes of Liberalism Essays on Austrian Economics and the Ideal of Freedom The Collected Works of F.A. Hayek Volume 4*. Chicago: University of Chicago Press. Edited by Peter Klein.
- Hayek, F. A. 1994. *Hayek on Hayek an Autobiographical Dialogue*. Chicago: University of Chicago Press. Edited by Stephen Kresge and Leif Wenar.
- Hayek, F. A. 1995. *Contra Keynes and Cambridge. The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Hayek, F. A. 1997. *Socialism and War: Essays, Documents, Reviews. The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Hayek, F. A. 1999. *Good Money, Part II: The Standard. The Collected Works of F.A. Hayek*. London: Routledge. Edited by Stephen Kresge.
- Hayek, F. A. 2007 [1944]. *The Road to Serfdom: The Definitive Edition. The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Heiden, K. 1944. *Der Fuehrer*. Boston: Houghton Mifflin. Translated by Ralph Manheim.
- Hitler, A. 1939 [1925]. *Mein Kampf*. London: Hurst and Blackett. Translated by James Murphy.
- Hildebrandt, S. 2013. Wolfgang Bargmann (1906–1978) and Heinrich von Hayek (1900–1969): Careers in Anatomy Continuing Through German National Socialism to Postwar Leadership. *Annals of Anatomy Anatomischer Anzeiger* 195.4, July: 283–295. <http://www.sciencedirect.com/science/article/pii/S0940960213000782>
- Hildebrand, S. 2016. *The Anatomy of Murder Ethical Transgressions and Anatomical Science During the Third Reich*. New York: Berghahn.
- Hoare, L. 2015. In London, a Close Race Where British Jewish Voters Matter Most. *Times of Israel* 5 May. <http://www.timesofisrael.com/in-london-a-close-race-where-british-jewish-voters-matter-most/>
- Hoppe, H-H. 2001. *Democracy the God That Failed: The Economics and Politics of Monarchy, Democracy and Natural Order*. New Brunswick: Transaction Publishers.
- Howson, S. 2011. *Lionel Robbins*. Cambridge: Cambridge University Press.
- Hülsmann, J. G. 2007. *Mises: The Last Knight of Liberalism*. Auburn, Alabama: Ludwig von Mises Institute.

- Judis, J. 1988. *William F. Buckley Jr.: Patron Saint of the Conservatives*. New York: Simon and Schuster.
- Kengor, P. 2001. Ronald Reagan, Author. *Hoover Digest* Sunday, April–May. <http://www.hoover.org/research/ronald-reagan-author>
- Koestler, A. 1950. Arthur Koestler. In Crossman, R. (Ed.) *Communism: The God That Failed*. New York: Harper and Row.
- Kuehnelt-Leddihn, E. (pseudonym Campbell, F. S). 1978 [1943]. *The Menace of the Herd: Or, Procrustes at Large (Studies in Conservative Philosophy)*. New York: Gordon Press.
- Kurland, P. B. and Lerner, R. 2000. *The Founders' Constitution*. Chicago: University of Chicago Press.
- Lawrence, H. J., Ramage, J. A., Pitts, S. T., and Kamery, R. H. 2004. William A. Paton's Contribution to Accounting Education. *Allied Academies International Internet Conference Proceedings*. 6: 18–22. <http://www.alliedacademies.org/pdfs/paai-6.pdf>
- Leeson, R. (Ed.) 2013. *Hayek: A Collaborative Biography Part I: Influences, from Mises to Bartley*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2015a. *Hayek: A Collaborative Biography Part II Austria, America and the Rise of Hitler 1899–1933*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2015b. *Hayek: A Collaborative Biography Part III Fraud, Fascism and Free Market Religion*. New York: Palgrave Macmillan.
- Leeson, R. 2017a. *Hayek: A Collaborative Biography Part VIII 'The Constitution of Liberty 1: 'Shooting in Cold Blood' Hayek's Plan for the Future of Democracy*. New York: Palgrave Macmillan.
- Leeson, R. 2017b. *Hayek: A Collaborative Biography Part VII 'Market Free Play with an Audience': Hayek's Encounters with Fifty Knowledge Communities*. New York: Palgrave Macmillan.
- Leeson, R. 2017c. *Hayek: A Collaborative Biography Part XIII Chicago and the 1974 Nobel Prize for Economic Sciences*. New York: Palgrave Macmillan.
- Leube, K. R. 2003. Some Remarks on Hayek's *The Sensory Order*. *Laissez Faire* 12–22. http://laissezfaire.ufm.edu/images/7/79/Laissezfaire18_2.pdf.
- Long, R. 2006. Rothbard's 'Left and Right': 40 years later. *Mises Daily* 4 August. <https://mises.org/library/rothbards-left-and-right-forty-years-later>
- Machlup, F. 1974. Friedrich von Hayek's Contributions to Economics. *Swedish Journal of Economics* 76.4, December: 498–531.
- Mayer, J. 2013. Koch Pledge Tied to Congressional Climate Inaction. *New Yorker* 30 June. <http://www.newyorker.com/news/news-desk/koch-pledge-tied-to-congressional-climate-inaction>

- Mises, L. 1912. *Theorie des Geldes und der Umlaufsmittel*. Munich: Verlag von Duncker & Humblot.
- Mises, L. 1922. *Die Gemeinwirtschaft: Untersuchungen über den Sozialismus*. Germany: Gustav Fischer Verlag.
- Mises, L. 1933. *Grundprobleme der Nationalökonomie* Untersuchungen über Verfahren, Aufgaben und Inhalt der Wirtschafts- und Gesellschaftslehre. Jena: Verlag von Gustav Fischer.
- Mises, L. 1944. *Bureaucracy*. New Haven: Yale University Press.
- Mises, L. 1951 [1922]. *Socialism: An Economic and Sociological Analysis*. New Haven: Yale University Press. Translated by J. Kahane.
- Mises, L. 1963. *Human Action: A Treatise on Economics*. New Haven: Yale University Press. Second edition.
- Mises, L. 1966. *Human Action: A Treatise on Economics*. Chicago: Henry Regnery. Third edition.
- Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Mises, L. 1998. *Human Action: A Treatise on Economics the Scholars Edition*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2000. *Selected Writings of Ludwig von Mises, Volume 3: The Political Economy of International Reform and Reconstruction*. Indianapolis: Liberty Fund. <http://oll.libertyfund.org/titles/mises-selected-writings-of-ludwig-von-mises-vol-3-the-political-economy-of-international-reform-and-reconstruction>
- Mises, L. 2002. *Selected Writings of Ludwig von Mises, Volume 2: Between the Two World Wars: Monetary Disorder, Interventionism, Socialism, and the Great Depression*. Indianapolis: Liberty Fund. <http://oll.libertyfund.org/titles/mises-selected-writings-of-ludwig-von-mises-vol-2-between-the-two-world-wars-monetary-disorder-interventionism-socialism-and-the-great-depression>
- Mises, L. 2003 [1933]. *Epistemological Problems of Economics*. Auburn, Alabama: Ludwig von Mises Institute. Translated by George Reisman.
- Mises, L. 2007 [1958]. Mises and Rothbard Letters to Ayn Rand. *Journal of Libertarian Studies* 21.4, Winter: 11–16.
- Mises, L. 2009a [1958]. *Liberty and Property*. Auburn, Alabama: Mises Institute.
- Mises, L. 2009b [1978 (1940)]. *Memoirs*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2012. *Selected Writings of Ludwig von Mises, vol. 1: Monetary and Economic Problems Before, During, and After the Great War*. Indianapolis: Liberty Fund. <http://oll.libertyfund.org/titles/mises-selected-writings-of-ludwig-von-mises-vol-1-monetary-and-economic-problems-before-during-and-after-the-great-war>

- Mises, M. 1976. *My Life with Ludwig von Mises*. New Rochelle, New York: Arlington House.
- Mises, M. 1984. *My Life with Ludwig von Mises*. Cedar Falls, Iowa. Center for Futures Education. Second edition.
- Montes, L. 2015. Friedman's Two Visits to Chile in Context. <http://jepson.richmond.edu/conferences/summer-institute/papers2015/LMontesSIPaper.pdf>
- Morgan, L. 2011. End of a Royal Dynasty as Otto von Habsburg Is Laid to Rest... with His Heart Buried in a Crypt 85 Miles Away. MailOnline 18 July.
- Nash, G. 2004. Hayek and the American Conservative Movement. <http://www.isi.org/lectures/text/pdf/hayek4-3-04.pdf>
- Nickerson, M. 2012. *Mothers of Conservatism: Women and the Postwar Right*. Princeton, NJ: Princeton University Press.
- Noakes, J. and Pridham, G. 1994. Eds. *Nazism 1919–1945 Volume 1 The Rise to Power 1919–1934: A Documentary Reader*. Exeter: University of Exeter Press.
- Nolan, D. 2010. Discovering the Libertarian Within. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- North, G. K. 1986. Foreword. In Hodge, I. (Ed.) *Baptised Inflation: A Critique of 'Christian' Keynesianism*. Institute for Christian Economics: Tyler, Texas.
- North, G. K. 2010. It All Began with Fred Schwarz. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- North, G. K. 2013. Cap Pistols, Gun Control, and Ethics. Gary North's Specific Answers Wealth Building Strategy and Q and A forum. <http://www.garynorth.com/public/10643.cfm>
- O'Brien, P. J. 1985. Authoritarianism and the New Economic Orthodoxy the Political Economy of the Chilean Regime, 1973–85. In O'Brien, P.J. and Cammack, P.A. (Eds). *Generals in Retreat: The Crisis of Military Rule in Latin America*. Manchester: Manchester University Press.
- Paine, T. 1776. *Common Sense Addressed to the Inhabitants of America*. Philadelphia: W. and T. Bradford.
- Paine, T. 2000 [1775]. Reflections on Titles. In Kurland, P. B. and Lerner, R. (Eds.) *The Founders' Constitution*. Chicago: University of Chicago Press. <http://press-pubs.uchicago.edu/founders/>
- Paton, W. A. 1966. U.S.A. Disaster Area. *The Freeman* February: 16–20. <https://www.unz.org/Pub/Freeman-1966feb-00016>
- Peterson, J. 2014. Hated Was My Muse. Liberty.me. <https://wti.liberty.me/hatred-was-my-muse/>
- Rand, A. 1957. *Atlas Shrugged*. London: Random House.

- Reagan, R. 1984. In Mises, M. *My Years with Ludwig von Mises*. Cedar Fall, Iowa: Centre for Futures Education.
- Reisman, G. 1991. *The Toxicity of Environmentalism*. The Jefferson School of Philosophy, Economics and Psychology.
- Ridley, J. 1970. *Lord Palmerston*. London: Constable.
- Robbins, L. 2012 [1931]. Foreword. In Hayek, F. A. *Business Cycles Volume VII The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Hansjörg Klausinger.
- Robin, C. 2011. *The Reactionary Mind: Conservatism from Edmund Burke to Sarah Palin*. Oxford: Oxford University Press.
- Robinson, A. and North, G. 1986. *Fighting Chance: Ten Feet to Survival*. Oregon: Oregon Institute of Science and Medicine.
- Rockwell, L. Jr. 1994a. The Cognitive State. *Rothbard Rockwell Report* December. <http://www.unz.org/Pub/RothbardRockwellReport-1994dec-00018>
- Rockwell, L. Jr. 1994b. The Real State of the Union. *Rothbard Rockwell Report* March. <http://www.unz.org/Pub/RothbardRockwellReport-1994mar-00018>
- Rockwell, L. Jr. 1997. The Princess Vs. the Power Elite. *Triple R* November. <http://www.unz.org/Pub/RothbardRockwellReport-1997nov-00001>
- Rockwell, L. Jr. 1998. To Restore the Church Smash the State. *Triple R* March. <http://www.unz.org/Pub/RothbardRockwellReport-1998mar-00011>
- Rockwell, L. Jr. 2008. *The Cyclical Ozone Layer Returns*. LewRockwell.com. <https://www.lewrockwell.com/lrc-blog/the-cyclical-ozone-layer-returns/>
- Rockwell, L. Jr. 2010. Libertarianism and the Old Right. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Rockwell, L. Jr. 2011. Ideas and the Culpability for Violence. *Mises Daily* 27 July. <https://mises.org/library/ideas-and-culpability-violence>
- Rohter, L. 2006. Colonel's Death Gives Clues to Pinochet Arms Deals. *New York Times* 19 June.
- Rothbard, M. N. 1988 [1973]. *The Essential von Mises*. Auburn, Alabama: Ludwig von Mises Institute.
- Rothbard, M. N. 1992a. A Strategy for the Right. *Rothbard Rockwell Report* 3.3, March. <http://www.unz.org/Pub/RothbardRockwellReport-1992mar-00001>
- Rothbard, M. N. 1992b. Right-Wing Populism: A Strategy for the Paleo Movement. *Rothbard Rockwell Report* 3.1. <http://www.unz.org/Pub/RothbardRockwellReport-1992jan-00005>
- Rothbard, M. N. 1993. Who Are the Terrorists? *Rothbard Rockwell Report* 4.8, August. <http://www.unz.org/Pub/RothbardRockwellReport-1993aug-00001>

- Rothbard, M. N. 1994a. Nations by Consent: Decomposing the Nation-State. *Journal of Libertarian Studies* 11.1, Fall: 1–10.
- Rothbard, M. N. 1994b. A New Strategy for Liberty. *Rothbard Rockwell Report* 5.10, October. <http://www.unz.org/Pub/RothbardRockwellReport-1994oct-00001>
- Rothbard, M. N. 1994c. Invade the World. *Rothbard Rockwell Report* 5.9, September. <http://www.unz.org/Pub/RothbardRockwellReport-1994sep-00001>
- Rothbard, M. N. 1994d. Those Jury Verdicts. *Rothbard Rockwell Report* 5.5, May. <http://www.unz.org/Pub/RothbardRockwellReport-1994may-00009>
- Rothbard, M. N. 1994e. Revolution in Italy! *Rothbard Rockwell Report* 5.7, July. <http://www.unz.org/Pub/RothbardRockwellReport-1994jul-00001>
- Rothbard, M. N. 2006. *Making Economic Sense*. Auburn, Alabama: Ludwig von Mises Institute. Second Edition.
- Rothbard, M. N. 2007 [1958]. Mises and Rothbard Letters to Ayn Rand. *Journal of Libertarian Studies* 21.4, Winter: 11–6.
- Ryan, P. 2012a. Paul Ryan and Ayn Rand's ideas: In the Hot Seat Again. The Atlas Society 30 April. <http://atlassociety.org/commentary/commentary-blog/4971-paul-ryan-and-ayn-rands-ideas-in-the-hot-seat-again>
- Ryan, P. 2012b. Applying Our Enduring Truths to Our Defining Challenge. Washington 25 April. <http://paulryan.house.gov/news/documentprint.aspx?DocumentID=292787>
- Sayare, S. 2012. Portuguese Just Shrug and Go On in the Face of Cuts and Job Losses. *New York Times* 7 June. http://www.nytimes.com/2012/06/08/world/europe/portugal-shrugs-at-austerity.html?pagewanted=all&_r=1
- Salerno, J. 2010. It Usually Ends with Murray Rothbard: My Long and Winding Road to Libertarianism and Austrian Economics. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Shearmur, J. 2015. The Other Path to Mont Pelerin. In Leeson, R. (Ed.) *Hayek: A Collaborative Biography Part 4 England, the Ordinal Revolution and the Road to Serfdom, 1931–1950*. New York: Palgrave Macmillan.
- Shenoy, S. 2003. An Interview with Sudha Shenoy. *Austrian Economics Newsletter* Winter: 1–8. http://mises.org/journals/aen/aen23_4_1.pdf
- Shirer, W. L. 1960. *Rise and Fall of the Third Reich*. London: Secker and Warburg.
- Skousen, M. 1991. *Economics on Trial: Lies, Myths, and Realities*. Homewood, Illinois: Business One Irwin.
- Skousen, M. 1997. The Perseverance of Paul Samuelson's Economics. *Journal of Economic Perspectives* 11.2, Spring: 137–152.
- Skousen, M. 2008. Bill Buckley and Me a True Story. *Human Events Powerful Conservative Voices* 28, February. <http://www.humanevents.com/2008/02/28/bill-buckley-and-me-a-true-story/>

- Skousen, M. 2009. *The Making of Modern Economics: The Lives and Ideas of the Great Thinkers*. London: M.E. Sharpe. Second edition.
- Snyder, L. 1967. *The Making of Modern Man: From the Renaissance to the Present*. Princeton, N. J.: Van Nostrand.
- Stickney, B. 1996. *"All-American Monster": The Unauthorized Biography of Timothy McVeigh*. New York: Prometheus Books.
- Stolper, G. 1967. *The German Economy from 1870 to the Present Day*. New York: Harcourt, Brace & World.
- Stromberg, J. R. 1995. In Rockwell, L. H. Jr. (Ed.) *Murray Rothbard: In Memorandum*. Auburn, Alabama: Ludwig von Mises Institute.
- Sutherland, J. 2005. *Stephen Spender: A Literary Life*. Oxford: Oxford University Press.
- Taylor, A. J. P. 1964. *The Habsburg Monarchy 1809–1918: A History of the Austrian Empire and Austria Hungary*. England: Peregrine.
- Tietze, T. 2015. Anders Breivik, Fascism and the Neoliberal Inheritance. In Leeson, R. (Ed.) *Hayek a Collaborative Biography Part VI Good Dictators, Sovereign Producers and Hayek's "Ruthless Consistency."* New York: Palgrave Macmillan.
- Tucker, J. 2014. What Explains the Brutalism Uproar? *The Libertarian Standard* 18 March. <http://libertarianstandard.com/2014/03/18/what-explains-the-brutalism-uproar/>
- Vaughn, K. I. 2015. How James Buchanan Came to George Mason University. *The Journal of Private Enterprise* 30.2: 103–109.
- Watters, S. 2005. Von Habsburg on Presidents, Monarchs, Dictators. *Women's Wear Daily* 28 June. <http://www.wwd.com/eye/people/von-habsburg-on-presidents-monarchs-dictators>
- Wheeler, T. 1975. Mont Pelerin Society: Microeconomics, Macrofellowship. *National Review* 26 September.
- White, L. H. 2008. Did Hayek and Robbins Deepen the Great Depression? *Journal of Money, Credit and Banking* 40: 751–768.
- Wright, S. A. 2007. *Patriots, Politics, and the Oklahoma City Bombing*. Cambridge: Cambridge University Press.



2

Faith-Based Economics

Robert Leeson

The George Mason Recipient of the 1986 Nobel Prize for Economic Sciences

Friedrich Hayek's family had been raised from the Third Estate to the Second in 1789—an inauspicious year for the nobility. On 20 June 1789, members of the French Estates-General for the Third Estate—who had begun to describe themselves as the National Assembly—took the 'Tennis Court Oath' vowing 'not to separate, and to reassemble wherever circumstances require, until the constitution of the kingdom is established.'¹ Napoleon Bonaparte (1916 [1806], 112) did not 'see in religion the mystery of the incarnation so much as the mystery of the social order. It introduces into the thought of heaven an idea of equalization, which saves the rich from being massacred by the poor.' *The Buchanans of Tennessee* included a State Governor (1891–1893) and his grandson, the

R. Leeson (✉)

Department of Economics, Stanford University, Stanford, CA, USA
Notre Dame Australia University, Fremantle, Australia

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_2

recipient of the 1986 Nobel Prize for Economic Sciences (Kyle 2012). The Coal Creek War—an armed uprising against the attempt to replace ‘free’ coal miners with convicts leased by the state government—prematurely ended John P. Buchanan’s (1847–1930) political career.

Within six weeks of enrolling in Frank Knight’s University of Chicago price theory course, James Buchanan (2007, 5) had been ‘converted into a jealous advocate of the market order.’ This experience shaped his ‘attitude towards the use and purpose of economic instruction; if I could be converted then so could others.’ Prior to receiving the Nobel Prize, Buchanan relocated to George Mason University (GMU) where he was joined by Richard Tollison (1984)² and Richard E. Wagner (1988).³

Four years after the demise of the Habsburgs and their government-sponsored intergenerational entitlement program, Ludwig ‘von’ Mises (1922, 435; 1951, 443–444) declared that ‘the Lord of Production is the Consumer’ (*Der Herr der Produktion ist der Konsument*): ‘From this point of view the capitalist society is a democracy in which every penny represents a ballot paper. It is a democracy with an imperative and immediately revocable mandate to its deputies Special means of controlling [the entrepreneur’s] behaviour are unnecessary. The market controls him more strictly and exactly than could any government or other organ of society.’ Mises (2011 [1929], 13) also complained: ‘He who timidly dares to doubt the justification of the restrictions on capitalists and entrepreneurs is scorned as a hireling of injurious special interests or, at best, is treated with silent contempt.’

According to Hayek (2011 [1960], 186), ‘To do the bidding of others is for the employed the condition of achieving his purpose.’ And according to an *American Journal of Public Health* article on ‘Tobacco Industry Efforts to Undermine Policy-Relevant Research,’ Thomas DiLorenzo, Professor of Economics at GMU, and the Joseph A. Sellinger, SJ School of Business and Management, Loyola University, Maryland, had ‘worked on a number of tobacco industry projects, including a Philip Morris and RJ Reynolds-funded project at the Independent Institute (a tobacco industry-funded think tank).’ In 1995, GMU’s James Bennett ‘billed RJ Reynolds \$150,000 for work he and DiLorenzo were doing on a book titled *CancerScam: The Diversion of Federal Cancer Funds to Politics*’—which

conformed to Philip Morris' action plan by 'elevating the issue of public funding (primarily federal) to conduct anti-tobacco ... research' and accusing government agencies and health charities of diverting funding away from 'the common goal of finding a cure for cancer.' (Landman and Glanz 2009)

Tollison and Wagner were recruited to GMU and published *Smoking and the State* (1988, 1992) as Peter Boettke studied for a GMU PhD (1983–1989).⁴ According to the Tobacco Institute, their book had been 'commissioned' by the Institute to 'rebut' Pigouvian externalities—the "social costs" claims' made by anti-smokers.⁵ Bennett and Lorenzo's 1990 book proposal provided the conclusion that their research would independently produce: 'debunking' what they described as the 'rhetoric' of the health charities by 'exposing' the reality of their operations and aims so as to 'discredit' them in the 'minds of the public ... op-eds and articles for the media will then be prepared based of these studies.'⁶ Boettke, who succeeded Wagner as director of the GMU graduate program, is a policy 'expert' at the Heartland Institute, and is also on the list of what sciencecorruption.com calls the 'cash-for-comments network' of the tobacco lobby: 'each op-ed now earned the economists \$3,000. Presentations made to conferences earned them \$5,000.'⁷

The (Viennese-born) University of Michigan economist, Wolfgang Stolper (21 February 1992), informed J. Herbert Fürth that Buchanan (1919–2013) fitted Josef Schumpeter's description of an 'irresponsible' intellectual: he could not see how anybody could regard him as anything other than an 'ideological fool' who spoke of 'free' markets as if they were 'magic formulas.'⁸ Buchanan and Wagner's (1977) *Democracy in Deficit: The Political Legacy of Lord Keynes* offers a history of the 'Old-Time Fiscal Religion': 'The pre-Keynesian or classical fiscal constitution was not written in any formal set of rules. It was, nonetheless, almost universally accepted.' But then the 'fiscal gospel of Lord Keynes' arrived: the 'economists who had absorbed the Keynesian teachings were faced with the challenge of persuading political leaders and the public at large that the old-time fiscal religion was irrelevant in the modern setting.' Social scientists and 'economists in particular' failed to 'predict the results of the eclipse of the old rules for fiscal responsibility

The results are, and should have been, predictable at the most naive level of behavioral analysis.'

According to Buchanan and Wagner (1977), righteousness clung on as best it could: the 'only effective constraint' on the spending 'proclivities' of elected politicians from the '1930s onward' has been the 'heritage' of America's historical 'fiscal constitution,' a set of rules that 'did include the balancing of outlays with revenues.' But once that 'constraint was eliminated': why should the elected politician behave any 'differently from the way we have observed him to behave after 1965?'

According to Buchanan and Wagner (1977), the demise of this religion had in the 1960s and 1970s led to moral decay: a 'generalized erosion in public and private manners, increasingly liberalized attitudes toward sexual activities, a declining vitality of the Puritan work ethic, deterioration in product quality, explosion of the welfare rolls, widespread corruption in both the private and the governmental sector, and, finally, observed increases in the alienation of voters from the political process.' With mock nuance, they continued: 'We do not, of course, attribute all or even the major share of these to the Keynesian conversion of the public and the politicians. But who can deny that inflation, itself one consequence of that conversion, plays some role in reinforcing several of the observed behavior patterns':

Inflation destroys expectations and creates uncertainty; it increases the sense of felt injustice and causes alienation. It prompts behavioral responses that reflect a generalized shortening of time horizons. 'Enjoy, enjoy'—the imperative of our time—becomes a rational response in a setting where tomorrow remains insecure and where the plans made yesterday seem to have been made in folly.

Referring to the economists' 'halcyon days' (their 'newly established positions'), Buchanan and Wagner (1977) asserted that the forbidden fruit of the Garden of Eden had initially been nourishing: the 'New Economics' had arrived; the politicians had finally been 'converted'; the Keynesian revolution had become 'reality'; its principles were henceforward to be 'enshrined in the conventional political wisdom.' But gradually the consequences of sin became apparent: it took 'no scientific talent' to observe

that ‘ours is not an economic paradise.’ Camelot lay in ruin because of ‘the economists’: ‘The mounting historical evidence of the effects of these ideas cannot continue to be ignored’ including the ‘accompanying disenchantment with the American sociopolitical order.’

According to Buchanan and Wagner (1977), this ‘seems’ the ‘most tragic’ aspect of the ‘whole Keynesian legacy.’ The responsibility for ‘maintaining prosperity remained squarely on the shoulders of government.’ Using a phrase associated with the Vietnam War, they assert: ‘Stabilization policy occupied the minds and hearts of economists, even amidst the developing evidence of broad forecasting error, and despite the sharpening analytical criticism of the basic Keynesian structure.’

Buchanan and Wagner’s religious chronology is defective in at least seven ways—four of their illusions relate to the so-called trade-off curve named after A.W.H. Phillips, Hayek’s successor as University of London Tooke Professor of Economic Science and Statistics.

- The ‘most ardent Keynesians ... almost without exception, tended to place high employment at the top of their priority listing, and to neglect the dangers of inflation.’ If the ‘most ardent’ include Joan Robinson, John Kenneth Galbraith, Richard Kahn, and their followers, this assertion is transparently false.
- ‘By the late 1960s, the foundations of the inflation-unemployment trade-off began to erode, in the minds of academicians, though not in the minds of citizens and politicians. The Phillips curve, it came to be realized, described only a short-run, not a long-run, trade-off.’ This is merely part of anti-Keynesian mythology (Leeson 1998a, b, c).
- In ‘Inflation: Anticipated and Unanticipated,’ Buchanan and Wagner neglected the seminal role that inflation and inflationary expectations played in Phillips’ analysis (Leeson 1997, 1999).
- They fail to acknowledge responsibility for the inflation of the 1970s—their fellow Mont Pelerin Society member and chair of Richard Nixon’s Federal Reserve, Arthur Burns (Leeson 2003).⁹
- Buchanan (1987) claims that he had not ‘become acquainted with Mises until I wrote an article on individual choice and voting in the market in 1954. After I had finished the first draft, I went back to see what Mises had said in *Human Action*. I found out, amazingly, that he

had come closer to saying what I was trying to say than anybody else.’ Buchanan and Wagner also fail to acknowledge that in *Human Action*, Mises (1963, 282; 1966, 282) lobbied for the Warfare State that underpinned the inflationary budget deficits of what is described as the ‘late Keynesian’ era: ‘He who in our age opposes armaments and conscription is, perhaps unbeknown to himself, an abettor of those aiming at the enslavement of all.’

- Much of this alleged ‘moral decay’ was present in prohibition, Jazz Age America—but according to Buchanan and Wagner (1977), in the 1920s, there had been no ‘overt policy conflict between the economists and the politicians.’ In contrast, the 1950s were years of ‘developing tension between the economists-intellectuals and their political peers, with the Keynesian economists unceasingly berating the effective decision makers for their failure to have learned the Keynesian lessons, for their reactionary adherence to outmoded principles of fiscal rectitude.’

The economics of Dwight Eisenhower’s Treasury Secretaries, George Humphrey (1953–1957) and Robert Anderson (1957–1961) was, they assert, ‘little different’ from that of Andrew Mellon (1921–1932) who served Warren Harding, Calvin Coolidge and Herbert Hoover. Yet Hoover (1952, 30) attributed the Great Depression and his one-term presidential status to Mellon’s Austrian advice: ‘liquidate labor, liquidate stocks, liquidate farmers, liquidate real estate... it will purge the rottenness out of the system. High costs of living and high living will come down. People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up from less competent people.’

- Hayek (1975) insisted that Keynesians had ‘forfeited their right to be heard.’ Buchanan and Wagner’s (1977) ‘challenge will stand or fall upon the ability of our argument to persuade.’ They proposed a Hayekian solution: politicians must be placed ‘once again’ in an ‘effective constitutional framework’ in which their ability to manipulate the budget to enhance short-run ‘political survival’ is ‘more tightly restrained.’ Long-term forces would thereby be given ‘fuller scope.’ They appear to have replaced the countercyclical monetary policy of

Milton Friedman's (1948) 'Monetary and Fiscal Framework for Economic Stability' with inflammatory language: 'Just as an alcoholic might embrace Alcoholics Anonymous, so might a nation drunk on deficits and gorged with government embrace a balanced budget and monetary stability.'

Austrian economists see the world as an epic (biblical?) battle between 'Santa Claus' (the government) and the 'discipline' of the 'free' market and (the plagiarized concept of) 'consumer sovereignty' (Leeson 2015a, Chap. 7). One Nobel Laureate (20 February 1992) informed Gottfried Haberler that, at Harvard, Schumpeter graded female students according to their 'sexual availabilities and dexterities.'¹⁰ Apparently contemptuous of the requirements of achieved status, 'von' Mises gave grades to his New York University (NYU) students that were unrelated to their effort or merit (see below). Through fraudulent recommendations, 'von' Hayek created a Welfare State for his academically unqualified disciples. Buchanan and Wagner (1977) sought to overcome the resistance of what they call 'Santa Claus' addicts—those who 'expect bread and circuses from their politicians.' But salvation was marketable: any effective budgetary rule must be understood to 'make sense' to the 'ordinary' voter. Despite the 'Keynesian conversion of our politicians,' there remained 'significant residues' of this simple norm in prevailing public attitudes, 'residues that can be brought to bear productively in any genuine restoration.'

In 1942, Mises wrote a confidential report for the Habsburg Pretender 'on the conditions under which a restoration could be achieved' (Hülsmann 2007, 818).¹¹ As Hayek was writing *The Road to Serfdom*, the Austrian School philosopher and *National Review* columnist, Erik 'Ritter von' Kuehnelt-Leddihn (pseudonym F. S. Campbell) published *The Menace of the Herd* (1978 [1943]).¹² Austrians embrace monarchy, or anything but democracy (Hoppe 2001), pope and monarch, supported by a 'natural aristocracy' (Rockwell 1994), a 'small, self-perpetuating oligarchy of the ablest and most interested' (Rothbard 1994b) or 'dictatorial democracy'¹³—a 'system of really limited democracy' (Hayek 1978).¹⁴

Buchanan worried about elections: 'the problem of whether or not we can get things changed. It's something that people don't talk about now, but a century ago John Stuart Mill was talking about it: namely, the

franchise. Now, it seems to me that we've got ourselves in—again, it goes back to the delusion of democracy, in a way—but we've got ourselves into a situation where people who are direct recipients of government largesse, government transfers, are given the franchise; people who work directly for government are given the franchise; and we wouldn't question them not having it. Yet, to me, there's no more overt conflict of interest than the franchise [given] to those groups. Do you agree with me?' Hayek (1978) replied that his solution lay in his draft Model Constitution (that he had sent to General Pinochet the year before): 'in a sense, the conception of democracy was an artifact which captured public opinion after it had been a speculation of the philosophers. Why shouldn't—as a proper heading—the need for restoring the rule of law become an equally effective catchword, once people become aware of the essential arbitrariness of the present government.' Hayek also explained that the 'spontaneous' order had to be reconstructed 'by several experiments in new amendments in the right direction, which gradually prove to be beneficial, but not enough, until people feel constrained to reconstruct the whole thing.'¹⁵

'Financial Considerations'

Education is both a product and a process. The process (at least in social science and history) involves the cultivation of intellectual independence through exposure to a wide variety of competing perspectives. In contrast, product-focused students seek to acquire degrees by minimizing costs: effort and 'excessive entanglement' with perceptions on which they are *not* happily dependent. The product-producing *nomenklatura* who promote 'free' market religion should not require public funds because they are awash with cash from those who seek to avoid full cost pricing (Pigouvian externality taxes).

Thomas Jefferson's 'wall of separation between church and state' violates the 'liberty' of tax-exempt Austrian School theocrats. According to Otto the Habsburg Pretender, Nicolas Sarkozy 'points out that a state which subsidizes football clubs and refuses to do any economic favors to religions who want to build churches is absurd' (cited by Watters 2005).

To reconstruct the ‘spontaneous’ order, Hayek (1978) sought state funding for the Austrian religion—telling Buchanan:

If you persuade the teaching profession, I think you would get a new generation brought up in quite a different view. So, again, what I always come back to is that the whole thing turns on the activities of those intellectuals whom I call the ‘secondhand dealers in opinion,’ who determine what people think in the long run. If you can persuade them, you ultimately reach the masses of the people.¹⁶

Since leaving high school, ‘Dr’ Kurt Leube—‘Abitur/Matura (B.A.) 1954–63,’ ‘Economic Philosophy at LSE (UK) 1963–65,’ ‘AJD, University Salzburg, 1971,’ ‘DLE,’ Professor of Economics, California State University Hayward/East Bay—has been unable to acquire any educational qualifications. Since leaving high school, has Boettke—‘University Professor of Economics and Philosophy at George Mason University; the BB&T Professor for the Study of Capitalism, Vice President for Research, and Director of the F.A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center at GMU’—passed any course not taught and examined by devotees of two transparent frauds, ‘von’ Mises and ‘von’ Hayek? Why after four decades of studying and teaching economics is Boettke still unable to distinguish between a price and a quantity (Leeson 2017a, Chap. 3)?

In ‘High Priests and Lowly Philosophers: The Battle for the Soul of Economics,’ three GMU economists, Boettke et al. (2006, 551), provide religious sanction for Austrian ‘knowledge’: ‘*Do not pry into things too hard for you, Or investigate what is beyond your reach* [emphasis in original].’ At GMU, Boettke’s (2010a) mission is to

improve economic literacy in our society and to improve economic knowledge within the scientific community. BTW, I am very involved with three organizations outside of the academy: the Foundation for Economic Education (FEE), the Institute for Humane Studies [IHS] and Liberty Fund. I personally think these are the most important institutes for the advancement of economic and political liberty in the world today. That statement undoubtedly reflects my myopic perspective on ideas rather than policy.

The tax-exempt Liberty Fund must have known that they were funding a racist. Hayek (1978) had a visceral dislike of ‘negroes,’ ‘detestable’ Indians and the ‘fundamentally dishonest’ ‘people of the eastern Mediterranean,’ including Jews.¹⁷ When confronted with the prospect of having to deal with African-Americans, Hayek (5 March 1975) informed Neil McLeod at the Liberty Fund that he wished to find an alternative to his ‘gone negro’ Chicago bank.¹⁸

Hayek told Charlotte Cubitt (2006, 144) that Anthony Fisher was not ‘intellectually gifted’; and Hayek (28 August 1975) was also obliged to make a ‘confidential’ reply to Arthur Seldon, the other Institute of Economic Affairs co-founder, apologizing for having apparently stated that he regarded the IEA as a mere popularizing ‘propaganda’ institution. The IEA, he assured Seldon, was superior to FEE’s ‘propaganda’ efforts (the Irvington ‘setup’).¹⁹ Two FEE presidents, Mark Skousen and Richard Ebeling, uncritically repeated Hayek’s fraudulent propaganda about Pigouvian externalities having been invented by a communist agent (see below).

According to an Austrian academic fraud and ‘free’ market ‘borrower’ of Hayek family heirlooms, financial fraud characterized the 1974 tax-exempt IHS-funded Austrian revival:

The chap who organized the conference, who shall remain nameless, owed the owner of the hotel some money, so the conference killed two birds with one stone ... I’m pleased to be working at the Mises Institute right now. It is clear to me that the Austrian School has grown enormously in the last 10 years. I only hope we can keep the momentum. But assuredly if we do not all hang together, we will hang separately. (Shenoy 2003)

A sizeable portion of the Austrian School of Economics describe themselves as members of a Stone Age tribe (‘Paleolibertarians’); some are committed to administering theocratic, Bronze Age ‘justice’ to those they disapprove of. Gary North, the Mises Institute ‘Murray Rothbard Medal of Freedom’ and co-author of the survivalist *Fighting Chance: Ten Feet to Survival*, who attended the 1974 IHS revivalist conference, described Austrian methodology:

Fighting to Win ... At least we admit that we are street fighters. We prefer to stab our opponents in the belly, publicly *Take no prisoners!* If our style is not considered polite in certain academic circles, then to avoid being manhandled, it would be wise for these epistemological child molesters to stay out of print, hidden from public view in their tenured classroom security. If they go into print ... they can expect 'the treatment' [North's emphases].

North's mission is 'to do what I can to get their funds cut off' (North 1986, xix, xxiii; Robinson and North 1986; see also Skousen 1977).

According to Guido Hülsmann (2007, 630), Mises complained that 'none of the Vienna newspapers dared oppose rent control ... Few economists were critical enough to see through the public propaganda, and even fewer dared to speak out against it. Again it was the group around Mises that filled this gap, most notably when Hayek published his study on rent control.' In 'Three Fallacies of Rent Control,' FEE's Robert Batemarco (1995) cited or summarized (it is not clear which) their '*spiritus rector*': as 'Mises noted, an attack on economics itself is the only way to undermine the irrefutable case that economic analysis makes against all kinds of interferences with the market. If one tries to refute the devastating criticism leveled by economics against all these interventionist schemes, one is forced to deny the very existence ... of a science of economics.' According to the Misesian Walter Block (2008, 57–58), a libertarian taking advantage of rent control is a 'quasi thief' who was violating a 'landlord's rights' and could become subject to 'a libertarian Nuremberg court.' From his three-bedroom rent-controlled Manhattan apartment, Mises continued to condemn all interferences with the market (Hülsmann 2007, 630).

As president, the kleptocratic Pinochet acquired an 'illicit fortune ... estimated at \$28 million or more' (Rohter 2006). In Austrian circles, the co-founder of the Ludwig von Mises Institute was known as Murray 'Robhard' (Skousen 2000). And according to the Misesian Robert G. Anderson (1999), George Roche III was an 'abuser of trust, a user who saw the deep pockets of conservatives and looted them for his personal aggrandizement.' His 'improper use of our confidential donor list violated

his stewardship duty as a FEE trustee' and was 'another instance of his brazen disregard of ethical standards.'

But an *esprit de corps* silence was maintained as Roche raised \$340 million for the Austrian cause: 'His winning charm and warm manner were traits, or should I say skills, such as I've never known in any other person.' He was an 'incredibly engaging individual, the kind of person in whom you willingly put your trust, and he knew it and he used it ... if there is a Satan doing his evil handiwork through us, George is just the kind of guy he would recruit.' Anderson had kept quiet about Roche for decades—although the man he saw in the 'beginning was a person of duplicity, hypocrisy, and meanness. His corruption in the form of debauchery and depravity apparently came later.' From the outset, Anderson (1999) witnessed 'mostly a pattern of lies.'

While imposing austerity on Hillsdale College, Roche III negotiated for himself a Porsche plus \$550,000 per annum compensation package; and left in disgrace with a 'reported \$2 million more in a retirement package' (Anderson 1999). In 1945, Harold Luhnnow, president of the William Volker Charities Fund, pressed Hayek (1994, 126–127) to write an American version of *The Road to Serfdom*. Hayek recalled that he estimated that it would cost \$30,000 over three years adding that he would need an American university appointment. Luhnnow told Hayek 'Money is yours'—but the project was never completed or, it seems, even started.

William Volker (1859–1947) was a member of the 'shopocracy'—his wealth derived from his picture frame business. Richard Cobden (1804–1865) welcomed the advance of democracy as an assault on the intergenerational privileges of 'aristocratic plunderers' (Edsall 1986, 52–53). Cubitt (2006, 122, 10) reported that when 'von' Hayek was caught in the 'cheating matter'—stealing, or double-dipping, from 'educational charities'—to maintain his aristocratic lifestyle, 'he just laughed, said he did not mind in the least, that all his professional considerations had been based on financial considerations.' When Walter Morris complained to Cubitt about being 'deceived [,] Hayek laughed, and told me that he had wanted to have nothing to do with this but did not mind being told about it as an anecdote.'

According to his wife, ‘Walter was a king of Wall Street, an investment banker who had made his fortune and had become a philanthropist’ (Bryan 2014). The editor of *The Road to Serfdom The Definitive Edition* owes a ‘special debt to Mrs. Dorothy Morris of the Morris Foundation, Little Rock, who provided me with the “seed money” for the project Walter Morris was instrumental in the creation of the *Collected Works* [of F. A. Hayek] project, and the Morris Foundation has been constant in its support throughout the years. I first sought financial support for the project at the Mont Pelerin meeting’ (Caldwell 2007, x). Caldwell, Hayek’s fifth authorized biographer, may have received \$1 million in royalties on the back of Glenn Beck’s promotion of *The Road to Serfdom The Definitive Edition* (2007 [1944]).

According to Frederick Nunn’s (1970, 55, 105) *Chilean Politics, 1920–1931: the Honorable Mission of the Armed Forces*, the 11 September manifesto justified the 1924 military coup in Chile with the same assertions that accompanied the overthrow of democracy elsewhere: the ‘corruption of political life’ and the alleged imminent ‘civil unrest’ from which the military had to protect the country. When the war minister ordered Captain Luis Pinochet to make a note of the names of the military officers that had entered the Senate, Pinochet replied ‘bluntly that he was not a stenographer.’ Lieutenant Germán Pinochet tried to raise elements of the military in a coup but was ‘intoxicated’ and failed.

Shortly afterwards, Mises (1985 [1927], 49) insisted that ‘The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.’ On 11 September 1973, General Augusto Pinochet seized (what he imagined was permanent) power in another military coup in Chile. Ten months later (just before the announcement of his Nobel Prize), Hayek appeared to promote *permanent* dictatorship—telling Seigen Tanaka (1974): ‘It may be said that effective and rational economic policies can be implemented *only* [emphasis added] by a superior leader of the philosopher-statesman type under powerful autocracy. And I do not mean a communist-dictatorship but rather a powerful regime following democratic principles.’ Hayek (1978) clarified what he meant by democratic principles: ‘I believe in democracy as a system of peaceful change of government; but that’s all its whole

advantage is, no other.²⁰ He promoted rules-based dictatorship: ‘We can even describe a desirable state of affairs in the form of rules. They should not be rules of conduct; rules of conduct [should be] only for a dictator, not for the individuals. Rules of individual conduct which lead to a peaceful society require private property as part of the rules.’²¹

Hayek (1978) asserted: ‘perhaps the danger to intellectual freedom in the United States comes not from government so much as from the trade unions.’²² He was ‘most concerned, because it’s the most dangerous thing at the moment, with the power of the trade unions in Great Britain²³; I now am very much engaged in strengthening Mrs. [Margaret] Thatcher’s back in her fight against the unions.’ The British Labour Party ‘is essentially a trade-union party.’²⁴

Hitler abolished all non-Nazi political parties and all labor unions—union leaders were taken into ‘protective custody’ and workers were obliged to join the National Socialist Union. Hitler received a 0.03% levy on wages and salaries of employees of the German Trade Association (Davidson 1966, 192–193, 230, 204; Shirer 1960, 252–253; Bullock 1991, 133). Deflation had been ‘one of the strongest agents working towards the Republic’s downfall’ (Stolper 1967, 116–119). Pinochet, the strongest agent working toward the Chilean Republic’s downfall, sought to abolish all political parties and trade unions (Barros 2004, 188).

According to Mises (2006 [1950]), ‘socialism, communism, planning, or state capitalism’ all ‘signify the same thing.’ Hayek told Cubitt (2006, 48) that although there was ‘no difference between Communist and Fascist states he would prefer to live under Fascism if he were forced to decide.’ Hayek (1978) believed that ‘Schumpeter is right in the sense that while socialism can never satisfy what people expect, our present political structure inevitably drives us into socialism, even if people do not want it in the majority. That can only be prevented by altering the structure of our so-called democratic system. But that’s necessarily a very slow process, and I don’t think that an effort toward reform will come in time. So I rather fear that we shall have a return to some sort of dictatorial democracy, I would say, where democracy merely serves to authorize the actions of a dictator. And if the system is going to break down, it will be a very long period before real democracy can reemerge.’²⁵

According to Caldwell (1995, 70, n67), Hayek's (1995 [1929], 68) reference to Mises' 'ruthless consistency'—the development of 'economic liberalism to its ultimate consequences'—was probably a reference to *Liberalism in the Classical Tradition* in which Mises (1985 [1927], 49) insisted that

The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.

In 1981, Hayek returned to Chile (where Pinochet's Junta had just adopted a new constitution, named 'Constitution of Liberty') and told *El Mercurio*: 'As long-term institutions, I am totally against dictatorships. But a dictatorship may be a necessary system for a transitional period. At times it is necessary for a country to have, for a time, some form or other of dictatorial power. As you will understand, it is possible for a dictator to govern in a liberal way. And it is also possible for a democracy to govern with a total lack of liberalism. Personally, I prefer a liberal dictator to democratic government lacking in liberalism. My personal impression ... is that in Chile ... we will witness a transition from a dictatorial government to a liberal government ... during this transition it may be necessary to maintain certain dictatorial powers.' In a second interview with *El Mercurio*, Hayek praised temporary dictatorships 'as a means of establishing a stable democracy and liberty, clean of impurities': the 'Chilean miracle' had broken, among other things, '[labor] trade union privileges of any kind' (O'Brien 1985, 179; Farrant et al. 2012, 522; Robin 2011).

Before *The Road to Serfdom* (1944), Hayek's major contribution to world history (1929–1933) had been—from a democratic perspective—the dysfunctional promotion of the deflationary manipulation of the price mechanism: falling general prices, rising real wages and thus increased unemployment. As Hitler was gaining electoral momentum, Hayek regarded deflation-induced 'allocative corrections' and the removal of 'distorted relative prices'—that is, eliminating rigidities in wages—as 'desirable': at the 'beginning of the Great Depression ... I believed that a process of deflation of some short duration might break the rigidity of wages which I thought was incompatible with a *functioning* [emphasis added] economy' ([1974] cited by Haberler 1986, 426). In an interview

with *Ercilla* in Chile in 1977, Hayek was asked about the three main prices in the economy—interest rates, salaries and the exchange rate—and whether one could talk of a market economy in Chile if only interest rates are free. Hayek replied, ‘Really? I thought the exchange rate was free. Well, I believe that that is not too damaging. The real problem is fixed salaries. The *economy cannot work* [emphasis added] unless relative salaries are in equilibrium... Inflexible salaries are a major obstacle for the market to function well’ (cited by Montes 2015, 27).

With respect to political entrepreneurs (like Hitler?), Hayek (1975) acknowledged that he did not know if the pursuit of unobservable equilibrium would lead to ‘political revolution.’ Hayek is associated with the phrase ‘unintended consequences’—are his epigone disciples ‘unconcerned about consequences’ or do they seek to repeat the 1930s? Deflation weakens and often destroys debt-financed businesses—by definition, the donor class who fund the Austrian School of Economics are cashed-up and so would, most likely, be short-run *beneficiaries*. Deflation also targets trade unions: falling prices cause real wages and thus unemployment to rise—which trade unions would be impotent to combat.

Mises (2000 [1944], 128) insisted that ‘The fall in prices and wage rates is the preliminary step toward recovery and future real prosperity’; and Murray Rothbard’s *In Defense of Deflation* explained:

Deflation would bring about the necessary ‘smashing’ of downwardly rigid wages and prices, so the appropriate resource allocations could occur to help bring about sound long-term economic activity. (Cited by Ebeling 1975)

In *Studies on the Abuse and Decline of Reason*, Hayek (2010 [1952], 91) insisted that ‘the facts of the social sciences are *merely opinions* [emphasis added], views held by the people whose actions we study.’ Hayek (1999 [1977], 132; 1978) was contemptuous of the scientific credentials of economists: ‘I have often had occasion to explain, but may never have stated in writing that I strongly believe that the chief task of the economic theorist or political philosopher should be to operate on public opinion to make politically possible what today may be political impossible.’ ‘Purely abstract theoretical work’ was an appendage to a

preconceived ideological agenda: ‘The economists whom we train who do not become academics also do economics. After all, we are training, unfortunately, far too many and certainly many more than ought to go into academic life. And I don’t mind even people of first-class quality going into politics. All I’m saying is they no longer have the right approach to the purely abstract theoretical work. They are beginning to think about what is politically possible, while I have made it a principle never to ask that question. My aim is to make politically possible what in the present state of opinion is not politically possible.’²⁶

Buchanan et al. (1978) described for an IEA audience *The Consequences of Mr. Keynes: an Analysis of the Misuse of Economic Theory for Political Profiteering, with Proposals for Constitutional Disciplines*. At GMU, it is known that Hayek and Mises used Austrian economic theory as a respectable front behind which to promote the deflation that assisted Hitler to gain power (White 2008); and Boettke explains to his GMU PhD students the importance of sometimes ‘letting prices fall. There’s *little to fear* [emphasis added] in deflation, he adds, when it accompanies periods of strong productivity growth’ (K. Evans 2010b). With his middle-class salary from the taxpayers of Virginia, Boettke (2010a) lives in a ‘different world than the 99%’ and ‘I’d like to make more money.’

Boettke’s PhD students have had aggregation fallacy imposed on them: productivity growth impacts on the economy at a *microeconomic* level. Walmart, for example, can computerize all of its products—while those who, for example, provide care for the aged cannot. Walmart can, therefore, gain a competitive advantage over its immediate competitors by productivity-led cuts in individual prices—while a falling aggregate price level will impact adversely on less productive companies and agencies and sectors of the economy. Public servants also tend to be highly unionized. Deflation and unemployment reduce tax revenues and increase budget deficits: the Austrian policy response would be to cut labor costs.

According to Hayek (1948 [1947], 113–114; 1960a), ‘freedom’ and ‘liberty’ required that ‘the people’ acquiesce: ‘We can either have a free Parliament or a free people. Personal freedom requires that all authority is restrained by long-run principles which the opinion of the people approves.’ If Austrian School opinion was resisted by ‘the people,’ this would lead to dictatorship: ‘In a nation where there is not yet a tradition

of compromise ... almost any attempt to put upon the government a great many tasks is bound to lead to dictatorial regimes.’ Referring to the policies associated with Gunnar Myrdal and John Kenneth Galbraith, Hayek (1979, 93) insisted that what ‘makes most Western economies still viable is that the organisation of interests is yet only partial and incomplete. If it were complete, we would have a deadlock between these organised interests, producing a wholly rigid economic structure which no agreement between the established interests and only the force of some dictatorial power could break.’

When asked whether the IEA was ‘really the solution, to stimulate intellectual discourse from a free-market standpoint?’ Hayek (1978) replied: ‘Oh, I’m sure you can’t operate any other way. You have to persuade the intellectuals, because they are the makers of public opinion. It’s not the people who really understand things; it’s the people who pick up what is fashionable opinion. You have to make the fashionable opinion among the intellectuals before journalism and the schools and so on will spread it among the people at large.’ Thomas Hazlett then asked:

So if a businessman says to you, ‘What can I do?’ from the state down, your suggestion is to send a check to the IEA or a reasonable facsimile.

Hayek (1978) replied: ‘Oh, yes. Of course, do the same thing here.’²⁷

Hayek knew how to deal with those who proposed to tax the donors from whom he stole (or double-dipped): Pigouvian externalities had, he insisted, been invented by a communist agent. Rothbard, his co-leader of the fourth-generation Austrian School of Economics, also accepted ‘Deacon’ McCormick’s transparent fraud as Truth; as did two fundraising FEE presidents, Skousen and Ebeling (Leeson 2013, Chap. 9; 2015b). In 2013, the Danube swelled to a near 100-year high: Salzburg was declared a disaster zone and Vienna was threatened. Was Austria confronting climate change or a manifestation of the ‘End Times’ of the Book of Revelation—one of the tenets of ‘fusion’ faith (Chaps. 3 and 5, below)? The rational expectation would be to use an optimal ‘forecast’: the near-universal consensus of the relevant scientific community.

In 1992, the United Nations Framework Convention on Climate Change aimed to ‘stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic

interference with the climate system.’ According to Rothbard (1992a, 1993), this was the work of ‘a few left-wing hysterics ... most real scientists have a very different view of such environmental questions.’ Having celebrated the first bombing of the World Trade Center, Rothbard encouraged Al Qaeda affiliates to bomb the UN building in New York: ‘preferably with [UN Secretary General] Boutros Boutros-Ghali inside.’

Hayek referred to the Greens as the new barbarians in our midst²⁸; and informed a correspondent that had he been a younger man, he would have concentrated on exposing Greens, instead of focusing almost exclusively on exposing Reds.²⁹ Rockwell (2008) parroted these sentiments: the Greens were pushing ‘climate communism.’ George Reisman (2011), the Austrian Professor of Economics at Pepperdine University, described environmentalist as like ‘raw sewage’:

Clearly, the most urgent task confronting the Western world, and the new intellectuals who lead it, is a philosophical and intellectual cleanup. Without it, Western civilisation simply cannot survive. It will be killed by the poison of environmentalism.

The British branch of the neoclassical school is organized around the recognition that markets can both succeed and fail; while ‘free’ market religion worships the ‘unhindered market’:

The principles course, if well-taught, is probably the most important course that anyone who wants to understand how a market system works can take. It shows how markets work, and also how they sometimes fail to work. It also helps one to identify which policy problems are real ones, and which are pseudo-problems. For those, for example, who are worried about the world running out of a natural resource like oil, it shows how the unhindered market very effectively deals with such shortages (the price of oil rises, which encourages conservation on the demand side, and makes profitable the search for new supplies of oil, as well as for substitutes, on the supply side). (Caldwell 2011, 21)

Caldwell’s (2004, xi, 344, n16) *Hayek’s Challenge* was funded by the John W. Pope Foundation and the Liberty Fund (who hosted a conference to discuss a preliminary draft of the volume). According to its 2013–2014 Annual Report, Duke University’s CHOPE was ‘founded in 2008 with a

significant grant from the John W. Pope Foundation' (Caldwell 2014); and in fiscal year 2014–2015, CHOPE received \$175,000 from the Pope Foundation.³⁰

According to its mission statement, 'The Pope Foundation supports organizations that work to advance free enterprise—the same system that allowed Variety Wholesalers to flourish—for future generations of Americans. To achieve those ends, the Pope Foundation supports a network of organizations in North Carolina that advocate for free markets, limited government, individual responsibility, and government transparency.' With regard to 'Education support,' the 'Pope Foundation believes that Americans have a duty to teach the next generation about the blessings of liberty.'³¹

The Pope Foundation is the sixth largest contributor to what Robert Brulle (2014, 687, Figure 1, 681) described as the 'Climate Change Counter Movement' (CCCM). Referring to private sector transparency, Brulle reported that 'there is evidence of a trend toward concealing the sources of CCCM funding through the use of donor directed philanthropies.' In December 2013, Whitney Ball, the president of the Donors Trust and Donors Capital Fund, 'said the organisation had no say in deciding which projects would receive funding. However, Ball told the Guardian last February that Donors offered funders the assurance their money would never go to Greenpeace' (Goldberg 2013). Instead, they are committed to 'Building a Legacy of Liberty.'³² Lawson Bader, Ball's successor as president of both Donors Trust and Donors Capital Fund, was formerly president of the Competitive Enterprise Institute and vice president at the Mercatus Center, GMU.³³ In recent years, Donors Trust has received more than \$3.2 million from the 'Knowledge and Progress Fund,' which is chaired by Charles Koch (Bennett 2012).³⁴

In fiscal year 2014–2015, the Pope Foundation provided the IHS with \$655,000.³⁵ Boettke is the 'Charles Koch Distinguished Alumnus, The Institute for Humane Studies,³⁶ and the 'vice president and director of the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center as well as the BB&T [Branch Banking and Trust Company] Professor for the Study of Capitalism.'³⁷

According to *The New Yorker*, between 2007 and 2011 the Koch brothers

donated \$41.2 million to ninety tax-exempt organizations promoting the ultra-libertarian policies that the brothers favor—policies that are often highly advantageous to their corporate interests. In addition, during this same period they gave \$30.5 million to two hundred and twenty-one colleges and universities, often to fund academic programs advocating their worldview. Among the positions embraced by the Kochs are fewer government regulations on business, lower taxes, and skepticism about the causes and impact of climate change. (Mayer 2003)

According to Environmental Protection Agency statistics, in 2011 Koch Industries, which has ‘oil refineries in three states, emitted over twenty-four million tons of carbon dioxide, as much as is typically emitted by five million cars.’ During the 2010 mid-term elections, Koch Industries’ Political Action Committee spent \$1.3 million on congressional campaigns: a ‘high watermark’ for the ‘No Climate Tax’ pledge devised by the Koch-funded ‘Americans for Prosperity.’ Of the 85 newly elected Republican congressmen, 76 had signed the ‘No Climate Tax’ pledge—of whom 57 had received Koch campaign contributions (Mayer 2003).

The Cato Institute had been planned in 1974 as ‘The Charles Koch Foundation’ by Charles Koch, Rothbard and Edward Crane III. In 1980, Crane became the Communications Director for the Edward Clark/David Koch Libertarian Party presidential election campaign, which led to him and Koch physically removing Rothbard from Cato and thus—according to Rothbard—revealing the libertarian ‘cloven hoof’ (Bessner 2014, 441) From Rothbard’s (1992b, 12) perspective—the “preppies” (or wannabee preppies) were the Koch-Crane machine’—Boettke, his self-appointed successor, ‘ups with the devil.’

The devout Presuppositionalist Boettke (2010a), who considers Mises—a paid business sector lobbyist and member of the official Fascist social club—to be ‘the greatest economist of all time,’ has

met many of our donors through the years and they are wonderful individuals who care passionately about liberty and economic education and economic scholarship. Both Charles and David Koch are the same way. They care passionately about the cause of economic and political liberty and they have generously provided significant funds to support numerous efforts. I have had many conversations with Charles over the years,

including about research priorities for a *free* [emphasis added] society. He has never once tried to influence what I was working on, or the way I was working on it. He is a man of great intelligence and intellectual curiosity ... Charles is someone I admire and am grateful to for both his support and his professional friendship over the years.³⁸

‘Get Rid of the Bums’

The devout Presuppositionalist Rousas John Rushdoony—known as the ‘ayatollah’—promoted the ‘Mosaic code’ where homosexuals, adulterers, and those who show disrespect to their parents are executed by public stoning (Worthen 2008, 399–400). In Rushdoony’s judgment, ‘History has never been dominated by majorities, but only by dedicated minorities who stand unconditionally on their faith’ (Chap. 5, below). Hayek (1978) explained what this faith entails: ‘So far as I do feel hostile to religion, it’s against monotheistic religions, because they are so frightfully intolerant. All monotheistic religions are intolerant and try to enforce their particular creed.’³⁹

Democracy in Deficit: The Political Legacy of Lord Keynes is riddled with religious analogies: ‘their new prophet ... the Keynesian policy mecca,’ etc. Buchanan asked Hayek: ‘And you don’t see a necessity for something like a religion, or a return to religion, to instill these [Austrian] moral principles?’ In response, Hayek (1978) promoted ‘free’ market religion: ‘You might call every belief in moral principles, which are not rationally justified, a religious belief. In the wide sense, yes, one has to be religious. Whether it really needs to be associated with a belief in supernatural spiritual forces, I am not sure. It may be. It’s by no means impossible that to the *great majority of people* [emphasis added] nothing short of such a belief will do.’⁴⁰

‘Will Do’ for What?

As the British Empire retreated, PE (physical education) replaced PT (physical training). Religious tolerance is the hallmark of *political* liberalism—but should not religious leaders (including the self-appointed) be required to have a broad understanding of religions other than their own

before they qualify for tax-exempt status? Would North—a serial tertiary education dropout—be able to successfully complete a course in comparative religion? Would Boettke (2015)—whose strategy is to pretend to agree with those who had other perspectives while simultaneously promoting conspiracy theories about them behind their backs? RE (religious education) enhances understanding—while undermining producer sovereignty. Yet those who benefit from monopoly power seek to deepen *faith* through RT (religious training or indoctrination) rather than broaden understanding. Jihadists appear to be motivated, in part, by waiting virgins, while Austrian School ‘Holy Men’ like North, Boettke and Leonard Read appear to drill deeper and deeper into religious silos to obtain gratification from their obsessions.⁴¹

North (2009 [1999]) claims that his Presuppositionalist faith ‘saved’ him from taking sides in the factional infighting that emerged at the first Austrian revivalist conference in 1974: he did not join any of the ‘camps’ because of his ‘commitment’ to Cornelius Van Til, rather than Kant or Aristotle, who, he detected, were being embraced by his fellow Austrians. According to North, Van Til appealed to the doctrine of ‘creation’ to avoid the ‘dilemmas’ of Kant’s dualism. God, the Creator, is ‘omniscient.’ Although God created man as ‘His image,’ man cannot understand the creation ‘exhaustively’; man had a ‘hoped-for personal autonomy from determinism.’ Van Til, therefore, appealed to ‘covenant-keeping rather than covenant-breaking.’

Harrod (1951)—‘a master of selective quotation from Keynes’ letters’ (Skidelsky 1983, xviii)—willfully omitted references to Keynes’ homosexuality from his biography. In the Foreword to Ian Hodge’s *Baptized Inflation: A Critique of ‘Christian’ Keynesianism*, North (1986) stated that prior to Michael Holroyd’s (1967, 1968) revelations about Keynes’ homosexuality, ‘A few economists knew, and his biographer, Sir Roy Harrod, certainly knew! I interviewed F. A. Hayek in July of 1985, and I asked him about this He assured me that Harrod had known.’⁴² But where on the tape of this interview did Hayek make such a statement?

Referring to a transparent Austrian School fraud, North (1986) added: ‘Richard Deacon has written an important study of the Cambridge Apostles,’ whose members all ‘became major figures in the reaction against Victorianism ... all dedicated homosexual perverts’ with a ‘blatant ... public commitment to sodomy ...’ With respect to the connection

between homosexuality, morality and Keynesian economics, North concluded: ‘Deacon is correct.’ Citing ‘Deacon’ McCormick, ten times, North concluded that Keynes was a ‘Godhating, principle-hating, State-loving homosexual pervert,’ and Keynesians have ‘pushed the world into evil, and therefore toward God’s righteous judgment.’

Stating that ‘Deacon’s summary is important for what follows in this book,’ North (1986) provided a series of lengthy quotations about homosexuals from the *Cambridge Apostles* (1985) before asking: ‘What has this got to do with Keynes’ ideas on economics? A lot, argues Deacon.’ Douglas Vickers, Professor Emeritus, University of Massachusetts, Amherst, is a distinguished Keynesian economist (Bausor 1989/1990); but according to North, Vickers, an ‘obscure’ member of the Keynesian school, spent his ‘entire academic career’ defending the work of a ‘homosexual pervert’ who spent his ‘life committing this foul crime against God.’ As a ‘self-professed Christian,’ Vickers did not ‘bother to warn his Christian readers about Keynes’ debauched lifestyle in his book-long defense of Keynesian economics in the name of *Jesus, Economics and Man* (1976).’

Referring to a caricature of homosexuals, North (1986) added: ‘I’m not saying that Douglas Vickers is a limp-wrist economist. A limp-prose economist, unquestionably, but not limp-wrist.’ Vickers had the ‘misfortune’ of not recognizing ‘economic perversion Keynes’ economic principles matched his moral principles: he didn’t believe in them. He denied that fixed economic principles even exist.’ In 1930, Keynes switched from a free trade position to the tariff reform position—presumably referring to buggery, North added: ‘Keynes had long since decided to do a lot worse than just beggar his neighbor.’

To use a possibly inappropriate biological analogy: at the onset of World War II, ‘von’ Mises and Wilhelm Reich arrived as somewhat exotic and invasive species—Austrian exiles in New York; both acquired cult followings. Reich’s lifestyle is described by Myron Sharaf (1983) as *Fury on Earth*; and Mises was famous for his hysterical outbursts (Margit Mises 1984, 18, 19, 44; Friedman and Friedman 1998, 161; Robbins cited by Howson 2011, 662–3; Hülsmann 2007, 518–522).

Left- and Right-Freudians sought ‘liberation’ from sexual repression. Mises (2007 [1957], 152) promoted ‘liberty’ through Freud and the mysterious, hysteria-derived ‘thymology’ prediction machine; and Reich

claimed to have extended Freudian libido into a grand unified theory of physical and mental health—‘orgone energy,’ a ‘life force’ or ‘cosmic energy’ which could cure common colds, cancer, and impotence. Reich and his ‘orgone accumulator’ became part of the counter-culture: the Austrian-American philosopher, Paul Edwards (1977) explained that ‘for some years many of my friends and I regarded [Reich] as something akin to a messiah.’

In 1950, Reich set up the Orgonomic Infant Research Center—which led to accusations of sexual abuse: children stood naked in front of a group of 30 ‘therapists,’ while Reich described the children’s ‘blockages.’ Reich’s daughter, Lore Reich Rubin, believed that her father was a sexual abuser (Turner 2011, 314–319, 323). The Wilhelm Reich Infant Trust continues to promote his message.

Mises (1951 [1922], 87, 104, n1, 100–101) instructed his disciples to form themselves into a Right-Freudian cult for *argumentum ad hominem* purposes: to ‘examine ... life history by the psycho-analytical method ... The sickness of a man whose sexual life is in the greatest disorder is evident in every line of his writings.’ In ‘The Heart of a Fighter,’ Rockwell (2005, 1998), the devout Roman Catholic author of ‘To Restore the Church Smash the State,’ appeared to see a salvation in the second coming of a Jewish-born child: ‘I often think back to a photograph of Mises when he was a young boy of perhaps 12, standing with his father ... you sense that there is something in Mises’ eyes, a certain determination and intellectual fire, even at such a young age. His eyes seem knowing, as if he were already preparing himself for what he might face.’ And in ‘Flog Him,’ Rockwell (1994), the co-founder of the Ludwig von Mises Institute, appeared to salivate about a ‘public flogging ... a tough spanking on your bare rear end. The punishment enlists the emotion of shame, particularly powerful among adolescents, in the cause of law and order ... six of the best ... administered on his bare buttocks with a half-inch wide, disinfectant-soaked rattan cane ... I’d bring back the stocks and the rotten tomatoes too.’

According to Caldwell (2008, 702, 691n1),

Given what has sometimes been said about the dominating personality of Hayek’s second wife, one wonders whether Hayek would later in his life have felt even more commonalities with Mill ... Characteristically, Hayek

ended his comment on Mill with the words that ‘we must probably forgive Mill much for his infatuation with the lady who later became his wife.’

Caldwell’s ‘knowledge’ is derived from William Warren Bartley III’s ‘set of interviews with Hayek’ titled

‘Inductive Base’ because they were the ‘facts’ on which the biography he intended to write would be built. The ‘Inductive Base’ interviews, which are not archived, were provided to me by Stephen Kresge.

During Hayek’s time in America, sodomy was a ‘crime against nature’ felony punishable by imprisonment and/or hard labor. Bartley (1934–1990)—who according to Julian Simon (2003, 67) and others (Cubitt 2006, 360–361) died of AIDS-related cancer—spoke openly about his interview-based conclusion: Hayek was a ‘closet homosexual’ whose sexual activities with his cousin (but not, presumably, his first wife) resembled his own. Hayek (1978) reflected that ‘If I had come to [Mises] as a young student, I would probably have just swallowed his views completely.’⁴³ Two of Mises’ ‘most ardent followers’ were Ralph Raico and George Reisman, both 15 years old (Hülsmann 2007, 896). At Grove City College, Hans Sennholz ‘taught large classes in introductory economics in the belief that freshmen were better *candidates for persuasion* [emphasis added] than upper classmen’ (Herbener 2007); Rockwell (2010 [1999], 293) also knew which age bracket to recruit: in D.C., his ‘happiest’ moments were receiving calls from students asking about Ron Paul who had a ‘huge amount of support on Texas campuses.’

Rockwell (1995, 7) was horrified at the suggestion that ‘we have to go live as homeless people for a week, or take a bum into our home and let him eat with the family.’ According to North (2013): ‘the liberals’ bottom line is this: **better a disarmed Jew who is pushed around than an armed public that is not pushed around** [North’s bold].’ Boettke (2010a) stated: ‘Bottom line: I’d like to vote all the bums out of DC.’ From Buchanan (2007, 7), Boettke presumably learnt that the key to academic success was ‘keep the ass to the chair.’

At his all-male boarding school, Sir Oswald Mosley was offered a (pre-AIDS) initiation ritual into the British ruling class: ‘Apart from games,

the dreary waste of public school existence was only relieved by learning and homosexuality' (cited by Skidelsky 1975, 37). For having 'tantrums,' Pinochet (1991, 23–24) was beaten by his mother with a broom stick. Public beating was accompanied by the threat: 'If you keep on crying I will pull your pants down and you will get it right here in the street'—which, he reported, cured him of his 'tantrums.' Pinochet (1982, 63, 14) also reported that Allende's 1970 election victory had embarrassed him: 'the spectacle we showed the world was a highly disconcerting one.'

Bartley—who believed that his exposure to childhood spanking predisposed him to homosexuality—propelled himself from suburban Pennsylvania to the Harvard Divinity School and the Episcopal Theological School, before a suicidal breakdown led him to embrace secular Gods—Karl Popper and then Hayek. Seven months before his death, Bartley recalled that 'when a boy in Church School, I was taught a doctrine of strict Protestant Stewardship, and frequently admonished, "You are the only Bible the careless world will read"' (Leeson 2013, Chap. 9). At the other end of the academic distribution, Boettke (2010b, 59–60) enrolled at Thiel College, an 'independent institution related to the Evangelical Lutheran Church in America, and established in Western Pennsylvania in 1866,'⁴⁴ before 'depression' led to him embrace 'liberty'—the depression-inducing deflation of a 'Misean for life' *Luftwaffe* bomber pilot (Sennholz).

Bartley's spanking mother formed his personality; Boettke's (2010b, 59) 'father is without doubt the greatest influence on me ... As he often said to me, "I was not put on this earth to praise you, but to raise you".' North's (2010, 240) 'parents were conservative Republicans. My father was in the FBI.' At age 14, he embraced Fred Schwarz's 'theocratic anti-communist programs' to punish humanity for their disobedience (Lowi 2010, 201).

'Ayn Rand's writings brought about an ethical and practical revolution' in Ebeling's (2016) adolescent thinking:

From now on I did not have to feel guilty when I saw some bum in the gutter—he had no moral claim on the product of my mind and effort. In addition, free market capitalism not only 'delivered the goods,' but also was the only political-economic system consistent with man's nature and the individual's right to peacefully and productively live for himself.'

Rothbard (1992b) sought to ‘Take Back the Streets: Get Rid of the Bums. Again: unleash the cops to clear the streets of bums and vagrants. Where will they go? Who cares? Hopefully, they will disappear, that is, move from the ranks of the petted and cosseted bum class to the ranks of the productive members of society.’

In ‘Red Light States: Who Buys Online Adult Entertainment?’ Benjamin Edelman (2009, Table 2, 217, 219) found that there is a positive relationship between pornography consumption and the proportion of the population of a state that agrees with statements such as

Even today miracles are performed by the power of God.

I never doubt the existence of God.

Prayer is an important part of my daily life.

I have old-fashioned values about family and marriage.

AIDS might be God’s punishment for immoral sexual behavior.

The faithful have a ‘come to Jesus moment’: their consumption of pornography falls on Sunday before rising again on Monday.

The Presuppositionalist Boettke circulates an ‘underpants’ videos on his ‘coordination problem’ website to GMU students and others accompanied by a discussion of varieties of ‘masturbation.’⁴⁵ When North (1987) thinks of man-on-man sex, he feels himself ‘under siege’: his devotion to Presuppositionalism appears to have led to a ‘Lead us Not into Temptation’ obsession with public stoning (Olson 1998). But God had intervened on his behalf: ‘A decade from now’ homosexuals will ‘all be dead. There will be no gay lobby because there will be no male gays. (The irony of all this is that the one group that is probably safest is the lesbian community.) But we must recognize what we face. The disease [AIDS] will be here in a decade because judgment has come.’

Sudha Shenoy (2003) was ‘prepared to say that nearly every economics department in the world could be shut down without having an ill-effect on the world of ideas.’ Although Mises (1985 [1927])—a card-carrying Austro-Fascist (Hülsmann 2007, 677, n149)—promoted *political* fascism, Boettke (2010a) was ‘hopeful that we don’t have to defeat the twin

evils of socialism and fascism that were advocated so explicitly as Mises had to. We deal with much more subtle versions of socialism and fascism ... I am a Mises-Hayek-Kirzner Austrian economist and an anarchist in my political philosophy. I am very vocal in my endorsement of Austrianism and my displeasure with state power. You can see this in all my writings. I am not that subtle.'

Is Hillsdale College typical of 'liberty' schools? If so, poor quality Austrian-trained students are lauded with the distinction of 'dean's list' status.⁴⁶ Lawrence W. Reed (2007), president of the Mackinac Center for Public Policy in Midland, Michigan, described what passed for education at Grove City College:

Once, Dr. Sennholz held forth for 45 minutes with a ringing defense of free labor markets and a brilliant assault on compulsory unionism. With five minutes left in the class, a student—obviously not an economics major—raised his hand to ask a question. 'Dr. Sennholz, what you say sounds appealing but the fact is, not many people think that way. So there's got to be something wrong with what you're saying.'

One hundred students sat stone-faced and silent. Then came the response—gentle but firm, and forever quotable. 'Truth,' said Hans, 'is not a numbers game. You can be alone and you can be right.' Then a pause and the grand finale, 'I may be alone, but I am right.'

And of course he was.

In '10 Austrian Vices and How to Avoid Them,' Daniel Klein complained about the quality of his GMU students:

Most economists will have no idea what you're talking about if you tell them you're working on 'capital theory' ... you are not going to do this. Do not pretend otherwise ... Nearly all Austrians at one point have these delusions of grandeur, but they are just that—delusions ... Many Austrians have a tendency to think that economists they agree more with are 'better' economists than those they disagree more with. This is not true ... many Austrians have a tendency to 'live in the past.' We don't need any more critiques of Keynesian economics circa 1970 ... You are not a philosopher.

Your reader can tell this ... you are not going to make a major breakthrough on the epistemological status of economics like you think you are ... *You are not going to write a treatise that revolutionizes economics* [emphasis in original] Really, you're not.⁴⁷

At GMU, Boettke (2010a), who was recruited to deflation at Grove City College by Sennholz, has

chaired 24 dissertations, 21 of them are now teaching or hold research positions at universities and colleges ... Austrian economics needs to mimic the Keynesian avalanche within the economics profession. We are at a unique moment in high education because of faculty turnover during the next decade or two. It is my goal—I know an ambitious one—to see a *free* [emphasis added] market economist teaching at every college and university in North America and Europe within the next 20 years. We need about 20–30 clusters of 3 or more faculty in those universities, about 10–15 PhD programs and 2 or 3 of those PhD programs have to be in the elite departments.

Did Sennholz sabotage the Third Reich and save Jews—or was he a loyal Nazi who promoted the fraudulent ‘Protocols of the Elders of Zion’? Boettke (2015) promotes what could be described as the ‘Protocols of the Elders of Keynes’ in which the ex-Governor of the Central Bank of Israel, Stanley Fischer, is the villain: in the academic ‘logjam,’ ‘85% of the plumb positions are controlled by people who went to Harvard or MIT’ and were Fischer’s protégés—‘look it up.’

The medieval autonomy of the Continental universities was ‘legendary ... When Ludwig von Mises was a student at the University of Vienna, the police still had no authority to enter its premises’ (Hülsmann 2007, 61). How do Austrians enter academic ‘heaven’? According to Hayek (1978), through corruption:

You were very much dependent on the sympathy, or otherwise, of the [University of Vienna] professor in charge. You had to find what was called a *Habilitations-Vater*, a man who would sponsor you. And if you didn’t happen to agree with the professor in charge, and there were usually only two or three—in fact, even in a big subject like economics, there were only two or three professors—unless one of them liked you, well there was just no possibility.⁴⁸

Austrians like William A. Paton (1966, 17, 19) are horrified by government: ‘The habit of begging rides on the Federal gravy train is easily acquired, especially when the Boss Man and his crew are eager to attract passengers ... At the best, government consists of some conscientious and capable persons trying hard to accomplish certain specified and limited chores that have been delegated to them; at the worst, government consists of one or more racketeers and tyrants interested largely in living high from the efforts of their subjects, and in maintaining themselves in power.’ The Pope Foundation funds the Austrian School of Economics because they advocate ‘government transparency.’⁴⁹ Through fraudulent job recommendations, Hayek (1978) created a Welfare State for his academically unqualified disciples—in one instance ennobling a library assistant without an undergraduate degree as ‘Dr’ to obtain for him a professorship at a North American public university: ‘That I cannot reach the public I am fully aware. I need these intermediaries.’⁵⁰

Simultaneously, Rothbard established ‘refereed’ Austrian journals. At NYU, Mises initially gave ‘every student an A. When told he could not do that, he alternatively gave students As and Bs depending on their alphabetical placement. When told he could not do *that* [emphasis in original], he settled on a policy of giving an A to any student who wrote a paper for the course, regardless of its quality and a B to everyone else’ (Rothbard 1988 [1973], 106, n56). This allowed Wall Street brokers to obtain academic qualifications from NYU as they slept throughout Mises’ class (Doherty 2007, 212).

Hayek (1949, 432–433) sought recruits through ‘appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia ... a truly liberal radicalism ... courage to be Utopian.’ Likewise, Rockwell (2010 [1999], 294, 297) wasn’t interested in Ivy-League students with a ‘soft classical-liberal bent,’ preferring instead to ‘serve’ a ‘neglected generation’ of students: ‘Idealism is what stirs the young heart.’ He founded the Ludwig von Mises Institute to provide a ‘setting for unrestricted intellectual exploration in the Austrian tradition, no matter how radical the conclusions may be.’

At Hillsdale College, ‘liberty’ means that students ‘can’t protest or disseminate literature without administrative approval,’ and the student newspaper is censored by the administration: ‘Editors were also warned

not to print the names of professors who had “disappeared,” meaning their contracts were terminated’ (Ellis 2000). When Robert Anderson (1999) asked about two of the ‘disappeared,’ President Roche told him ‘If you don’t like it here, you should leave too.’

According to its website, ‘Hillsdale College is the place Ludwig von Mises chose in his will to be the recipient of his personal library.’⁵¹ But according to Anderson (1999), ‘Mises had never heard of the school. The books were purchased from his widow, and two donors—a wealthy businessman and a famous conservative foundation were told that each had paid the entire cost. More lies.’

Although Mises remains unable to recruit from ‘the intellectuals of the upper strata,’⁵² the substance of his religiously ‘correct conclusions’ (Truth) requires only a ‘more effective form’ to ‘convert’ the ‘worst inferior mediocrities’ in—and to—the ‘free’ market: Hayek (1978) ‘just learned he was usually right in his conclusions, but I was not completely satisfied with his argument. That, I think, followed me right through my life. I was always influenced by Mises’ answers, but not fully satisfied by his arguments. It became very largely an attempt to improve the argument, which I realized led to correct conclusions. But the question of why it hadn’t persuaded most other people became important to me; so I became anxious to put it in a more effective form.’⁵³

Religious salespeople offer ‘sovereign consumers’ a binary choice: buy or burn in hell. Hayek (1976a, Preface) offered two alternatives—Truth or grave dangers: ‘I have come to regard the writing of this book as a duty which I must not evade ... [it is] a genuine effort to find the truth which I believe has produced insights which will help even those who disagree with me to avoid grave dangers.’

Although ‘there is no single perspective at GMU ... *we all share* [emphasis added] a deep respect and commitment to learning from and developing the Mises-Hayek perspective and advancing this perspective within the scientific community of economists’ (Boettke 2010a):

Pete [Boettke] often says ‘love Mises to pieces,’ by which he means never lose sight of why you entered the discipline in the first place. (A. Evans 2010a, 79)

The (non-Austrian) Classical Liberal *Economist* ('Liberalism in Caricature,' 13 April 1957) described Mises: as a 'student of human nature he is worse than null and as a debater he is of Hyde Park standard To find an equal dogmatism coupled with an equally *simpliste* view of the springs of conduct, an equal propensity for propping up dummies and knocking them down, an equal contempt for human facts coupled with an equally vituperative style, one would have to turn to the less sophisticated Marxists The case for freedom needs making and remaking, tirelessly and ingeniously; but its cause is ill served by such stuff as this.'⁵⁴

Misean binary simplicity drove 'education' at Grove City College: Sennholz was 'right about a lot of other things that at the time weren't widely accepted as so. He was right about the big picture, the most paramount question of our age: *Should economies be led by central planners or by the sovereign choices and decisions of free individuals?* [emphasis in original]. There was never a shred of doubt where Hans stood on that, and one of his greatest contributions as a teacher was to instill in his students a similar *certitude* [emphasis added] on that question' (Reed 2007).

According to one Austrian, 'justice is what benefits my people, injustice what harms my people' (Hitler cited by Heiden 1944, 314). Hayek promoted both the 'one party state' and the one party economics department: Austrians and their fellow travelers appear horrified by the thought that non-Austrians should be employed in 'their' departments. Charles K. Rowley and Daniel Houser (2012, 17, 20) complained that the 'Marxist-Leninist bureaucrats who had captured the Ford Foundation' would not fund Buchanan's Thomas Jefferson Center at Virginia Tech until the economics department became as 'balanced politically as those at Harvard and Yale': 'Well, that was certainly not about to happen under the intellectual leadership of James Buchanan and Warren Nutter.' A report was commissioned to address the far-right-of-the-Republican-Party bias which concluded that faculty additions within the department should consist 'exclusively' of those 'of different modern outlook' ('no further recruitment from the Chicago School'). Rowley and Houser (2012, 20) described the consequences: a 'Salem-style hunt for "free-market witches" was rampant.' In 1978, the newly recruited departmental chair Daniel Orr sought to 're-orientate the Virginia Tech economics program towards mainstream neo-

classical economics.’ This was intolerable to Buchanan (2015 [15 February 1979], 260), who told his devotees that ‘we must continue to be able to secure sufficient independent and external financial support to ward off threats from the academic enemies within our institutions.’

Hayek (1992 [1977]) declared that the Mont Pelerin Society’s

main purpose has been wholly achieved. I became very much aware that each of us was discovering the functioning of real freedom only in a very small field and accepting the conventional doctrines almost everywhere else. So I brought people together from different interests. Any time one of us said, ‘Oh yes—but in the field of cartels you need government regulation,’ someone else would say, ‘Oh no! I’ve studied that.’ That was how we developed a *consistent doctrine* [emphasis added] and some international circles of communication.

Hugh Dalton (1953, 115) described how Hayek’s ‘consistent doctrine’ was applied: Lionel Robbins became an ‘addict of the Mises-Hayek anti-Socialist theme,’ ‘variety’ tended to disappear, and the LSE began to teach a ‘more uniform brand of right wing economics.’ After a visit to Nazi Germany, Dalton noted that ‘*Geistige Gleichschaltung* [intellectual coordination] is the Nazi ideal in education. There is something of this too in the economics department of the [London] school of economics’ (cited by Durbin 1985, 103).

According to the ‘free’ market monopolist of the Hayek Archives, ‘Hayek made a point of keeping his disagreement with others on a professional level’ (Caldwell 2004, 147). The Hayek Archives reveal that within weeks of arriving at the University of Chicago, Hayek began targeting non-Austrian academics for liquidation: for his assistance in sabotaging Lawrence Klein’s promotion at the University of Michigan, FEE’s William A. Paton was given membership of Hayek’s Mont Pelerin Society (Leeson 2017b).

When long-suppressed evidence about Hayek and Mises was presented, Boettke (Society for the History of Economics, SHOE, 20 May 2014) became hysterical and insisted that ‘graduated penalties’ be imposed. Grove City College’s motto is ‘Faith and Freedom’⁵⁵; and Boettke’s divine revelation Presuppositionalism insists that faith is the only basis for rational thought. Boettke’s (2010b, 62) ‘obligation’ derives from the ‘economic truth’ supplied to him by Sennholz (1922–2007), for

whom ‘A logically competent defense of a free society requires *divinely revealed information; all other defenses fail*. Sennholz, almost alone among eminent free enterprise economists, rests his defense of a free society on *revelation* [emphases added]’ (John Robbins 1992). The ‘reasonable person’ could conclude that Boettke’s (2010a) students have to obtain his approval for their (or his) faith-based preconceived conclusions before beginning work on a PhD:

When one of my favorite students came to me to discuss his dissertation, I simply asked, ‘What do you want to accomplish with your work?’ He replied, ‘That freedom works, baby!, that freedom works.’⁵⁶

In the interest of ‘full disclosure,’ Boettke (2010a) added: ‘We also are at a state university so we receive tax payer support.’ Should public funds be used to generate a PhD derived from the mantra that justified the ill-fated 2003 invasion of Iraq in search of ‘weapons of mass destruction’ and links to those who bombed the World Trade Center?

For Boettke (2010a, 2005, 14–15, 17–18), the ‘idea of working within the existing political structure is not something I am persuaded about. Instead, I am much more myopically academic and comfortable in the world of the pointy-headed eggheads.’ He claims to have devoted his life to

the philosophical and epistemological importance of Christian presuppositionalism ... Jesus Christ is Lord and Savoir [*sic*] ... one must commit to a personal relationship with God and to strive to live a Christ-centered life Religion is at the core of who we are and how we understand ourselves. The economic way of thinking can clearly aid in our intellectual endeavor to come to appreciate how religious belief systems and religious organizations legitimate and coordinate our social interactions with one another to promote either peace and prosperity, or conflict and poverty.

Hayek (1978) told Buchanan that he sought to overthrow the Constitution of the United States and replace it by a sentence written by a dictator-promoting Habsburg aristocrat:

After all, the one phrase in the American Constitution, or rather in the First Amendment, which I think most highly of is the phrase, ‘Congress

shall make no law....’ Now, that’s unique, but unfortunately [it goes] only to a particular point. I think the phrase ought to read, ‘Congress should make no law authorizing government to take any discriminatory measures of coercion.’ I think this would make all the other rights unnecessary and create the sort of conditions which I want to see.

Hayek assured Buchanan that it would be easy to reconstruct the spontaneous order because ‘a constitution is something very changeable and something which has a negative value but *doesn’t really concern the people very much* [emphasis added]. We might find a new name for it, for constitutional rules.’⁵⁷ Besides, Americans with their ‘low’ educational level relative to the ‘European peasant’ were vulnerable to the media that Hayek sought to recruit.⁵⁸ Hayek also doubted ‘whether the Americans are book readers. You see, if you go to a French provincial town, you’ll find the place full of bookstores; then you come to a big American city and can’t find a single bookstore. That suggests a very fundamental contrast.’⁵⁹

Some Presuppositionalists seek to turn the United States into Saudi Arabia—with the House of Rushdoony replacing the House of Saud. Is Boettke working to overthrow the Constitution of United States and replace it with the Christian version of Sharia Law (Chaps. 3 and 5, below)?

According to Rockwell (2010 [1999], 298), Mises and Rothbard Fellows are ‘blessed with the vocation to teach, to be scholars in the classical tradition. This is no way to get rich, and it’s not for everyone, but in the secular world, there is no higher calling.’ Boettke’s (2010a)

most important contribution is as a teacher of economics. I consider teaching a ‘calling’ and consider my role as an economic educator both at the undergraduate and graduate level very seriously and enjoy my role as a teacher tremendously ... I am myopically focused on the advance of Austrian economics within the economics profession and the academic community ... we Austrians have this amazing endowment of scientific ideas from Mises and Hayek. We cannot squander this endowment of unbelievably powerful ideas. We must win the day in the scientific debates ... Our students study Austrian economics, write dissertations in Austrian economics and get jobs where they in turn teach Austrian economics.

‘Defend Family Values’

In Skousen’s *Dissent on Keynes*, Rothbard (1992b) cited ‘Deacon’ McCormick’s (1985) *Cambridge Apostles* and referred to Keynes’ ‘deep hatred and contempt for the values and virtues of the bourgeoisie, for conventional morality, for savings and thrift, and for the basic institutions of family life.’ Christian Reconstruction places an overwhelming emphasis on the ‘Christian family as the productive institution responsible for ushering in the future Kingdom of God ... Rushdoony’s strict emphasis on the family had important implications for how he understood economics as a field of human action and as an academic discipline’ (Chap. 5, below).

But none of the three major Austrian School figures came from—or had—Christian families: Mises and Rothbard were Jewish-born atheists; while Hayek’s (1978) ‘was brought up essentially in an irreligious family ... I still don’t know what people mean by God.’⁶⁰ Leo Rosten asked about

the religious foundations of a society, you of course remember that Plato wrestled with the idea and said that democracy—He had to have one royal lie—and of course he lived in a pagan and a polytheistic society—and I’ve often wondered what he meant by that ‘one royal lie,’ because it must have meant something like the divine right of the king. Someone has to carry that, or some institution. The curious thing about the Founding Fathers, the most marvelous thing about them, was they all agreed on Providence. So it was possible for the religious, for the Episcopalians, for the nonbeliever, to agree on this vague thing called deism, but it was a tremendous cement. And as that cement erodes, consequences follow for which there seems to be no substitute. I’m wondering whether, when you talk about the rule of law, you aren’t, in a sense, talking in that tradition. Can you have a functioning society without some higher dedication, fear, faith?

Hayek (1978) replied: ‘There is still the strong innate need to know that one serves common, concrete purposes with one’s fellows. Now, this clearly is the thing which in a really great society is unachievable. You cannot really know. Whether people can learn this is still part of the emancipation from the feelings of the small face-to-face group, which we

have not yet achieved. But we must achieve this if we are to maintain a large, great society of free men. It may be that our first attempt will break down.’⁶¹

In his September 1984 closing address to the Mont Pelerin Society, Hayek emphasized the

moral inheritance which is an explanation of the dominance of the western world, a moral inheritance which consists essentially in the belief in property, honesty and the family, all things which we could not and never have been able adequately to justify intellectually. We have to recognize that we owe our civilization to beliefs which I have sometimes have offended some people by calling ‘superstitions’ and which I now prefer to call ‘symbolic truths’ ... We must return to a world in which not only reason, but reason and morals, as equal partners, must govern our lives, where the truth of morals is simply one moral tradition, that of the Christian west, which has created morals in modern civilization. (Cited by Leeson 2013, 197)

As a teenager, Hayek (1978) was recruited to the Austrian School of Economics and what appears to be the *Wandervogel* by ‘Othmar Spann, a very curious mind, an original mind, himself originally still a pupil of Menger’s. But he was a very emotional person who moved from an extreme socialist position to an extreme nationalist position and ended up as a devout Roman Catholic, always with rather fantastic philosophical ideas. He soon ceased to be interested in technical economics and was developing what he called a universalist social philosophy. But he, being a young and enthusiastic man, for a very short time had a constant influence on all these young people. Well, he was resorting to taking us to a midsummer celebration up in the woods, where we jumped over fires and—It’s so funny. [laughter]’⁶²

According to Hayek (1976b, 89), the collectivist system resembles a tribal society: where the mastermind is the commander or an authority figure who requires obedience on the part of a group of individuals to achieve collectivism. During the ‘cultural revolution’ (1966–1976), Chairman Mao recruited teenage Red Guards via his *Little Red Book*. Lissa Jackson Roche began her high school education by being exposed to the Ayn Rand cult (see below); while Ebeling’s (2016) road to the

Hillsdale College ‘Ludwig von Mises Professorship of Economics’ began in 1967 through what appears to be a cult-grooming operation:

When I was about seventeen, and living in Hollywood, I met two men who introduced me to the works of Ayn Rand. I ran into them at a restaurant called ‘Hody’s’ that was at the corner of Hollywood and Vine. Drawing me into a conversation, they asked if I had ever heard of Ayn Rand. I replied that I had heard of the Rand Corporation, but was an ‘Ayn’? They handed me a copy of Ayn Rand’s *Capitalism: the Unknown Ideal*, and told me to read it and come back in three days.

On the Future of Freedom Foundation website, Ebeling (2016) explained he had been taught that ‘liberty’ required blind obedience: three days later, ‘I did, and we met. I found her case for capitalism transformative. They then handed me a copy of her book, *The Virtue of Selfishness*, and again told me to read it and come back in three days. I did and we met again. They now handed me a paperback copy of *Atlas Shrugged*. My heart sank, fearing they’d again say to come back in three days! I wiped the sweat from my brow when they said to read it and come back in ten days.’

The Story of Hollywood describes the competition for Ebeling’s affection: ‘Hollywood became an internationally known around-the-clock prostitution and drug centre ... Jesus and Krishna disciples hustled pedestrians ... Gay drug dealers and hustlers made the Gold Cup restaurant (southwest Hollywood and Las Palmas) their hangout. In 1968, silent star Ramon Novarro brought two Hollywood Boulevard hustlers to his Laurel Canyon home, where they beat him to death ... The Howard Johnson’s operating at the former Hody’s on Hollywood and Vine removed outdoor pay phones because of the heavy drug traffic’ (Williams 2005, 325–326).

The 1960 ‘Sharon Statement’ (constructed on Buckley’s estate in Sharon, Connecticut) committed Young Americans for Freedom (YAF) to the ‘fusion’:

it is the responsibility of the youth of America to affirm certain eternal truths.

We, as young conservatives, believe:

That foremost among the transcendent values is the individual's use of his God-given free will, whence derives his right to be free from the restrictions of arbitrary force; ...

That the market economy, allocating resources by the free play of supply and demand, is the single economic system compatible with the requirements of personal freedom and constitutional government, and that it is at the same time the most productive supplier of human needs;

That when government interferes with the work of the market economy, it tends to reduce the moral and physical strength of the nation, that when it takes from one to bestow on another, it diminishes the incentive of the first, the integrity of the second, and the moral autonomy of both.⁶³

In April 1969, the middle-aged Rothbard and YAF representatives met on the California State College at Long Beach campus in what became, for some, 'a drug-fuelled anarchist frenzy' (Chap. 5, below). It is 'widely whispered in the libertarian community' that FEE's founder, Leonard Read (1898–1983), 'joined his friends,' William Mullendore (1892–1983, president, Southern California Edison Company), James Ingebretson (1906–1999, Spiritual Mobilization), and Thaddeus Ashby (1924–2007, assistant editor of *Faith and Freedom*) in 'acid explorations' (Doherty 2007, 279–280; Rothbard 2007, Chap. 11; North 1971).

Mises was a card-carrying Austro-Fascist, member of the official Fascist social club, and quasi-official theorist of the Austro-German business lobby, many of whom funded Hitler (Hülsmann 2007, 677, n149; Leeson 2017a). Read (2001 [1973]) reflected about Mises and the 'free' market: 'The proudest tribute mankind pays to one it would most honor is to call him Teacher. The man who releases an idea that helps men understand themselves and the universe puts mankind forever in his debt. In whatever directions progress is possible, the Teacher is one who has moved out ahead of inquiring humanity and by the sheer power of ideas has drawn men toward him. Men would stagnate otherwise. Historians may label an age for some ruler, such as the age of Charlemagne or Louis XIV, but the true Teacher is not for an age; he is for all time. Ludwig von Mises is truly—and I use this term in the present tense—a Teacher. More than two generations have studied under him and countless thousands of others have learned from his books. Books and students

are the enduring monuments of a Teacher, and these monuments are his. This generation of students will pass away, but the ideas set in motion by his writings will be a fountain source for new students for countless generations to come. We have learned far more from Ludwig von Mises than economics. We have come to know an exemplar of scholarship, a veritable giant of erudition, steadfastness, and dedication. Truly one of the great Teachers of all time! And so, all of us salute you, Ludwig von Mises, as you depart this mortal life and join the immortals ... There is no moment in time brief enough to be called the present. All is past or all is future, which is to say that all is memory or expectation. True, the earthly expectations are over, but the memories go on forever and ever. Amen.'

The founder and president of The Future of Freedom Foundation explained that underlying Read's 'entire philosophy was a belief in God ... It was not long after I began reading the Gospels that I discovered that Read was right about this aspect of life as well ... No matter how urgent the needs of others, the coercive redistribution of wealth is still morally wrong. The Legal Aid Society was providing legal assistance to the needy with resources that had been forcibly taken from others through the political process. Realizing that I was participating in this wrongful conduct, I resigned my position with Legal Aid' (Hornberger 1988).

Bartley (1978), Hayek's third official biographer, became enamored of the cult-like Erhard Seminars Training: the first *est* course was held at the Jack Tar Hotel, San Francisco, in October 1971 (Leeson 2013, Chap. 9). According to a Professor of Philosophy (who insists on anonymity to avoid recriminations from what he calls the 'Popper Church'), Bartley gave a 'plenary session' lecture at an Alpbach European Forum in Austria (which Hayek may have attended) which was

was full of Californian 'New Age' rubbish about how hallucinogens can break down the 'bicameral mind' and put you in touch with your 'true self.' (See also Theroux 2015)

Apparently unable to gain admission to university, Ebeling (2016) enrolled in college. His 'first economics class, the assigned textbook was the seventh edition of Keynesian economist, Paul Samuelson's [1967] *Economics*' (the eighth edition was published in 1970). In '1972, while

still an undergraduate student,' Sacramento State College became a university (California State University at Sacramento)⁶⁴; and in 1973, Ebeling (2010, xvi) was a CSU 'undergraduate.' Undergraduate degrees are usually completed in three years: Ebeling believes he took a degree but doesn't apparently know whether it was 'B.S.' or a 'B.A. in Economics (1976).'⁶⁵

Buchanan (1992, 130) observed that at Mont Pelerin Society meetings there was 'too much deference accorded to Hayek, and especially to Ludwig von Mises who seemed to demand sycophancy.' With what appears to be sycophantic gibberish, Ebeling (1992) reviewed *The Collected Works of F.A. Hayek, Volume 4: The Fortunes of Liberalism, Essays on Austrian Economics and the Ideal of Freedom*: 'Hayek, unfortunately, is now gone. But luckily he continues to speak to us in this collection. And we should want to listen, because what he has to say will have value for the preservation of the how society [*sic*] long after we ourselves, his listeners, are gone.' Ebeling (1994) then uncritically repeated Hayek's fraud about Arthur Cecil Pigou being a Soviet spy; and Caldwell then recruited Ebeling to edit *The Collected Works of F. A. Hayek: Hayek and the Austrian Economists: Correspondence and Related Documents* (Hayek forthcoming).

Keynes (1936, 146) famously stated: 'When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.' There appears to be a gap in Ebeling's Citadel Military College CV between his 1976 B.A. (or 'B.S.') and the start of his academic career, 'Adjunct Instructor in Economics (1979–1981) Rutgers University Newark, New Jersey.'⁶⁶ In 'the 1970s,' Ebeling (2010, xvii) was 'working at the Center for Libertarian Studies' (CLS), and in Autumn 1977, was listed as 'a graduate student at NYU' and Inaugural Editorial Board member of CLS' *Austrian Economics Newsletter*.⁶⁷ Rothbard (1977), CLS' co-founder, reported that Ebeling was the Inaugural Editor of the CLS Occasional Papers series.⁶⁸ According to CLS president (and Chairman of the Mises Institute), Burton Blumert (2008, 327), one of his first executive directors committed suicide; and his successor, referred to only as 'Richard,' a 'partially recovered member of Gambler's Anonymous,' absconded, pursued by two mafia types from New Jersey.⁶⁹

Ayn Rand met Frank O'Connor *en route* to the set of Cecil B. DeMille's *King of Kings* (where O'Connor wore a Roman toga); and, 'fixated' on

this ‘handsome stranger,’ for ‘months she sobbed audibly in her bedroom in the Studio Club, alarming the other girls.’ The romance blossomed after a chance encounter in a ‘library off Hollywood Boulevard’ (Burns 2009, 23). In ‘How I Became a Libertarian and an Austrian Economist,’ Ebeling (2016) described working part time at the ‘Hollywood Public Library in Los Angeles’ and visiting the *Goddess of the Market* in 1968: ‘Ayn Rand was dressed in a red denim railway man’s-like outfit with a train conductor’s cap, and her husband, Frank O’Conner [*sic*], was in a Nehru suit with beads. I have no idea of the meaning or reason for either one.’ Ebeling appeared to be equally befuddled about the instant privatization that he and his fellow travelers successfully sought to impose between the Collapse of Communism and the Rise of Russia of the Oligarchs (Haiduk 2015):

By the late 1990s, national income had fallen by more than 50% (compare that with the 27% drop in output during the great American depression), investment by 80%, real wages by half and meat and dairy herds by 75%. ... The numbers living below the poverty line in the former Soviet republics had risen from 14m in 1989 to 147m even before the 1998 financial crash. The market experiment has produced more orphans than Russia’s 20m-plus wartime casualties, while epidemics of cholera and typhus have re-emerged, millions of children suffer from malnutrition and adult life expectancy has plunged. (Milne 2001; see also Cohen 2001)

Ebeling (2010, xvii) reported that Shenoy and the other revivalists were ‘inspiring scholars and warm human beings’ who ‘influenced me greatly over the years.’ Shenoy (2003)—Hayek’s first authorized biographer—read *The Constitution of Liberty* (1960b) ‘when it first came out ... Hayek and Mises were household names in the family.’ In 1966, after five years as an ‘Economics (major) ... Special Subject: Monetary Economics,’ she obtained a lower-second-class undergraduate degree in economic history, which is below the conventional cut-off point for entry to graduate school.⁷⁰ Although Shenoy unsuccessfully undertook ‘Graduate courses in Economics, 1967–1968’ at the University of Virginia,⁷¹ as early as 1977, she was referred to as ‘Dr Shenoy’ in FEE circles⁷²; and in an IEA press release on privatization, their employee (1970–1977), ‘Dr Sudha Shenoy,’ was listed as the authority to be contacted.⁷³

According to Shenoy (1969, 1987), ‘the market process’ is ‘adapted to the realization of hitherto latent and unknown possibilities’; and Mises ‘repeatedly emphasised’ that the ‘rationale of the market is the continuous displacement’ of incumbents by ‘other entrepreneurs, better-adapted to the new circumstances constantly appearing in the reality of the market.’ Shenoy, who held a visiting position at the ‘Market Process Center’ (later, the Mercatus Center), GMU (1983), enjoyed a career at the taxpayer’s expense, courtesy—not of the academic market process—but of special pleading by Hayek and the National Tertiary Education Union (of which she was a member). In 2001, near the end of her academic career, Shenoy (1943–2008) was given an Austrian-examined PhD.

Ebeling (born in 1950) believes that he has a postgraduate qualification but doesn’t apparently know whether it is an ‘M.S. Rutgers University’ or an ‘M. A. in Economics (1980), Rutgers University.’⁷⁴ He also believes that he studied for and in 2000 was given a ‘Ph.D. in Economics’ from Middlesex Polytechnic/University in ‘London, England’ while living over 6000 kilometers away in Michigan, as ‘Ludwig von Mises Professor of Economics (1988–2003) Hillsdale College.’⁷⁵

Hayek (19 July 1971) informed Dennis Ainsworth that the University of Salzburg was completely unsuitable for advanced work in economics. Economics was still taught only as a subsidiary subject to law and therefore was on a completely ‘elementary’ level.⁷⁶ Referring to economics, Hayek (in a January 1977 letter to the editor of the newspaper *Die Presse*) bemoaned that the ‘University of Salzburg is not authorized to bestow doctorates. Thus, there are no serious students of economics here. I made a mistake in moving to Salzburg’ (cited by Ebenstein 2003, 254). In his 30s, ‘Dr’ Kurt Leube (1943–), Hayek’s fourth authorized biographer, attempted without success to acquire an undergraduate degree in economics from the University of Salzburg.

Apparently unable to gain admission to university, Boettke’s (2010b, 59–60) grades at Thiel College were ‘not exemplary’ and through ‘intervention’ was allowed to transfer to Grove City College to restart his college career. Even ideologically sympathetic observers detect a ‘tendency to ramble, interrupt and use salty language’ (K. Evans 2010b).

President Boettke of Hayek's Mont Pelerin Society described the 'gullible' historians of thought on the SHOE list as 'not necessarily high opportunity cost scholars':

Yes, I know that sounds elitist, but scholarship requires certain abilities and temperament, and is measured by very conventional standards of publication, citation measures, etc. and these are highly correlated with academic position. In addition, as the sociologists [sic] Peter Berger used to emphasize, you cannot expect those only capable of playing checkers to be able to play chess.⁷⁷

At the Mont Pelerin Society, Paul Bede Johnson presumably heard Hayek (1949, 1978) referring to his disciples as the 'worst ... inferior ... mediocrities'⁷⁸:

Of course, scientists are pretty bad, but they're not as bad as what I call the intellectual, a certain dealer in ideas, you know. They are really the worst part. But I think the man who's learned a little science, the little general problems, lacks the humility the real scientist gradually acquires. The typical intellectual believes everything must be explainable, while the scientist knows that a great many things are not, in our present state of knowledge. The good scientist is essentially a humble person.⁷⁹

The devout Roman Catholic Johnson (1988, 2) posed some questions about secular *Intellectuals*: 'How did they run their own lives? With what degree of rectitude did they behave to family, friends and associates? Were they just in their sexual and financial dealings? Did they tell and write the truth? And how have their own systems stood up to the test of time and praxis?' The fallacy of *Argumentum ad hominem* invites a negative-sum-game counter-examination. Austrian School economists have participated in a damage-minimization '*esprit de corps*' silence (or distortions) about the sexual activities of their leaders (Schulak and Unterköfler 2011, 32; Leeson 2015c, Chap. 3). When Mises met Margit in 1925, she was a 35-year-old widow with two young children. Mises declined to marry her until 1938 after his own widowed mother had died:

He knew I needed a father for my children; he was aware of the fact that I gave them all the love and affection I was capable of. But children need more than a loving and doting mother. They need guidance and direction for their development, and I, as a mother alone, was well aware that I was not strong enough to give them what they deserved Soon after we became engaged, he grew afraid of marriage, the bond it would mean, the change that children would bring to a quiet home, and the responsibilities that might detract him from his work. So it was a stormy relationship, the old problem of Adam and Eve. But we did not live in Paradise—far from it. We never had a fight between us. Lu fought himself, and then made me suffer. (Margit Mises 1984, 18, 19; 1976, 27; Hülsmann 2007, 518–522)

Mises (1985 [1927], 42–43) sought to undermine ‘everywhere ridiculous’ democracy: ‘Those of the old regime had displayed a certain aristocratic dignity, at least in their outward demeanor. The new ones, who replaced them, made themselves contemptible by their behavior.’ Mises (1951 [1922], 100–101)—who apparently had to wait until his devoutly religious widowed mother was dead before he could marry—asserted that ‘The radical wing of Feminism ... overlooks the fact that the expansion of woman’s powers and abilities is inhibited not by marriage, nor by being bound to a man, children, and household, but by the more absorbing form in which the sexual function affects the female body ... the fact remains that when she becomes a mother, with or without marriage, she is prevented from leading her life as freely and independently as man. Extraordinarily gifted women may achieve fine things in spite of motherhood; but because the function of sex have first claim upon woman, genius and the greatest achievements have been denied her.’

Mises (1951 [1922], 85, 87, 90) justified his type of behavior: ‘In the life of a genius, however loving, the woman and *whatever goes with her* [emphasis added] occupy only a small place Genius does not allow itself to be hindered by any consideration for the comfort of its fellows even of those closest to it.’ With respect to women, ‘the sexual function,’ the urge to ‘surrender to a man,’ and ‘her love for her husband and children consumes her best energies’; anything more was ‘a spiritual child of Socialism.’

Boettke ‘loves Mises to pieces’ and North—a self-appointed member of the First Estate—insists that non-Austrians—‘epistemological child molesters’—must ‘stay out of print.’ In *Socialism: An Economic and*

Sociological Analysis Mises (1951 [1922], 87, 104, n1), ‘Waking and dreaming man’s wishes turn upon sex.’ His fiancé (1976, 28, 23) sometimes ‘did not see him for weeks. But I knew very well that he was in town. At least twice daily the telephone rang, and when I answered there was silence at the other end of the line—not a word was spoken. I knew it was Lu . . . I was so tormented, so torn to pieces that the children must have felt it.’⁸⁰ Margit (1984, 44, 23) also recalled:

The one thing about Lu that was as astonishing as it was frightening was his temper. Occasionally he showed terrible outbursts of tantrums. I do not really know what else to call them. I had experienced them in Vienna on various occasions. Suddenly his temper would flare up, mostly about a small, unimportant happening. He would lose control of himself, start to shout and say things, which coming from him, were so unexpected, so unbelievable, that when it happened the first few times I was frightened to death. Whatever I said would enrage him even more. It was impossible to reason with him. So I kept silent or went out of the room. I gradually realized that these outbursts had nothing to do with me. I was just there, I was the outlet which gave him the opportunity to relieve himself.

Mises also relieved himself by feeling Margit’s six-year-old daughter: ‘I wanted to touch Gitta’s hair and think of you.’ When ‘pompous titles’ were ‘bestowed on unworthy men,’ Thomas Paine (2000 [1775]) felt ‘an indignity that instructs me to despise the absurdity.’ First and Second Estate titles ‘over-awe the superstitious vulgar, and forbid them to inquire into the character of the possessor: Nay more, they are, as it were, bewitched to admire in the great, the vices they would honestly condemn in themselves. This sacrifice of common sense is the certain badge which distinguishes slavery from freedom; for when men yield up the privilege of thinking, the last shadow of liberty quits the horizon.’ The sexual predators of the First Estate have been protected for decades—and there is strong circumstantial evidence that ‘von’ Mises was also a sexual predator: Gitta appeared to have been deeply traumatized by her childhood encounters with Second Estate ‘liberty’ (Leeson 2017a).

Rockwell (1994) explained what underpinned Austrian support for the decriminalization of drugs: he wants ‘the addicts to kill themselves instead of us.’ Rothbard (1926–1995) died age 69 of heart disease. Block

(1995, 21, 22) recalled that in the 1960s, Rothbard was a ‘little fat man’: when eating with Rothbard began to adversely affect his own weight, he was told that ‘every calorie says “yea” to life. What could I say?’ As Americans became trapped in a sugar addiction obesity epidemic, Lissa Jackson Roche, who directed Hillsdale’s seminar program, arranged for students to sit examinations after attending compulsory ‘speeches’ from Dave Thomas, founder of Wendy’s Hamburgers, and on ‘Keeping Free Enterprise Free,’ by Harry E. Teasley, Jr., the former CEO of Coca-Cola Foods: ‘The speeches are meant to validate what the students are learning in the classroom ... They represent the successful application of ideas’ (cited by Eakin 1996).

Lissa Jackson arrived at Hillsdale as a freshman in fall 1975, ‘four years after George III had taken over as president, primed by her education for sexual adventure.’ She ‘began her *high school education* [emphasis added] by flying to the Caribbean and becoming a passenger on a large sailing ship that housed what was then known as the Flint School, also known as the Boats, a floating academy whose purpose was to instill into young minds the philosophy of Ayn Rand’ (Jones 2000).

In ‘The Relevance of Hayek,’ Roche (1976, 2, 3, 4) explained that the ‘values’ which ‘men hold ultimately determine whether or not the market itself will be allowed to survive ... we owe it to ourselves, and most certainly to our children, to explore the alternatives to serfdom and to lay the foundations for the moral and intellectual regeneration which the future may bring and which the continuation of civilisation so desperately requires.’ Government was perpetrating a ‘monstrous deception’: the ‘working of a free economic order ultimately depends on the moral and spiritual underpinnings of the free society as a whole.’ The ‘collective ideal’ had ‘distorted the institutional and moral fabric of society.’ Until ‘advocates of a free society are willing to carry on the argument on a level which reaches the individual and his moral concerns, which reinstates the certitudes and institutions around which men can order their lives and establish their identities, we cannot hope to turn the tide.’

In ‘The Moral Requirement,’ Roche (1976, 5, 6) proclaimed that ‘no society’ can ‘effectively’ function for long without a ‘deeply felt’ consensus on what it means to be a ‘good man.’ The ‘free’ society rests upon a particular conception of what the ‘good man’ should be [Roche’s

emphases]. A ‘heartfelt moral consciousness’ was required. The ‘free’ society is ultimately based upon the capacity of the individual to ‘govern himself—from within’—a capacity which can and will break down without the ‘proper moral climate.’ Collectivism has destroyed the ‘free’ society and the ‘ethics’ of the individual—his ‘means to govern himself.’ This ‘perverted liberalism’ had left its victims to pursue happiness not in the ‘love of friends, family and community’ but in the ‘spoiled child psychology—in sensual gratification and material things’—which allows the government to take the place of ‘family and community.’ Roche was above such things: ‘Such remedies are never truly satisfying. The unquenchable thirst for greater satisfaction, for larger and larger doses of pleasure, impels such men into the arms of the state.’ Roche quoted Edmund Burke: ‘unbridled passion serves as the fire which forges its fetters.’

According to Roche (1976, 8), a society ‘cut loose from its ethical moorings, contemptuous of its moral heritage, will not long remain free.’ The ‘free’ society required ‘an institutional and moral framework’ which provides the individual with his ‘moral bearing, with a sense of freedom *and* responsibility [Roche’s emphasis].’ Hayek’s ‘Whig tradition’ preserved the ‘spirit of freedom and civility from collapsing into anarchy I myself am deeply attached to the necessity of tradition and I harbor a healthy suspicion for the excesses of utopian rationalism. A loyalty to one’s family, friends and institutions and preferences is the very stuff of which real individualism and healthy societies are made.’

In Buckley’s *Firing Line* with Hayek on ‘Is There a Case for Private Property,’ Roche (1977) complained that his ideological opponents had ‘undercut individual morality’ and had created ‘all sorts of departures from the idea that it is possible to establish a difference between right and wrong Morality is the difference between right and wrong in concrete, specific decisions and transactions between and among individuals.’ His own life experiences provided examples of the ‘responsibility of the parent to do something for the education of his own children.’ As an illustration, Roche reminded the audience that ‘none of our money comes from the federal government or the state government’; which Buckley reinforced: ‘You disdain it.’

Anderson (1999) revealed that Buckley had uncritically accepted Roche’s fusion lies: when Roche arrived in 1971, Hillsdale College was

participating in the federal government's 'work/study program' and, to 'meet federal guidelines, the college seemed to be engaging in some highly questionable student employment practices.' Roche insisted that he would terminate it 'as soon as possible'—but two years later, the government grants to Hillsdale College were still being reported by 'Congressman Ed Hutchinson' in the local newspaper. Roche then

began a publicity crusade, both in written advertisements and public speaking, declaring that the college had never accepted 'one cent of government funds in its entire history.' He knew, and he knew we knew, that this was a lie.

'Professor Boyer' challenged Roche and 'to this day he still believes it was the cause of his eventual termination.' Roche 'continued to profess the lie until today it is enshrined as part of Hillsdale College's heritage'—a 'false claim which George knowingly conveyed to all who would listen' and which illustrated how 'his rhetoric conflicted with factual reality.' How many donors 'have relied on that falsehood'?

Most Hillsdale undergraduates live in single-sex dorms 'under the watchful eye of a house parent.' According to one student, 'monitors' checked her room at 3 a.m. 'looking for boys. The penalty is twenty-five dollars if they catch you with someone.' According to Robert Blackstock, the Dean of admissions, Hillsdale rules tell students 'that there's something going on here about the male-female thing that we need to elevate ourselves above. Passions have to be controlled' (cited by Eakin 1996).

According to Roche (1976, 9, 11):

Since traditions are developed over time, and necessarily without pre-planning (that is, within the mode of spontaneous order) the Hayek idea reinforces the conservative respect for custom and the maintenance of viable tradition. For the libertarian, spontaneous order enshrines personal liberty as the sine qua non of its operation. Hayek shows how any society, if it is to be a stable and lasting order, must be free. For Hayek, liberty is a necessary precondition for order, virtue and economic stability ... the work of Friedrich Hayek may well show us the way for the years immediately ahead.

Between 1934 and 1949, Hayek apparently tried to persuade his wife to take their two children and relocate back to Vienna. When this failed, he relocated to America to have unrestricted access to his cousin whose cooking and conversation he could barely tolerate. Roche III left for a honeymoon, abandoning ‘his wife of 44 years who is suffering from liver cancer with a \$1000 check and the injunction to get out’ (Anderson 1999). According to Hayek (1988, 137), ‘the only religions that have survived are those which support property and the family.’ After the president of the Mont Pelerin Society, Bruno Leoni (1913–1967), was hacked to death by an underworld business associate, Roche III emerged as the premier Austrian family values promoter and fundraiser.

Roche III (1935–2006) became a fund-raising liability after Lissa Jackson Roche confessed to her husband, George Roche IV, that for 19 years she had been having sex with his father. Hours later, she was either murdered or committed suicide by firing a bullet into her brain (Rapoport 2001). Roche III was President Reagan’s director of the National Council on Educational Research (1984–6); William Bennett, Reagan’s Secretary of Education (1985–1988), resigned from the Roche replacement search committee because he suspected a Hillsdale College cover-up (Carson 1999).

Notes

1. Coincidentally, but perhaps symbolically, ‘von’ Mises ‘played tennis—always with a trainer—but without enthusiasm. Once I watched him. When the ball was easy for him to reach, he returned it, otherwise he would not bother. When I asked him: “Why don’t you put a little effort into your game?” He replied, “Why should I? The fate of the ball does not interest me”’ (Margit Mises 1984, 27). Rockwell appeared to salivate over a photograph of the twelve year old Mises ‘holding a racket for sports’ (Hülsmann 2007, 40).
2. <https://www.clemson.edu/business/about/profiles/RTOLLIS>
3. <http://mason.gmu.edu/~rwagner/Vitae.pdf>
4. <http://econfaculty.gmu.edu/pboettke/cv.html>
5. <https://www.industrydocumentslibrary.ucsf.edu/tobacco/docs/#id=yqxm0123>

6. <https://www.industrydocumentslibrary.ucsf.edu/tobacco/docs/#id=lgkc0081>
7. It's not clear whether or not any of Boettke's op-ed pieces (if written) were published. <http://sciencecorruption.com/ATN166/01477.html>
8. Haberler Papers Box 39.
9. Burns joined the Mont Pelerin Society in 1948; his membership appears to have lapsed in the late 1960s.
10. Fürth Papers Hoover Institution Box 6.
11. 'Mises wrote that there was no contradiction between national self-determination and a monarchical regime, provided that the monarchy was established by a free referendum.'
12. Buckley (1998) 'affinity for the mind of Kuehnelt-Leddihn would prove extensive. He is the only writer whose column appeared in *National Review* when the magazine was founded and continued to appear in it for 35 years.'
13. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
14. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
15. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
16. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
17. 'I don't have many strong dislikes. I admit that as a teacher—I have no racial prejudices in general—but there were certain types, and conspicuous among them the Near Eastern populations, which I still dislike because they are fundamentally dishonest. And I must say dishonesty is a thing I intensely dislike. It was a type which, in my childhood in Austria, was described as Levantine, typical of the people of the eastern Mediterranean. But I encountered it later, and I have a profound dislike for the typical Indian students at the London School of Economics, which I admit are all one type—Bengali moneylender sons. They are to me a detestable type, I admit, but not with any racial feeling. I have found a little of the same amongst the Egyptians—basically a lack of

- honesty in them.’ Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
18. Hayek Papers Box 34.17.
 19. <http://www.margaretthatcher.org/document/114609>
Hayek Papers Box 27.6.
 20. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 21. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 22. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 23. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 24. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 25. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 26. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 27. Friedrich Hayek, interviewed by Thomas Hazlett 12 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
 28. Hayek Papers Box 154. Handwritten note.
 29. To William Ballou (7 October 1979). Hayek Papers Box 11.19. The context of these remarks is not entirely clear from the correspondence.
 30. <https://jwpf.org/grants/>
 31. <http://jwpf.org/grants/focus-areas/education/>
 32. <http://www.donorstrust.org/>
 33. <http://www.donorstrust.org/news-notes/donorstrusts-new-ceo/>

34. <http://www.forbes.com/sites/lauriebennett/2012/03/31/tracking-koch-money-and-americans-for-prosperity/#1d35731c1822>
35. <https://jwvf.org/grants/>
36. <http://www.peter-boettke.com/curriculum-vita/>
37. <http://mercatus.org/all-people/1287>
38. Boettke (2010a) added: ‘but if you want to know outside of academy who has influenced me the most in my outlook it is a businessman in investment—Edward Weick—and a foundation representative/businessman/author/philanthropist—Richard Cornuelle.’
39. Friedrich Hayek, interviewed by Robert Chitester date unspecified (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
40. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
41. Since the Papal-sanctioned military campaigns that began in the late 11th century, nuclear silos have injected a more lethal element into the religious silos of ‘Crusaders.’
42. <http://contemporarythinkers.org/friedrich-hayek/multimedia/interview-hayek-gary-north-part-1/>
<http://contemporarythinkers.org/friedrich-hayek/multimedia/interview-hayek-gary-north-part-2/>
43. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
44. <https://www.thiel.edu/about>
45. <http://www.coordinationproblem.org/2014/06/robert-leeson-hayek-and-the-underpants-gnomes.html>
46. ‘Claims of high academic standards can be misleading. Back in the late eighties a Hillsdale official commented to me, “Hillsdale students have an average SAT score in the nine hundreds and, yet, almost eighty percent of them are on the dean’s list. What does this say for our academic standards?”’ (Anderson 1999).
47. http://austrianeconomists.typepad.com/weblog/2007/03/austrian_vices_.html
48. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
49. <http://jwvf.org/grants/focus-areas/education/>

50. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
51. <http://lib.hillsdale.edu/about/collections>
52. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
53. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
54. <http://mises.org/etexts/mises/anticap.asp>
55. <http://www.gcc.edu/about/whoware/faithandfreedom/Pages/Faith%20and%20Freedom.aspx>
56. Boettke (2010a) 'laughed and said, ok, lets get to work on that. He did a refined analysis of development planning and examined the role of government in the East Asian tigers in the 1980s, the Celtic tiger of the 1990s and the failure of government in Japan in the 1990s. All three of his papers where published in [Austrian?] refereed journals. He has had great jobs. He has developed into a great economist.'
57. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
58. 'Perhaps it's the degree of constant communication with the media (now one has to call it media; it used to be the press) which is much greater than you would expect of a people with the same general level of education. Compared with current influences, the basic stock of education is rather low. It's the contrast between the two. The European peasant has less basic education but is not subject to the same stream of constant current information. Usually people who are subject to such a stream of current information have a fairly solid stock of basic information. But Americans have this flood of current information impacting upon comparatively little basic information.'
59. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
60. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

61. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
62. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>). Hayek was referring to the University of Vienna.
63. <http://www.yaf.org/news/the-sharon-statement/>
64. <http://sacramento.stateuniversity.com/>
65. <http://www.citadel.edu/root/csb-faculty-staff/48-academics/schools/business/badm/22431-ebeling>
- http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf. Accessed 15 April 2017.
66. http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf. Accessed 15 April 2017.
67. https://mises.org/system/tdf/aen1_1_1_0.pdf?file=1&type=document
68. YAF's journal, *New Guard* (1977–1978, 25), also reported that the CLS 'has begun a new series of Occasional Papers under the general editorship of New Guard contributor Richard Ebeling.'
69. A different 'Richard' perhaps.
70. 'In the second year of college, I took a course in economics ... and I quite liked it.' Shenoy (2003) took a B.A. from Gujarat University in 1963 ('Economics major'), where her 'father was teaching,' and which had copies of some 'Mises books. I read them and was hooked ... I eventually attended the LSE' (1963–1966).
71. Shenoy's CV. University of Newcastle, Australia. The Office of the University of Virginia Communications (email to Leeson 24 October 2016) have confirmed that she was enrolled (Fall 1967–Spring 1968).
72. Hayek Papers Box 20.1.
73. Mont Pelerin Society Papers Box 2.7.
74. <http://www.citadel.edu/root/csb-faculty-staff/48-academics/schools/business/badm/22431-ebeling>
- http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf. Accessed 15 April 2017.
75. http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf. Accessed 15 April 2017.
76. Hayek Papers Box 9.9.
77. <http://www.coordinationproblem.org/2014/06/robert-leeson-hayek-and-the-underpants-gnomes.html>

78. 'It seems to be true that it is on the whole the more active, intelligent, and original men among the intellectuals who most frequently incline toward socialism, while its opponents are often of an inferior calibre.' Nobody 'who is familiar with large numbers of university faculties (and from this point of view the majority of university teachers probably have to be classed as intellectuals rather than as experts) can remain oblivious to the fact that the most brilliant and successful teachers are today more likely than not to be socialists, while those who hold more conservative political views are as frequently mediocrities' (Hayek 1949).
79. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
80. Margit (1984, 20–21) attributed Mises' behaviour to shyness: 'He wanted to hear my voice.'

Bibliography

- Anderson, R. G. 1999. George and Me. LewRockwell.com <https://www.lewrockwell.com/1999/12/robert-g-anderson/george-and-me/>
- Barros, R. 2004. *Constitutionalism and Dictatorship: Pinochet, the Junta, and the 1980 Constitution* (Cambridge Studies in the Theory of Democracy). Cambridge: Cambridge University Press.
- Bartley, W. W. 1978. *Werner Erhard: The Transformation of a Man, the Founding of Est*. New York: Clarkson N. Porter.
- Batamarco, R. 1995. Three Fallacies of Rent Control. *The Freeman* 1 June. <https://fee.org/articles/three-fallacies-of-rent-control/>
- Bausor, R. 1989/90. The Contributions to Economics of Douglas Vickers. *Journal of Post Keynesian Economics* 12.2, Winter: 203–213.
- Bennett, L. 2012. Tracking Koch Money and Americans for Prosperity. *Forbes* 31 March. <https://www.forbes.com/sites/lauriebennett/2012/03/31/tracking-koch-money-and-americans-for-prosperity/#2a762ff96c46>
- Bessner, D. 2014. Murray Rothbard, Political Strategy, and the Making of Modern Libertarianism. *Intellectual History Review* 24.4: 441–456.
- Block, W. 1995. In Rockwell, L. H. Jr. (Ed.) *Murray Rothbard: In Memorandum*. Auburn, Alabama: Ludwig von Mises Institute.
- Block, W. 2008. *Labor Economics from a Free Market Perspective: Employing the Unemployable*. Singapore: World Scientific.

- Blumert, B. 2008. *Bagels, Barry Bonds and Rotten Politicians*. Auburn, Alabama: Ludwig von Mises Institute.
- Boettke, P. 2005. Religion and Economics. In *The Economics of Religion: A Symposium*. *Faith & Economics* 46, Fall: 14–18.
- Boettke, P. 2010a. Exclusive Interview Peter Boettke on the Rise of Austrian Economics, Its Academic Inroads and Why the Market Should Decide. *Daily Bell* 12 December. <http://www.thedailybell.com/exclusive-interviews/anthony-wile-peter-boettke-on-the-rise-of-austrian-economics-its-academic-inroads-and-why-the-market-should-decide/>
- Boettke, P. 2010b. Reflections on Becoming an Austrian Economist and Libertarian, and Staying One. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Boettke, P. 2015. Freedom Readers: Pay No Attention to the Man Behind the Curtain. Grove City College Lecture. 6 October. <http://www2.gcc.edu/media/events/2015/Events15f.htm>
- Boettke, P., Coyne, C. and Leeson, P. 2006. High Priests and Lowly Philosophers: The Battle for the Soul of Economics. *Case Western Reserve Law Review* 56.3: 551–568.
- Bulle, R. J. 2014. Institutionalizing Delay: Foundation Funding and the Creation of U.S. Climate Change Counter-Movement Organizations. *Climatic Change* February 122.4: 681–694.
- Bryan, W. 2014. Giving Is Both Job and Joy for Hot Springs Philanthropist. *Three Rivers Edition* 16 November. <http://www.arkansasonline.com/news/2014/nov/16/giving-both-job-and-joy-hot-springs-philanthropist/>
- Buchanan, J. 1987. An Interview with James Buchanan. *Austrian Economics Newsletter* Fall. https://mises.org/system/tdf/aen9_1_1_1.pdf?file=1&type=document
- Buchanan, J. 1992. I Did Not Call Him ‘Fritz’: Personal Recollections of Professor F. A. v. Hayek. *Constitutional Political Economy* 3.2, Spring/Summer: 129–135.
- Buchanan, J. M. 2007. *Economics from the Outside in: ‘Better Than Plowing’ and Beyond*. College Station: Texas A&M University Press.
- Buchanan, J. M. 2015 [1979]. Notes on Hayek – Miami 15 February 1979. *Review of Austrian Economics* 28.3: 257–260.
- Buchanan, J. M. and Wagner, R. E. 1977. *Democracy in Deficit: The Political Legacy of Lord Keynes*. New York: Academic Press.
- Buchanan, J. M., Wagner, R. E. and Burton, J. 1978. *The Consequences of Mr. Keynes: An Analysis of the Misuse of Economic Theory for Political Profiteering, with Proposals for Constitutional Disciplines*. London: Institute of Economic Affairs.

- Buckley, W. F. Jr. 1998. Tribute by William F. Buckley to Erik Ritter von Kuehnelt-Leddihn delivered at The Philadelphia Society Meetings, October 10, 1998, at the Intercollegiate Studies Institute National Headquarters, Wilmington, Delaware. <http://phillysoc.org/tribute-by-william-f-buckley-to-erik-ritter-von-kuehnelt-leddihn/>
- Bullock, A. 1991. *Hitler: A Study in Tyranny*. New York: Harper Perennial.
- Burns, J. 2009. *Goddess of the Market Ayn Rand and the American Right*. New York: Oxford University Press.
- Caldwell, B. 1995. Editorial Notes. In Hayek, F. A. (Ed.) *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press.
- Caldwell, B. 2004. *Hayek's Challenge: An Intellectual Biography of F.A. Hayek*. Chicago: University of Chicago Press.
- Caldwell, B. 2007. Introduction and Editorial Notes. In *F.A. Hayek The Road to Serfdom Texts and Documents The Definitive Edition. The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press.
- Caldwell, B. 2008. Hayek on Mill. *History of Political Economy* 40.4: 689–704.
- Caldwell, B. 2011. *Ten (Mostly) Hayekian Insights for Trying Economic Times*. The Heritage Foundation. 1 February. <http://www.heritage.org/report/ten-mostly-hayekian-insights-trying-economic-times>
- Caldwell, B. 2014. *2013–2014 CHOPE Annual Report*, Duke University.
- Carson, T. 1999. Sex, Lies, and Hillsdale How the Conservative College Is Dealing with the Aftermath of a Scandal. *Weekly Standard* 5.11, November 29.
- Cohen, S. F. 2001. *Failed Crusade*. London: WW Norton.
- Cubitt, C. 2006. *A Life of August von Hayek*. Bedford, England: Authors on line.
- Dalton, H. 1953. *Call Back Yesterday: Memoirs, 1887–1931*. London: Frederick Muller.
- Davidson, E. 1966. *The Trials of the Germans: An Account of the Twenty-Two Defendants Before the International Military Tribunal at Nuremberg*. London: Macmillan.
- Deacon, R. 1985. *The Cambridge Apostles: A History of Cambridge University's Elite Intellectual Secret Society*. London: Robert Boyce.
- Doherty, B. 2007. *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement*. New York: Public Affairs.
- Durbin, E. F. 1985. *New Jerusalem: The Labour Party and the Economics of Democratic Socialism*. London: Routledge & Kegan Paul.
- Eakin, E. 1996. God and Man at Hillsdale: A Conservative College's Double Vision. *Lingua Franca* 6.6, September/October. <http://linguafranca.mirror.theinfo.org/9609/hillsdale.html>

- Ebeling, R. M. 1975. The Second Austrian Conference. *Libertarian Forum* Vol. VII, No. 7, July 4–8. <http://rothbard.altervista.org/articles/libertarian-forum/lf-7-7.pdf>
- Ebeling, R. 1992. Book Review: The Collected Works of F.A. Hayek, Volume 4. *Future of Freedom Foundation* 1 August <http://www.fff.org/explore-freedom/article/book-review-collected-works-fa-hayek-volume-4/>
- Ebeling, R. 1994. Review of Stephen Koch *Double Lives: Spies and Writers in the Secret Soviet War of Ideas Against the West* by Stephen Koch (New York: Free Press). *Future of Freedom Foundation* 1 July. <http://fff.org/explore-freedom/article/book-review-double-lives/>
- Ebeling, R. 2010. *Political Economy, Public Policy and Monetary Economics: Ludwig von Mises and the Austrian Tradition*. London: Routledge.
- Ebeling, R. 2016. How I Became a Libertarian and an Austrian Economist. *Future of Freedom Foundation* 2 May. <http://www.fff.org/explore-freedom/article/became-libertarian-austrian-economist/>
- Ebenstein, A. 2003. *Friedrich Hayek a Biography*. New York: Palgrave.
- Edelman, B. 2009. Red Light States: Who Buys Online Adult Entertainment? *Journal of Economic Perspectives* 23.1, Winter: 209–220.
- Edsall, N. 1986. *Richard Cobden Independent Radical*. Cambridge, MA: Harvard University Press.
- Edwards, P. 1977. The Greatness of Wilhelm Reich. In Garfield, C. A. (Ed.) *Rediscovery of the Body. A Psychosomatic View of Life and Death*. New York: Dell: 41–50.
- Ellis, J. 2000. Sex, Lies and Suicide. *Salon* 20 January. <http://www.salon.com/2000/01/19/hillsdale/>
- Evans, A. 2010a. The Parallels Between Sports Coaching and Graduate Teaching: Coach Boettke as Exemplar. *The Journal of Private Enterprise* 26.1: 73–83.
- Evans, K. 2010b. Spreading Hayek, Spurning Keynes. Professor Leads an Austrian Revival. *Wall Street Journal* 28 August. <http://www.wsj.com/articles/SB10001424052748703418004575455911922562120>
- Farrant, A., McPhail, E. and Berger, S. 2012. Preventing the “Abuses” of Democracy: Hayek, the “Military Usurper” and Transitional Dictatorship in Chile? *American Journal of Economics and Sociology* 71.3: 513–538.
- Friedman, M. F. 1948. A Monetary and Fiscal Framework for Economic Stability. *American Economic Review* 38, June: 245–264.
- Friedman, M. F. and Friedman, R. D. 1998. *Two Lucky People: Memoirs*. Chicago: University of Chicago Press.

- Goldberg, S. 2013. Conservative Groups Spend Up to \$1bn a Year to Fight Action on Climate Change. *Guardian* 20 December. <https://www.theguardian.com/environment/2013/dec/20/conservative-groups-1bn-against-climate-change>
- Haiduk, K. 2015. Hayek and Coase Travel East: Privatization and the Experience of Post-Socialist Economic Transformation. In Leeson, R. (Ed.) *Hayek: A Collaborative Biography Part VI Good Dictators, Sovereign Producers and Hayek's 'Ruthless Consistency.'* Basingstoke, England: Palgrave Macmillan.
- Hamowy, R. 2011. Introduction. In Hayek, F. A. (Ed.) *The Constitution of Liberty: The Definitive Edition.* Chicago: University of Chicago Press.
- Harrod, R. 1951. *The Life of John Maynard Keynes.* New York: Harcourt Brace & Co.
- Hayek, F. A. 1944. *The Road to Serfdom.* Chicago: University of Chicago Press.
- Hayek, F. A. 1948. *Individualism and Economic Order.* London: Routledge.
- Hayek, F. A. 1949. Intellectuals and Socialism. *University of Chicago Law Review* 16.3: 417–433.
- Hayek, F. A. 1960a. New Nations and the Problem of Power. *The Listener* 10 November. As Cited by Farrant, A. and McPhail E. 2014. Can a Dictator Turn a Constitution into a Can-Opener? F. A. Hayek and the Alchemy of Transitional Dictatorship in Chile. *Review of Political Economy* 26.3: 331–348.
- Hayek, F. A. 1960b. *The Constitution of Liberty.* Chicago: University of Chicago Press.
- Hayek, F. A. 1975. *Collectivist Economic Planning.* Clifton, NJ: Augustus M. Kelley.
- Hayek, F. A. 1976a. *The Road to Serfdom.* London: Routledge and Kegan Paul.
- Hayek, F. A. 1976b. *Law, Legislation and Liberty Volume 2 The Mirage of Social Justice.* Chicago: University of Chicago Press.
- Hayek, F. A. 1978. Oral History Interviews. Centre for Oral History Research, University of California, Los Angeles. <http://oralhistory.library.ucla.edu/>
- Hayek, F. A. 1979. *Law, Legislation and Liberty Volume 3: The Political Order of a Free People.* Chicago: University of Chicago Press.
- Hayek, F. A. 1988. *The Fatal Conceit the Errors of Socialism.* Chicago: University of Chicago Press.
- Hayek, F. A. 1992 [1977]. The Road from Serfdom. *Reason* July. <http://reason.com/archives/1992/07/01/the-road-from-serfdom/5>
- Hayek, F. A. 1994. *Hayek on Hayek an Autobiographical Dialogue.* Chicago: University of Chicago Press. Edited by Stephen Kresge and Leif Wenar.

- Hayek, F. A. 1995. *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Hayek, F. A. 1999. *Sound Money*. Chicago: University of Chicago Press. Edited by Stephen Kresge.
- Hayek, F. A. 2010. *Studies on the Abuse and Decline of Reason: Text and Documents The Collected Works of F.A. Hayek*. London: Routledge. Edited by Bruce Caldwell.
- Hayek, F. A. 2011 [1960]. *The Constitution of Liberty. The Definitive Edition The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Ronald Hamowy.
- Hayek, F. A. forthcoming. *The Collected Works of F. A. Hayek: Hayek and the Austrian Economists: Correspondence and Related Documents*. Chicago: University of Chicago Press. Edited by Richard Ebeling.
- Heiden, K. 1944. *Der Fuehrer*. Boston: Houghton Mifflin. Translated by Ralph Manheim.
- Herbener, J. 2007. Hans F. Sennholz, R. I. P. The Centre for Visions and Values. <http://www.visionandvalues.org/2007/07/hans-f-sennholz-r-i-p/>
- Holroyd, M. 1967. *Lytton Strachey: A Critical Biography, Volume 1: The Unknown Years (1880–1910)*. London: Heinemann
- Holroyd, M. 1968. *Lytton Strachey: A Critical Biography, Volume 2: The Years of Achievement (1910–1932)*. London: Heinemann.
- Hoover, H. 1952. *The Memoirs of Herbert Hoover, Vol. 3 The Great Depression 1929–1941*. New York: Macmillan.
- Hoppe, H.-H. 2001. *Democracy The God that Failed: The Economics and Politics of Monarchy, Democracy and Natural Order*. New Brunswick: Transaction Publishers.
- Hornberger, J. G. 1988. Leonard Read Changed My Life. *Foundation for Economic Education* 1 September. <https://fee.org/articles/leonard-read-changed-my-life/>
- Howson, S. 2011. *Lionel Robbins*. Cambridge: Cambridge University Press.
- Hülsmann, J. G. 2007. *Mises: The Last Knight of Liberalism*. Auburn, Alabama: Ludwig von Mises Institute.
- Johnson, P. B. 1988. *Intellectuals*. New York: Harper.
- Jones, E. M. 2000. Death at the Gazebo: Conservatism in *Extremis* at Hillsdale College. *Culture Wars* January. <http://www.culturewars.com/CultureWars/2000/January/hillsdale.html>
- Keynes, J. M. 1936. *The General Theory of Employment, Interest and Money*. London: Macmillan.

- Kuehnelt-Leddihn, E. (pseudonym Campbell, F. S). 1978 [1943]. *The Menace of the Herd: Or, Procrustes at Large (Studies in Conservative Philosophy)*. New York: Gordon Press.
- Kyle, R. 2012. *The Buchanans of Tennessee: From Nashborough to the Nobel Prize*. Murfreesboro, TN: Twin Oaks Press.
- Landman, A. and Glanz, S. 2009. Tobacco Industry Efforts to Undermine Policy-Relevant Research. *American Journal of Public Health* 99.1, January: 45–58.
- Leeson, R. 1997. The Trade Off Interpretation of Phillips' Dynamic Stabilisation Exercise. *Economica* 64.253, February: 155–173.
- Leeson, R. 1998a. The Origins of the Keynesian Discomfiture. *Journal of Post Keynesian Economics* 20.4, Summer: 597–619.
- Leeson, R. 1998b. Early Doubts About the Phillips Curve Trade-Off. *Journal of the History of Economic Thought* 20.1, March: 83–102.
- Leeson, R. 1998c. 'The Ghosts I Called I Can't Get Rid of Now': The Keynes-Tinbergen-Friedman-Phillips Critique of Keynesian Macroeconometrics. *History of Political Economy* 30.1, Spring: 98–176.
- Leeson, R. 1999. Keynes and the Keynesian Phillips Curve. *History of Political Economy* 31.3, Fall: 494–509.
- Leeson, R. 2003. *Ideology and the International Economy: The Decline and Fall of Bretton Woods*. Basingstoke, England: Palgrave Macmillan.
- Leeson, R. (Ed.) 2013. *Hayek: A Collaborative Biography Part I: Influences, from Mises to Bartley*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2015a. *Hayek: A Collaborative Biography Part II Austria, America and the Rise of Hitler, 1899–1933*. Basingstoke, England: Palgrave Macmillan.
- Leeson, R. (Ed.) 2015b. *Hayek: A Collaborative Biography Part III Fraud, Fascism and Free Market Religion*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2015c. *Hayek: A Collaborative Biography Part IV England, the Ordinal Revolution and the Road to Serfdom, 1931–1950*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2017a. *Hayek: A Collaborative Biography Part VIII The Constitution of Liberty (1) 'Shooting in Cold Blood': Hayek's Plan for the Future of Democracy*. New York: Palgrave Macmillan.
- Leeson, R. (Ed.) 2017b. *Hayek: A Collaborative Biography Part VII Market Free Play with an Audience Hayek's Encounters with Fifty Knowledge Communities*. New York: Palgrave Macmillan.
- Lowi, Jr. A. 2010. A Lasting Encounter. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.

- Mayer, J. 2003. Koch Pledge Tied to Congressional Climate Inaction. *The New Yorker* 30 June. <http://www.newyorker.com/news/news-desk/koch-pledge-tied-to-congressional-climate-inaction>
- Milne, S. 2001. Catastroika Has Not Only Been a Disaster for Russia. *Guardian* 16 August. <https://www.theguardian.com/world/2001/aug/16/russia.comment>
- Mises, L. 1951 [1922]. *Socialism: An Economic and Sociological Analysis*. New Haven: Yale University Press. Translated by J. Kahane.
- Mises, L. 1963. *Human Action: A Treatise on Economics*. New Haven: Yale University Press. Second edition.
- Mises, L. 1966. *Human Action: A Treatise on Economics*. Chicago: Henry Regnery. Third edition.
- Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Mises, L. 2000. *Selected Writings of Ludwig von Mises, Volume 3: The Political Economy of International Reform and Reconstruction*. Indianapolis: Liberty Fund.
- Mises, L. 2006 [1950]. Middle-of-the-Road Policy Leads to Socialism. *Mises Daily*. First printed by *Commercial and Financial Chronicle*, May 4, 1950.
- Mises, L. 2007 [1957]. *Theory and History: An Interpretation of Social and Economic Evolution*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2011 [1929]. *A Critique of Interventionism*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, M. 1976. *My Life with Ludwig von Mises*. New Rochelle, New York: Arlington House.
- Mises, M. 1984. *My Life with Ludwig von Mises*. Cedar Falls, Iowa. Center for Futures Education. Second edition.
- Montes, L. 2015. Friedman's Two Visits to Chile in Context. <http://jepson.richmond.edu/conferences/summer-institute/papers2015/LMontesSIPaper.pdf>
- New Guard. 1977–1978. Volumes 17–18.
- North, G. K. 1971. Reason, Neutrality and the Free Market. *Modern Age* Spring: 138–142. http://www.mmisi.org/ma/15_02/north.pdf
- North, G. K. 1986. Foreword. In Hodge, I. (Ed.) *Baptised Inflation: A Critique of 'Christian' Keynesianism*. Institute for Christian Economics: Tyler, Texas.
- North, G. K. 1987. The Plague Has Come at Last. http://soamc.org/tfh/FILES/Abortion_Gays_and_AIDS
- North, G. K. 2009 [1999]. My 1999 Recollections of the First Austrian School Conference in South Royalton, Vermont, in 1974. Gary North's Specific Answers Wealth Building Strategies and Q and A forum. <http://www.garynorth.com/public/5761.cfm>

- North, G. K. 2010. It All Began with Fred Schwartz. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- North, G. K. 2013. Cap Pistols, Gun Control, and Ethics. Gary North's Specific Answers Wealth Building Strategy and Q and A forum. <http://www.garynorth.com/public/10643.cfm>
- Nunn, F. 1970. *Chilean Politics, 1920–1931: The Honorable Mission of the Armed Forces*. New Mexico: University of New Mexico Press.
- O'Brien, P. J. 1985. Authoritarianism and the New Economic Orthodoxy: The Political Economy of the Chilean Regime, 1973–85. In O'Brien, P. J. and Paul Anthony Cammack. (Eds.) *Generals in Retreat: The Crisis of Military Rule in Latin America*. Manchester: Manchester University Press.
- Olson, W. 1998. Reasonable Doubts: Invitation to a Stoning Getting Cozy with Theocrats. *Reason* November. <http://reason.com/archives/1998/11/01/invitation-to-a-stoning>
- Paine, T. 2000 [1775]. Reflections on Titles. In Kurland, P. B. and Lerner, R. (Eds.). *The Founders' Constitution*. Chicago: University of Chicago Press. <http://press-pubs.uchicago.edu/founders/>
- Paton, W. A. 1966. U.S.A. Disaster Area. *The Freeman* February: 16–20. <https://www.unz.org/Pub/Freeman-1966feb-00016>
- Pinochet, A. 1982. *The Crucial Day September 11 1973*. Santiago, Chile: Editorial Renacimiento.
- Pinochet, A. 1991. *A Journey Through Life Memoirs of a Soldier Volume 1*. Santiago: Instituto Geográfico Militar de Chile.
- Rapoport, R. 2001. *Hillsdale: Greek Tragedy in America's Heartland*. California: RDR Books.
- Read, L. 2001 [1973]. Mises the Man. *Mises Daily* 5 August. <https://mises.org/library/mises-man>
- Reed, L. 2007. A Tribute to Hans F. Sennholz. The Centre for Vision and Values. <http://www.visionandvalues.org/2007/06/a-tribute-to-hans-f-sennholz/>
- Reisman, G. 2011. The Toxicity of Environmentalism. The Intellectual Voice of Capitalism on the Internet. The Jefferson School of Philosophy, Economics, and Psychology.
- Robbins, J. W. 1992. The Sine Qua Non of Enduring Freedom. In Robbins, J. W. (Ed.) *A Man of Principle: Essays in Honor of Hans F. Sennholz*. Grove City College. <http://trinityfoundation.org/journal.php?id=271>
- Robin, C. 2011. *The Reactionary Mind: Conservatism from Edmund Burke to Sarah Palin*. Oxford: Oxford University Press.

- Roche, G. 1976. The Relevance of Hayek. In Machlup, F. (Ed.) *Essays on Hayek*. New York: New York University Press: 1–12.
- Roche, G. 1977. Is There a Case for Private Property? *Firing Line*. Columbia, South Carolina: Southern Educational Communication Association.
- Rockwell, Jr. L. H. 1994. Flog Him. *Rothbard-Rockwell Report* June. <http://unz.org/Pub/RothbardRockwellReport-1994jun-00013>
- Rockwell, L. H. Jr. 1995. Paleoism: Past, Present, and Future. *Rothbard Rockwell Report* December. <http://www.unz.org/Pub/RothbardRockwellReport-1995dec-000010>
- Rockwell, L. H. Jr. 1998. To Restore the Church, Smash the State. *Rothbard-Rockwell Report* March: 11–14. <http://www.unz.org/Pub/RothbardRockwellReport-1998mar-00011>
- Rockwell, L. H. Jr. 2005. The Heart of a Fighter. *Mises Daily* 22 April. <https://mises.org/library/heart-fighter>
- Rockwell, L. H. Jr. 2008. Remembering Erik von Kuehnelt-leddihn. *LewRockwell.com* 31 July.
- Rockwell, L. H. Jr. 2010 [1999]. Libertarianism and the Old Right. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Rohter, L. 2006. Colonel's Death Gives Clues to Pinochet Arms Deals. *New York Times* 19 June.
- Rothbard, M. N. 1977. Toward a Reconstruction of Utility and Welfare Economics. Centre for Libertarian Studies Occasional Papers Series.
- Rothbard, M. N. 1988 [1973]. *The Essential von Mises*. Auburn, Alabama: Ludwig von Mises Institute.
- Rothbard, M. N. 1992a. A Strategy for the Right. *Rothbard Rockwell Report* March 3.3. <http://www.unz.org/Pub/RothbardRockwellReport-1992mar-00001>
- Rothbard, M. N. 1992b. Right-Wing Populism: A Strategy for the Paleo Movement. *Rothbard Rockwell Report* 3.1. <http://www.unz.org/Pub/RothbardRockwellReport-1992jan-00005>
- Rothbard, M. N. 1992c. Keynes the Man. In Skousen, M. (Ed.) *Dissent on Keynes: A Critical Appraisal of Keynesian Economics*. New York: Praeger.
- Rothbard, M. N. 1993. Who Are the Terrorists? *Rothbard Rockwell Report* 4.8, August. <http://www.unz.org/Pub/RothbardRockwellReport-1993aug-00001>
- Rothbard, M. N. 1994b. Nation by Consent. Decomposing the National State. *Journal of Libertarian Studies* 11.1, Fall: 1–10. <https://mises.org/library/uk-nation-consent>

- Rothbard, M. N. 2007. *Betrayal of the American Right*. Auburn, Alabama: Ludwig von Mises Institute.
- Rowley, C. K. and Houser, D. 2012. The Life and Times of Gordon Tullock. *Public Choice* 152: 3–27.
- Samuelson, P. 1967. *Economics*. New York: McGraw Hill. Seventh edition.
- Schulak, E. M. and Unterköfler, H. 2011. *The Austrian School of Economics A History of Its Ideas, Ambassadors, and Institutions*. Auburn, Alabama: Ludwig von Mises Institute. Translated by Arlene Oost-Zinner.
- Sharaf, M. 1983. *Fury on Earth: A Biography of Wilhelm Reich*. New York: St Martin's Press.
- Shenoy, S. 1969. Hong Kong a Case Study in Market Development. FEE 1 July. <https://fee.org/articles/hong-kong-a-case-study-in-market-development/>
- Shenoy, S. 1987. The Urgency of Profitable Losses. *Economic Affairs* 1 February: 22, 24.
- Shenoy, S. 2003. An Interview with Sudha Shenoy. *Austrian Economics Newsletter* Winter: 1–8. http://mises.org/journals/aen/aen23_4_1.pdf.
- Shirer, W. L. 1960. *Rise and Fall of the Third Reich*. London: Secker and Warburg.
- Simon, J. L. 2003. *A Life Against the Grain: The Autobiography of an Unconventional Economist*. London: Transaction.
- Skidelsky, R. 1975. *Oswald Mosley*. London: Macmillan.
- Skidelsky, R. 1983. *John Maynard Keynes, Volume One Hopes Betrayed, 1883–1920*. London: Macmillan.
- Skousen, M. 2000. Dr. Jekyll and Mr Robhard. *Inside Liberty* December, 14.12: 52–53. http://mises.org/journals/liberty/Liberty_Magazine_December_2000.pdf
- Skousen, J. M. 1977. *Survival Home Manual: Architectural Design, Construction, and Remodeling of Self-Sufficient Residences and Retreats*. Hood River, Oregon: Survival Homes.
- Stolper, G. 1967. *The German Economy from 1870 to the Present Day*. New York: Harcourt, Brace & World.
- Tanaka, S. 1974. What Will Happen to the World as Keynesian Economic Theories Are Disproved? Views of Professor Hayek, a World-Famous Authority on Inflation Sought. *Shuukan Post* 17 May. Hayek Archives Box 52.28.
- Theroux, D. 2015. Hayek and Me. In Leeson, R. (Ed.) *Hayek: A Collaborative Biography Part V Hayek's Great Society of Free Men*. Basingstoke, England: Palgrave Macmillan.
- Tollison, R. and Wagner, R. E. 1988. *Smoking and the State*. Lexington, MA: DC Health.

- Tollison, R. and Wagner, R. E. 1992. *The Economics of Smoking*. Boston: Kluwer Academic Publishing.
- Turner, C. 2011. *Adventures in the Orgasmatron*. New York: Farrar, Straus and Giroux.
- Vickers, D. 1976. *Jesus, Economics and Man. A Prelude to a Christian Critique*. Nutley, New Jersey: Craig Press.
- Watters, S. 2005. Von Habsburg on Presidents, Monarchs, Dictators. *Women's Wear Daily* 28 June. <http://www.wwd.com/eye/people/von-habsburg-on-presidents-monarchs-dictators>
- White, L. H. 2008. Did Hayek and Robbins Deepen the Great Depression? *Journal of Money, Credit and Banking* 40: 751–768.
- Williams, G. P. 2005. *The Story of Hollywood: An Illustrated History*. United States: BL Press.
- Worthen, M. 2008. The Chalcedon Problem: Rousas John Rushdoony and the Origins of Christian Reconstructionism. *Church History* 77.02, June: 399–437.



3

Hayek, Mises, and the Iron Rule of Unintended Consequences

Chip Berlet

Introduction¹

Friedrich von Hayek and his mentor, Ludwig Heinrich Edler von Mises, are the two pillars of the libertarian (classic liberal) Austrian School of Economics (Odd 2004; Klein 2007), and along with Milton Friedman and James M. Buchanan, of the University of Chicago Economics Department, the best known ‘free’ market ideologues (Ebenstein 2007; MacLean 2017). Hayek (1978), who said he ‘hadn’t been particularly happy’ with his ‘predominantly political reputation in the forties and fifties,’² became the icon of right-wing conspiracy promoters. This chapter examines the interconnections between the philosophy espoused by Hayek and Mises and the roots of the ‘Culture Wars’ in the United States, the conspiracist claims of Glenn Beck and the John Birch Society (JBS), the anti-union movement, and the US Christian Right...ending up with the Presidency or Republican Donald Trump.

C. Berlet (✉)
Research for Progress,
Burlington, MA, United States

Neither Hayek (1899–1992) nor Mises (1881–1973) had any control over the right-wing conspiracy theories that in 2010 gave birth to the Tea Parties which influenced Republican Party presidential campaigns (Scher and Berlet 2014). Yet ‘Reaganomics’ was ostensibly based on their theories; and President Ronald Reagan honored the work of both men, as did President George H. W. Bush. Moreover,

Everyone familiar with American politics of the last few years knows that the Tea Party and Fox News idolized Friedrich von Hayek and that Glenn Beck, a renowned (not to say notorious) Fox-News pundit, caused Hayek’s sharpest book, *The Road to Serfdom* (2007 [1944]), to become a national best seller in 2010. (Lindley and Farmelant 2012)

This story has strange roots. On 1 March 1934, Mises became member 28,2632 of the Austro-Fascist Fatherland Front (*Vaterländische Front*) and member 40,6183 of *Werk Neues Leben*, the official Austro-Fascist social club (Hülsmann 2007, 677, n149). In 1940, he migrated to the United States; and by the 1960s, he had migrated into the JBS and become enmeshed in the group’s conspiracy theories. His and Hayek’s arguments flowed from many of the same ideological and political positions. Both versions resonate today in the Republican Right, Christian Right, and the Patriot Movement—including its militant wing, the armed insurrectionists who target ‘Big Government’ in a very literal fashion (Berlet 2012a; Kruse 2015; Sunshine 2016a, b; Walsh 2000; Zaitchik 2010). By the 2016 US Presidential campaign, the widespread acceptance of conspiracy theories targeting President Barack Obama and the Democratic Party facilitated their use by Republican candidate Donald Trump (Berlet 2010b, 2015).

A list of pre-existing conditions in the United States that influence a right-wing and often conspiracist interpretation of the work of Hayek and Mises may assist understanding:

- Apocalyptic and millennial interpretations of Biblical text rooted in the views of the colonial Pilgrim and Puritan settlers (Thompson 1998; Berlet 2008a, b);
- Calvinist threads woven through Protestant theology as it intersected with economic theories of the proper role of the expanding federal government (Ribuffo 1983);

- Subversion panics that have periodically swept the United States and intruded into political campaigns and the popular imagination from the early 1600s to today (Davis 1972, Donner 1980);
- Red Scares, first tied to socialism and the growth of labor unions in the late 1800s, and reaching a pinnacle in the witch hunts of the McCarthy period in the 1950s (Heale 1990, Kovel 1994);
- The post-World War II coalition rebuilding a conservative movement, uniting in a fractious political/electoral coalition dubbed ‘fusionism’ (Himmelstein 1990, Hardisty 1999, Berlet 2007); and
- The rise of the Christian Right as a socio-political movement in the 1970s, and the influence of totalitarian theologies such as Christian Reconstructionism urging Christian to ‘take dominion’ over secular society through political organizing (Hardisty 1999; Berlet and Lyons, 2000).

An American Creed

There are several core themes woven into the tapestry of the American ‘experience.’ According to R. C. Wimberley and W. H. Swatos (1998), the idea of an American ‘civil religion’ originates in the work of Jean-Jacques Rousseau, is echoed by Alexis de Tocqueville, and then made its major impact on the social scientific study of religion with the publication of Robert Bellah’s (1967) *Daedalus* essay on ‘Civil Religion in America.’ The idea of ‘American Exceptionalism’ is credited to de Tocqueville (2000 [1835]), and was expanded by Lipset (1997). Hayek’s co-recipient of the 1974 Nobel Prize for Economic Sciences, Gunnar Myrdal (1944), suggested that this became the basis of a unique ‘American Creed.’

Bellah (1967) explained ‘there actually exists alongside of and rather clearly differentiated from the churches an elaborate and well-institutionalized civil religion in America.’ The core elements are limited government, religious belief, patriotism, rugged individualism, a constitutional republic, and a ‘free’ market. Within Christianity, there are critics of the cultural norms of the American Creed as derived from a ‘white male’ perspective (Pahl 2010). Some critics of the Christian Right add a millennialist mission, Godly moralism, and a Divine Right to police the world (Diamond 1989, 1998).

Labor union historian Joanne Ricca (2011) puts the ‘American Creed’ in a different rhetorical framework in this list:

- Survival of the Fittest;
- Capital Should Be Served by Government;
- Property Rights Supersede Human Rights; and
- Decisions Should Be Made by The Elite.³

Friedman ‘did not begin to conceive of himself as a political figure or to write tracts accessible to popular readers’ until he

came into contact with a series of institutions developed to advocate for free markets. His emergence as a public intellectual was a product of his interactions in the years after the war with the Foundation for Economic Education, the Mont Pèlerin Society, and the William Volker Charities Fund. (Burgin 2012, 165; see also Friedman and Friedman 1998, 159)

Mises, Hayek, and Friedman are the better known names, but conservative journalist Henry Hazlitt also played a key role in popularizing ‘free’ market ideology after World War II. Hazlitt (1894–1993) wrote editorials for the *New York Times*, had a weekly column in *Newsweek*, and was a board member of the Foundation for Economic Education (FEE) where he served in an editorial capacity for FEE’s publication, *The Freeman*.

Hazlitt (1984) recalls being visited in the mid-1940s at his *New York Times* offices by Leonard Read, General Manager of the Los Angeles Chamber of Commerce: ‘He told me he was looking for a wider audience to which to explain that philosophy, and was thinking of setting up a libertarian foundation of his own.’ By 1946, Read had established FEE in the affluent suburb of Irvington-on-Hudson, New York:

It is astonishing how soon Leonard’s action began to produce important results. Friedrich Hayek, in London, impressed by Read’s initiative, raised the money the next year, 1947, to call a conference at Vevey, Switzerland, of 43 libertarian writers, mainly economists, from half a dozen nations.

The group of ten of us from the United States included such figures as Ludwig von Mises, Milton Friedman, George Stigler—and Leonard Read. That was the beginning of the still flourishing and immensely influential Mont Pèlerin Society, now with several hundred members from dozens of countries.

In 1946, Mises, already a well-known economist, became an American citizen and was made a FEE staff member (Hülsmann 2007, 832; Libby 2014, 29). He was also appointed to the National Association of Manufacturers Economic Principles Commission (serving from 1943 to 1954), where he met

J. Howard Pew of Sun Oil Company, the major financial contributor to laissez-faire causes; B.E. Hutchinson, vice-chairman of Chrysler; and Robert Welch, of Welch Candy Corp., who went on in the late 1950s to found the John Birch Society. (Rothbard 1973, 103, n51)

The William Volker Charities Fund helped bring Hayek and Mises to, respectively, the University of Chicago and New York University:

Through these efforts, the Volker staffers helped form an intellectual foundation for American conservatism that had not previously existed. While much of their efforts focused on recruiting free market economists, they also cultivated cultural conservatives who criticized collectivism and any form of state-sponsored coercion. The result was the kind of proto-fusionism that [George] Nash [1976] highlighted in his history of Conservatism. The Fund brought scholars together through symposiums, a nationwide book distribution effort, and other networking opportunities. (McVicar 2015, 112–113)⁴

The DuPont brothers, J. Howard Pew of Sun Oil and Alfred Sloan of General Motors, ‘seeded’ the American careers of Mises, Hayek, and Murray Rothbard, ‘among others.’ Over the next few decades a network of right-wing think tanks and other institutions grew at a rapid pace (Ames 2012; Hardisty 1999).

Fusion Energy

After World War II, right-wing elite strategists Frank Meyer, M. Stanton Evans, and William F. Buckley, Jr., sought to carve a conservative movement out of the fractured remains of the political right—in part by specifically rejecting the legacy of overt white supremacy and anti-Semitism. Buckley had received some publicity by writing for *The Freeman*, but gained wider national attention in 1955 when he founded the *National Review*. Buckley, Evans, and Meyer sought a working coalition—a fusion—bridging three tendencies: economic libertarianism, social traditionalism, and militant anti-communism:

The core assumption that binds these three elements is the belief that American society on all levels has an organic order—harmonious, beneficent, and self-regulating—disturbed only by misguided ideas and policies, especially those propagated by a liberal elite in the government, the media, and the universities. (Himmelman 1990, 14, 43–60)

This coalition plan became known as ‘Fusionism.’

Among the libertarian ideologues were old timers including former President Herbert Hoover, the US senator from Ohio, Robert A. Taft, plus the three economists who would lay the foundation for contemporary neoliberal concepts of political economy: Mises, Hayek, and Friedman. There were also a few ‘iconoclastic individualists and objectivists like Albert Jay Nock and Ayn Rand’ (Himmelman 1990, 46).

God, ‘Free’ Markets, and ‘The Right to Work’

In the United States, the linkage of *laissez-faire* economic theories with Christian morality and a Calvinist-based Protestant work ethic generated enhanced hostility toward the federal government. Mises (1960a, b) published ‘The Economic Foundation of Freedom’ in the right-wing Christian Freedom Foundation’s (CFF’s) *Christian Economics* and ‘The Alleged Injustice of Capitalism’ in Spiritual Mobilization’s *Faith and*

Freedom (Sparks n.d.). Both the CFF and Spiritual Mobilization were funded by J. Howard Pew who

helped to build up Spiritual Mobilization, which sought to counterbalance the New Deal surge toward centralization and redistribution of income. It involved business executives in lay church leadership and distributed books like Hayek's *The Road to Serfdom* to clergymen. (Sparks n.d.)

The CFF also sent the 'Christian Economics' newsletter twice a month to 180,000 ministers' (Philanthropy Roundtable n.d.). The Pew family of Sun Oil wealth was the primary funder of the CFF (Forster and Epstein 1964). According to J. S. Saloma (1984, 53–54), 'J. Howard Pew himself launched CFF with a \$50,000 grant' and during 'the 1960s, the various Pew trusts contributed more than \$2 million to CFF.' The Pew Memorial Trust went on to be one of the top funders of the New Right (Covington 1997). Roberta Pew, wife of Sun Oil executive Jack Pew, also served on the board of directors of the National Right to Work Committee (NRTWC) (*California AFL-CIO News* 1968, 2).

The NRTWC and its affiliated foundation recruited board members and allies from the network of libertarian Christian Right activists. In 1989, the Rev. Norman S. Ream of the CFF served on the NRTWC board (Fine et al. 1991, 42–48). Also on the board of the NRTWC in the 1960s were the Rev. Howard E. Mather and Pastor Paul Brauer, both affiliated with the CFF foundation. In the mid-1960s, the chair of the board of the NRTWC was the Rev. Frederick Curtis Fowler, a CFF director and a former president of the National Association of Evangelicals (Group Research 1962; 1966). This was a natural process of networking people with shared ideological viewpoints.

In CFF propaganda, social security is described as 'the older generation stealing from the younger,' the income tax is branded as 'communist doctrine,' labor unions are described as 'stemming from Socialism,' and foreign aid is pilloried as subsidization of 'Socialistic schemes and experiments' (Forster and Epstein 1964, 267). How the work of Hayek and Mises flowed among these two overlapping sectors of the political right illustrates the synergy between the Christian Right and elitist libertarianism.

The John Birch Society

The JBS illustrates the merger of the Christian Right, elitist libertarianism and conspiracism. Founded in 1958, the JBS published copious amounts of conspiracist material, including books, magazines, films, and filmstrips with accompanying 33rpm records for audio. The influence of Hayek's and Mises' work had, however, extended far into the conspiracist subculture in the United States before the formation of the JBS. For example, a popular book in conservative, libertarian, and other right-wing circles was E. Merrill Root's (1955, 222) *Collectivism on Campus*, which praised Hayek and Mises as experts who taught an 'appreciation of free enterprise.' Root also repeatedly suggested that the failure to implement their economic theories was due to a communist conspiracy.

From its inception, the JBS networked proponents of 'free' market economics with those that believed in a global communist conspiracy manipulating the Democratic Party. The 1964 masthead of *American Opinion* (the JBS magazine of the 1960s) reads like a Who's Who of ultraconservatism: Associate Editors Root and Revilo P. Oliver; Contributing Editors Medford Evans and Hans Sennholz; and Editorial Advisory Committee, Mises, Clarence Manion, J. Howard Pew, and Robert W. Stoddard (*American Opinion* 1964).

Before founding the JBS, Robert Welch served on the board of directors of the National Association of Manufacturers, and ran a project critical of public education. Welch brought other people involved with NAM into the JBS (Burch 1973; Lyons 1998; Seldes 1968, 124); while other NAM leaders openly promoted their ultraconservative political views. For example, when Ernest G. Swigert was NAM President in 1957, he sent copies of Garet Garrett's (1953) ultraconservative *The People's Potage* to NAM's 'Divisional and Regional Personnel.' The book, promoted by the JBS, claims that there was a revolution during the Roosevelt Administration's New Deal that destroyed liberty and freedom in America and imposed a neo-Marxian Welfare State on the nation. Swigert said the book 'comes closer to anything I have ever seen in print to describe what NAM is really trying to do, and particularly why NAM exists.' (Swigert 1957).⁵

The Ludwig von Mises Institute extolled the virtues of *The People's Potage*:

This book is the darkest [of Garrett's] works, but he tells the full truth about the disaster of the New Deal. It contains three eloquent and long essays: 'The Revolution Was,' which explains how the revolution came to the U.S. 'within the form'; 'Ex-America' which attacks the heart of the New Deal, and 'The Rise of Empire,' which critically links the New Deal to the drive for entering World War II as an extension of the collectivist ambitions of Roosevelt.⁶

Unsurprisingly, the JBS was vociferously anti-union since unions are seen as a form of 'collectivism' which Welch repeatedly railed against. Unions were also portrayed by some Birchers and others of a conspiratorial bent as run by a nest of communists taking orders from Moscow.⁷

The 'Right to Work' Movement

Economic libertarians, the Christian Right, and the JBS also overlapped in the NRTWC. The group emerged after World War II as a way to purge from the movement obvious white supremacists, anti-Semites, and crackpots who whispered that Roosevelt was really a communist agent pushing for union rights as a way to sap the precious bodily fluids from patriotic Americans.

According to M. Dixon (2005):

The anti-labor mobilization carried out across states in the late 1930s and early 1940s was led by reactionary organizations like Christian American, as well as state and regionally-based employer associations like the American Farm Bureau Federation, the Southern States Industrial Council, the Chamber of Commerce, and state affiliates of the NAM. The anti-union message these groups promoted was not a particularly sophisticated one (Gall 1988). Indeed, most claims made against unions centered on communism, corruption, and un-Americanism.

This attack on labor unions as subversive had its supporters inside the US Congress: in the early 1940s, the House Committee on Un-American Activities under Chairman Martin Dies became a vehicle for an ‘anti-communist, anti-union, and anti-New Deal’ campaign (Bennett 1995, 286).

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) is the largest federation of unions in the United States. In 1945, the CIO identified the Christian American Association as pressing to get passage of ‘anti-closed shop and other labor regulating laws in Southern States’ and said the group had pledged to pass similar legislation in every state. Both the CIO and AFL were organizing in the South during this period—which led to a major anti-union campaign (New York Times/UPI, 1945, online archive). A substantial portion of this effort was stoked by white supremacy—the fear that unions would force white workers to work alongside black workers (Ames 2012; Dixon 2005, 2010; Kennedy 1946).

Vance Muse ran the Christian American Association which successfully lobbied for a Texas ‘Right-To-Work’ law, after a conservative newspaper suggested the idea:

Muse’s northern donors—DuPont, Pew, Sloan—were the same core investors in (and board directors of) the first modern libertarian think-tanks of the 40s and 50s, including the Foundation for Economic Education. ... Vance Muse’s funders built the first layer of the libertarian nomenclatura that Charles Koch later took control of—no surprise, since Koch outfits are credited with making the Michigan ‘right to work’ law possible. (Ames 2012)

The NRTWC sought to put a new face on the anti-union campaign by building its rhetoric on the arguments of Hayek, Mises, and others with a ‘respectable’ pedigree:

Compulsory unionism itself violates the dignity of the individual worker, regardless of how the forced-union tribute is spent. As the late Nobel Prize-winning economist Friedrich A. Hayek wrote: ‘[T]he coercion which unions have been permitted to exercise ... is primarily the coercion of fellow workers.’

On its website, the NRTWC claims ‘The coercive power union officials wield courtesy of federal labor law not only robs individual employees of fundamental freedoms,’ but exerts a ‘damaging and corrupting influence on work places, the economy and other aspects of everyday American life.’⁸

In testimony on 3 May 2000, before the United States House Education and the Workforce Committee, Subcommittee on Oversight and Investigations, Colorado State Representative and conservative Republican Mark Paschall repeated Hayek’s warning about unions:

Let me conclude with a quote from the world-renowned Nobel prize winning economist Friedrich [*sic*] Hayek. Hayek said, ‘It cannot be stressed enough that the coercion which unions have been permitted to exercise contrary to all principles of freedom under law is primarily the coercion of fellow workers.’

Hayek would be pleased that today you are considering the impact of forced union dues and Federal labor policy. He would, like I, believe that ending the Federal policy of forcing workers to pay union dues or fees as a condition of employment is the only practicable way of restoring worker freedom.⁹

Hayek’s words have become a mantra for the anti-labor union movement in the United States, but he was generally unhappy with the reception in the United States of his book *The Road to Serfdom* (1944). Hayek (1978) complained:

that book was accepted in Great Britain by the public at large as a well-intentioned critical effort which had some justification. It came in America just at the end of the great enthusiasm for the New Deal, and it was treated even by the academic community very largely as a malicious effort by a reactionary to destroy high ideals, with the result that my reputation was duntrodden even among academics ... it wasn’t accepted in the United States; but in England the general opinion was ready for this sort of criticism. I don’t think I had in England a single unkind criticism from an intellectual. I’m not speaking about the politicians; both [Labour Party leader, Clement] Atlee and [Labour Party President of the Board of Trade, Hugh] Dalton attacked the book as one written by a foreigner. They had

no better argument. But intellectuals in England received it in the spirit in which it was written; while here [in the United States] I had, on the one hand, unmeasured praise from people who probably never read it, and a most abusive criticism from some of the intellectuals.¹⁰

Building a Network

In the CFF's *Christian Economics*, Mises (1960a) defined 'The Economic Foundations of Freedom':

What made the United States become the most affluent country of the world was the fact that the 'rugged individualism' of the years before the New Deal did not place too serious obstacles in the way of enterprising men. Businessmen became rich because they consumed only a small part of their profits and plowed the much greater part back into their businesses. Thus they enriched themselves and all of the people. For it was this accumulation of capital that raised the marginal productivity of labor and thereby wage rates.

FEE then reprinted Mises' article both in *The Freeman* and in their *Essays on Liberty* (Mises 1960c). The next year, Mises addressed the Spring meeting of the CFF. He wrote numerous articles for *Christian Economics*, *Faith and Freedom*, and *The Freeman* over many years (Mises Institute 2016). This is not meant to be seen as some sinister conspiracy, but to be viewed as evidence of how Social Darwinist Libertarians used Elitist Calvinism as a way to forge an alliance that would ultimately help encourage the growth of the New Right and its anti-union agenda. In the 1970s, this alliance was made more explicit. In addition, Mises also wrote for Buckley's *National Review*, the JBS' *American Opinion*, and the ultraconservative Intercollegiate Studies Institute's *The Intercollegiate Review* (Greaves and McGee 1993).

In 1984, Reed Larson gave an exclusive interview to John Rees for the JBS' *Review of the News*. (Rees was an editor for the ultraconservative Western Goals Foundation, founded by Congressman Larry McDonald, who served as JBS Chairman.) Larson—described as a 'Fighter for Worker

Rights’—was asked about the power of labor unions: ‘You are talking about political power.’ Larson replied:

I think union officials should enjoy the same rights and freedoms as everyone else, but no more. That’s the problem. Today they are specially privileged individuals. In fact, as Nobel-laureate Friedrich Hayek has put it: ‘We have now reached a state where unions have become uniquely privileged institutions. ... It cannot be stressed enough that the coercion that the unions have been permitted to exercise contrary to all principles of freedom under the law is primarily the coercion of fellow workers.’ That’s the problem which our National Right to Work Committee is out to solve.

The NRTWC shares numerous affinities with the JBS, and both are mainstays of ultraconservative organizing stretching back into the 1950s. For example, Edwin S. Dillard, the NRTWC’s first chairman (1955), endorsed the JBS as it was founded in 1958 (Group Research 1966, 1; Wynn et al. 1988a, 5, n39; Dillard 1981; *UAW v. National Right to Work Foundation* 1973, 1–37).

In 1966, one of the NRTWC’s board of directors was listed as ‘homemaker’ Mrs. Kennedy Smith. As ‘Mary Smith,’ she was also the vice president of Ben Venue Laboratories, with \$16 million in annual sales. Her husband was chairman and president of Ben Venue Laboratories (Wynn et al. 1988b). Mary Smith was an activist in the JBS, and a national committee member of the Movement to Restore Decency (MOTOREDE), established by JBS leader Robert Welch to ‘prevent the further corruption of American morals and manners by the evil forces of a clandestine revolution.’ MOTOREDE called public school sex education programs ‘part of the overall Communist design’ (Wynn et al. 1988c). MOTOREDE also sought to block reproductive rights for women.

The collaborative relationship between the NRTWC and the JBS orbit continued at least through the 1960s. For example, Reed Larson and other figures affiliated with the ‘Right-to-Work’ movement were guests on the weekly Manion Forum radio program hosted by Clarence Manion, a member of the National Council of the JBS (Manion Forum 1968).¹¹

Labor unions have followed the trajectory of the anti-union and ‘Right-to-Work’ movements since it began: publishing extensive research,

resolutions, and public warnings of their analysis of how it would harm the US economy and democracy itself (*International Teamster* 1962; *White Collar* 1978, 3–4; Wynn et al. 1988). According to Right Web (1989) a group that tracks ‘militarists’ efforts to influence US foreign policy, the interconnections among the JBS, ‘free’ market libertarians, and conservatives are extensive. ‘New Right’ network of foundation and corporate financed think tanks promoting the themes of the Fusionist alliance. Over the next few decades this network was built and spent over \$1 billion in setting up right-wing institutions and infrastructures (Callahan 1999).

Collectivism, Colonialism, and ‘Red Menace’ Communism

Hayek’s influence on the views of the JBS went beyond that embrace by the JBS of the economic anti-collectivist theses in Hayek’s *The Road to Serfdom*. Like Hayek, the JBS supported ‘free’ market European colonial regimes against black-led nationalist insurgencies in Africa. The society claimed that such insurgencies were part of the international communist conspiracy (Berlet and Lyons 2000, 180–182).

Hayek (1978) provided an assessment of colonialism during the Presidential administration of Jimmy Carter:

It’s so clear that in some respects America is bringing pressure on the other countries in respects that are by no means obvious that they are morally right. ... An early instance was the extreme American anti-colonialism: the way in which the Dutch, for instance, were forced overnight to abandon Indonesia, which certainly hasn’t done good to anybody in that form. This, I gather, was entirely due to American pressure, with America being completely unaware that the opposition to colonialism by Americans is rather a peculiar phenomenon.¹²

Hayek (1978) also defended the ‘civilization’ of apartheid from the American ‘fashion’ of ‘human rights’:

You see, my problem with all this is the whole role of what I commonly call the intellectuals, which I have long ago defined as the secondhand dealers in ideas. For some reason or other, they are probably more subject to waves of fashion in ideas and more influential in the American sense than they are elsewhere. Certain main concerns can spread here with an incredible speed. Take the conception of human rights. I'm not sure whether it's an invention of the present [Carter] administration or whether it's of an older date, but I suppose if you told an eighteen year old that human rights is a new discovery he wouldn't believe it. He would have thought the United States for 200 years has been committed to human rights, which of course would be absurd. The United States discovered human rights two years ago or five years ago. Suddenly it's the main object and leads to a degree of interference with the policy of other countries which, even if I sympathized with the general aim, I don't think it's in the least justified. People in South Africa have to deal with their own problems, and the idea that you can use external pressure to change people, who after all have built up a civilization of a kind, seems to me morally a very doubtful belief. But it's a dominating belief in the United States now.¹³

President Carter's emphasis on human rights was obliterated with the election of Ronald Reagan who took office in 1981. Presented to Reagan was a massive collection of policy suggestions crafted by conservative intellectuals titled *Mandate for Leadership* (Heatherly et al. 1981). Hayek's influence on the tome was clear in its reliance on 'free' market themes.

President Reagan rewarded his New Right supporters with government executive and advisory posts, especially those in the large Christian Right (some 15% of voters in Presidential elections). Many of these appointments went to people who were not just dedicated 'free' market enthusiasts but also militant anti-communists. This would have repercussions that appeared much later.

After Reagan's second term, Reagan's Vice President George H. W. Bush was elected to replace him. Bush then appointed an enthusiastic anti-communist activist to the US Supreme Court, Clarence Thomas, a Black conservative, who had worked to prop up the apartheid government in South Africa against communist insurgency. In 'Black

Conservatives,' Toler (1995) revealed that Thomas, and another militant anti-communist, Jay A. Parker, 'served together on Ronald Reagan's 1980 transition team for the Equal Employment Opportunity Commission (EEOC).' There they helped craft the conservative argument that affirmative action should be abandoned since it was essentially 'a new racism.' Parker later became 'a registered agent for the South African homeland of Venda.'

In 1981, Clarence Thomas joined the Advisory Board of the Lincoln Institute's quarterly publication, *The Lincoln Review*. At the same time, Thomas became an Assistant Secretary of Education. The Lincoln Institute was a right-wing think tank that embraced apartheid in South Africa as a bulwark against the global communist conspiracy. Toler (1995) discovered that

Since its founding, the Lincoln Institute has had close ties to the extreme rightist World Anti-Communist League (WACL). WACL aggressively supported right-wing governments and military movements in Central America and Southern Africa, such as the Contras in Nicaragua, the ARENA Party in El Salvador, UNITA in Angola, RENAMO in Mozambique, and the Inkatha Freedom Party in South Africa, among others. Parker served on the Board of the US WACL affiliate and Lee Edwards, another Lincoln Institute founder, was a principal WACL organizer in the United States and WACL's registered agent in 1982.

WACL played a role as an interface between US government clandestine operations against left-leaning governments. In Chile, for example, right-wing General Pinochet led a 1973 US-backed coup against President Salvador Allende's elected socialist government. Allende was assassinated and the Pinochet regime launched a reign of terror, murdering opponents by the thousands and especially targeting trade unionists (Leeson 2017; Selwyn 2015).

Hayek visited Chile during the Pinochet regime in 1977 and 1981 (Caldwell and Montes 2015). Selwyn (2015) suggests that 'Hayek intended his writings to serve as a wake-up call to defenders of liberalism. When such defenders took actions in support of private property, Hayek was unashamed in his support for them.' In a 1978 letter to the London *Times*, Hayek defended the Pinochet dictatorship:

In modern times there have of course been many instances of authoritarian governments under which personal liberty was safer than under democracies. ... I have not been able to find a single person even in much maligned Chile who did not agree that personal freedom was much greater under Pinochet than it had been under Allende. Nor have I heard any sensible person claim that in the principalities of Monaco or Lichtenstein, which I am told are not precisely democratic, personal liberty is smaller than anywhere else!¹⁴

Hayes (2007) is highly critical of Hayek's visit in 1981, noting that:

Hayek had traveled to Gen. Augusto Pinochet's Chile, where, under the barbed restraints of dictatorship and with the guidance of University of Chicago-trained economists, Pinochet had gouged out nearly every vestige of the public sector, privatizing everything from utilities to the Chilean state pension program. Hayek returned gushing, and wrote Thatcher, urging her to follow Chile's aggressive model more faithfully.

In her reply to Hayek, Thatcher explained tersely that 'in Britain, with our democratic institutions and the need for a higher degree of consent, some of the measures adopted in Chile are quite unacceptable. Our reform must be in line with our traditions and our Constitution. At times, the process may seem painfully slow.'¹⁵ Hayek later called Allende's Chile the only totalitarian government in Latin America (Hayes 2007).

During a 1975 visit to Chile, Friedman gave a 'series of lectures on "free market" economics, meeting personally with Pinochet, and soon after writing the dictator a lengthy letter advocating a "shock program" for the Chilean economy' (Reuss 2007).¹⁶ In his letter Friedman advised Pinochet that the implementation of:

Such a shock program could end inflation in months, and would set the stage for the solution of your second major problem—promoting an effective social market economy. This problem is not of recent origin. It arises from trends toward socialism that started forty years ago, and reached their logical—and terrible—climax in the Allende regime. You have been extremely wise in adopting the many measures you have already taken to reverse this trend.

This supposed reduction in the power of the state, of course, ignored the dictatorship's criminalization of political parties and labor unions, its repression against public assembly and protest, and its practice of 'disappearing' dissidents (Reuss 2007)

After his 1981 visit, Friedman (1982) wrote that 'Chile is an economic miracle.'

Chile is an even more amazing political miracle. A military regime has supported reforms that reduce sharply the role of the state and replace control from the top with control from the bottom.

The chaos produced by the Allende regime that precipitated the military takeover in 1973 discredited central economic control. In an attempt to rectify the situation, the military drew on a comprehensive plan for a free-market economy that had been prepared by a group of young Chilean economists, most, though not all, of whom had studied at the University of Chicago.

What was suspected but not documented when Pinochet took power in 1973 was that the US Central Intelligence Agency (CIA) played a key role in toppling Allende. In doing so the CIA chose to not intervene in a regional South American network of anti-communist intelligence agencies that operated death squads.

Five years after Pinochet's coup, *Washington Post* reporter Paul W. Valentine (1978) wrote an expose headlined: 'The Fascist Specter Behind the World Anti-Red League.' In 1980, WACL Chairman Roger Pearson was forced to resign based on these and other allegations. In 1984, the issue surfaced again when nationally syndicated columnist Jack Anderson revealed that one Latin American affiliate of WACL (the Latin American Anti-Communist Confederation or CAL) was notorious for its link to death squads (Anderson and Anderson 1986).

When Reagan was president he was openly supportive of WACL, US covert operations, and the Pinochet regime (Bellant 1988, 1991, 1994). Over the next ten years, secret government documents released under the Freedom of Information Act revealed that the claims by Hayek and Friedman about Chile, freedom, and a popular uprising against Allende were specious (Dinges 2005; Kornbluh 2013).

Here is a litany as described by the primary non-profit group that forced the documents into the public realm—the National Security Archive:

CIA memoranda and reports [on] covert operations to promote a military coup and undermine Allende's government. The documents, including minutes of meetings between Henry Kissinger and CIA officials, CIA cables to its Santiago station, and summaries of covert action in 1970, provide a clear paper trail to the decisions and operations against Allende's government

The CIA made a payment of \$35,000 to a group of coup plotters in Chile after that group had murdered the Chilean commander-in-chief, Gen. Rene Schneider in October 1970.

The CIA has an October 25, 1973 intelligence report on Gen. Arellano Stark, Pinochet's right-hand man after the coup, showing that Stark ordered the murders of 21 political prisoners during the now infamous 'Caravan of Death.'

[The CIA] actively supported the military Junta after the overthrow of Allende ... [and many] of Pinochet's officers were involved in systematic and widespread human rights abuses. ... Some of these were contacts or agents of the CIA or US military.

Within a year of the coup, the CIA was aware of bilateral arrangements between the Pinochet regime and other Southern Cone intelligence services to track and kill opponents—arrangements that developed into Operation Condor.

Gen. Manuel Contreras, head of Chile's National Intelligence Directorate (DINA), was on the CIA payroll. The CIA made Gen. Manuel Contreras, head of DINA, a paid asset only several months after concluding that he 'was the principal obstacle to a reasonable human rights policy within the Junta.'

State Department and NSC memoranda and cables after the coup, providing evidence of human rights atrocities under the new military regime led by General Pinochet.

FBI documents on Operation Condor—the state-sponsored terrorism of the Chilean secret police, DINA ... and the murder of Chilean General Carlos Prats and his wife in Buenos Aires, among other operations.¹⁷

Economic libertarians in the United States cheered the Pinochet government's return to unbridled capitalism, especially the right-wing

libertarian think tank, the Cato Institute in Washington, DC, which eventually hired Pinochet's former secretary of labor and social security José Piñera as a staffer. In 2017 Piñera was listed as a Distinguished senior fellow, co-chairman of Cato's Project on Social Security Choice, and founder and president of the International Center for Pension Reform (Piñera [a](#), [b](#); Cato Institute, [n.d.](#)).

Most grotesque was the revelation that President Reagan in 1987 was given documents from the CIA showing that Pinochet personally ordered the assassination of former Chilean diplomat Orlando Letelier. Letelier, a fierce opponent of Pinochet was murdered in Washington, DC, a few blocks from the White House. Letelier died along with his American aide Ronni Karpen Moffitt when their car was destroyed by a bomb that also injured Moffitt's husband as they traveled to work at the Institute for Policy Studies in Washington, DC (National Security Archive [2006](#)). According to the National Security Archives, the declassified government documents include 'summaries of prison letters written' by the assassin, 'DINA agent Michael Townley' (Kornbluh [2013](#)).

Satan, Roosevelt, and LaHaye

According to F. J. Donner ([1980](#), 47–49), after the 1917 communist revolutions in Russia, 'Bolshevism came to be identified over wide areas of the country by God-fearing Americans as the Antichrist come to do eschatological battle with the children of light,' as prophesied in the Bible's Book of Revelation. It was 'widely shared in rural and small-town America,' where fundamentalists 'postulated a doomsday conflict between decent upright folk and radicalism—alien, satanic, immorality incarnate.' Although based in Christianity, this apocalyptic anti-communist worldview also developed a 'slightly secularized version.'

Some contemporary Christian evangelicals and fundamentalists in the United States are raised on a diet of conspiracy theories about secular humanist liberals working with secret elites plotting a global New World Order and One World government on behalf of Satan in the approaching 'End Times.' This is based on a specific idiosyncratic reading of prophecies in the Christian Bible, especially in the Book of Revelation. One interpretation is that as the 'End Times' approach, Satan sends his agent,

the Antichrist, to achieve world peace through the construction of aforementioned single global government. The Antichrist tricks some Christians into believing he is Jesus in his Second Coming. True Christians, however, see through the devilish conspiracy and warn others about how trusted political and religious leaders are betraying them to Satan who intends to crush Christianity and establish Hell on Earth (Boyer 1992; Fuller 1995; Berlet 2006).

This belief system continues to be embraced by a significant number of evangelical Protestants. A September 2009 poll in New Jersey found that 14% of Republicans believed that President Obama was the Antichrist—Satan’s agent in the ‘End Times’; and another 15% thought it might be possible. The results across political allegiances, however, were also troubling; with 8% of respondents statewide saying they thought Obama was the Antichrist and 13% stating they ‘aren’t sure.’ The poll also found that ‘21% of respondents, including 33% of Republicans, express the belief that Obama was not born in the United States’ (Public Policy Polling 2009).

The struggle with Satanic forces during the ‘End Times’ forms the basic plotline behind the Tim LaHaye and Jerry B. Jenkins’ successful fictional *Left Behind* series of over a dozen novels that have sold some 65 million copies (1995–2007).¹⁸ For LaHaye, who taught at JBS seminars, it is not just fiction. Writing what he calls ‘nonfiction,’ LaHaye (1999, 2001, 2002, 2003a, b) reveals the ‘Anti-Christ philosophy already controls America and Europe.’ LaHaye claims it was Satan himself who engineered the ‘crafty election of Franklin D. Roosevelt as president for twelve years.’ This was part of a secret conspiracy to turn the ‘American constitution upside down,’ in order to ‘use our freedoms to promote pornography, homosexuality, immorality, and a host of evils characteristic of the last days.’ In an open reference to the apocalyptic ‘End Times,’ LaHaye (2003b, 1) argues that the ‘fascination (or obsession) of the elite of this world for “globalism” or a “One World Order” or “One World Government” is almost everywhere.’

According to LaHaye (2003b, 1–2),

[S]ecular humanists have long advocated a one-world government—which, of course, they feel that they alone are qualified to run. John Dewey is famous for destroying the learning process for millions of children and young people because he was more interested in teaching atheism, evolution, self autonomy, and a socialistic worldview instead of reading, writing, and math.

LaHaye's thesis about public education was given a boost when President Reagan appointed conservative icon Phyllis Schlafly (1984) to hold official Department of Education hearings in seven cities concerning the sinister liberal plan to subvert public education—a political payoff for support from the Christian Right voter base.

According to LaHaye (2003b, 1),

the elitists who control our government-run educational system don't mind; they have prepared our nation's children to be members of the socialist world government which they are planning. Many of them don't realize that control of that government will be taken away from them and end up in the hands of the antichrist.

LaHaye (1999) asserts that 'All thinking people in America realize an anti-Christian, anti-moral, and anti-American philosophy permeates this country and the world.' The subversive conspirators include godless secular humanists and others who secretly manipulate the news media, the entertainment industry, the universities, and even the court system. These evil forces have turned the 'American constitution upside down.'

According to LaHaye (1999), the liberal, secular humanist, Antichrist conspiracy 'flies under the banner of "liberalism," but in reality it is atheistic socialism at best and Marxism at worst': the United States is 'the only nation that can halt the socialist Marxist enthronement of the UN as THE GLOBAL GOVERNMENT of the world.'

Among the many other critics of the Roosevelt Administration for establishing 'collectivism' are those conspiracists who scapegoat Roosevelt as the puppet of secret liberal collectivists, or Reds, or Jews, or all three. For some, this is a continuation of a critique of the collectivist and elitist Federal Reserve System, merging elements of populism and conspiracism, but often avoiding rank anti-Semitism (Mintz 1985, 20–22).¹⁹ Dinnerstein (1994) offers an overview of antisemitism in America. Populism on the Left and Right have a long history in the United States (Davis 1972, Canovan 1981, Kazin 1995; Berlet & Lyons 2000). Populist conspiracy theories sometimes include antisemitic motifs, both intentional and unintentional.

Christian Reconstructionism and Neofascism

The work of Hayek, Mises, and other Austrian-influenced economists was ultimately wedded to militant Protestant Calvinist Christianity in the United States in a theological movement called Christian Reconstructionism (McVicar 2015). Christian Reconstructionism—which advocates replacing the US Constitution with Old Testament Biblical Law—is the most doctrinaire and anti-democratic version of Calvinism in the United States (Armstrong 2001; Clarkson 1997, 2001; Berlet 2003). Some aspects are so rigid and totalitarian that they can be considered a form of contemporary neofascism (Berlet and Lyons 2000, 247–250)—or at least potentially (Armstrong 2001).

Two of the most influential proponents of Christian Reconstructionism are R. J. Rushdoony (1916–2001) and Gary North (1942–), who began as regular essayists for FEE's *The Freeman*. It was 'meetings funded by Volker' that first brought Rushdoony into a national network of the major 'free' market ideologues (McVicar 2015). Rushdoony and North were eventually cast out by FEE in a struggle over their increasingly doctrinaire interpretation of Christianity (Chap. 4, below). The ideas of Rushdoony and North went on to push the broader Christian Right toward the concept of 'Dominionism,' which justifies an attempt by militant Christians to take control of the political system as a form of fulfilling God's will (Clarkson 1997, 2001; Goldberg 2006; Herman 1997; Kaplan 2004).

Bellant (1994, 1988) reports that leaders of the 'Christian Reconstructionist movement, the most explicitly anti-democratic element of the Christian Right' participate in the meetings of the right-wing strategy group, the Council for National Policy (CNP). The CNP hosts an annual closed national strategy meeting where conservative elected officials brush shoulders with a wide range of other movers and shakers in the Christian Right, Republican Party, and right-wing infrastructure. The CNP represents the contemporary operationalization of the 'fusionism' developed by Buckley and others in the 1950s: 'free' market economic libertarianism, religious social traditionalism (a core feature of the Christian Right), and militant anti-communism and anti-collectivism often targeting labor unions.

Liberal Fascism and Tea Parties

The idea that government social welfare programs and US political liberalism (progressivism) are fascistic was popularized in Jonah Goldberg's (2007) *Liberal Fascism: The Secret History of the American Left, From Mussolini to the Politics of Meaning*. (Goldberg, editor at large for Buckley's *National Review*, uses 'liberal' to refer to what in most other countries would mean a mild progressive.) According to Goldberg (2007),

Today we still live under the fundamentally fascistic economic system established by [Woodrow] Wilson and FDR. We do live in an 'unconscious civilization' of fascism, albeit of a friendly sort infinitely more benign than that of Hitler's Germany, Mussolini's Italy, or FDR's America. This is the system I call liberal fascism.

This framework originated with Hayek and von Mises. Yet two years after the publication of Hitler's (1939 [1925]) *Mein Kampf*, Mises (1985 [1927], 51, 49), in *Liberalism in the Classical Tradition*, issued a blunt 'eternal' instruction:

It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilization. The merit that Fascism has thereby won for itself will live on eternally in history. ... The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.

The 'similar movements' of 'bloody counteraction' that Mises referred to included the French anti-Semitic '*l'Action Française*' plus 'Germans and Italians.' The Italians probably referred to Mussolini; while Mises' (1985 [1927], 44) reference to 'Ludendorff and Hitler' probably means the 1923 *Ludendorff-Hitler-Putsch*.

In *The Road to Serfdom*, Hayek (1944) argued that the practical needs of coordination and efficiency inherent in government central planning tended to create totalitarian systems of social control. Along with chapters on 'The Socialist Roots of Nazism' and 'The Totalitarians in our

Midst,' Hayek (1944, foreword) claimed that 'economic planning' in Britain under a Labour government was 'despotism exercised by a thoroughly conscientious and honest bureaucracy for what they sincerely believe is the good of the country.' In his *Preface*, Hayek (1944) quoted a former British Labour Party activist Ivor Thomas:

From the point of view of fundamental human liberties there is little to choose between communism, socialism, and national socialism. They are all examples of the collectivist or totalitarian state. ... In its essentials not only is completed socialism the same as communism but it hardly differs from fascism.

It is easy to see how some Americans would conclude that the US political system, which actually long favored 'free' enterprise' forms of capitalism over socialism was in fact staring down the barrel of a 'totalitarian state.'²⁰ These claims of conspiracist subversion by progressive forces are not marginal in the United States. For example, effervescent television commentator Glenn Beck began broadcasting his right-wing commentaries in 2006 and eventually attracted an audience of millions with his frenetic warnings of collectivism and subversion by leftists. Beck frequently praised Goldberg's (2007) *Liberal Fascism* on his television program.

In 2009, Beck had a conversation with Goldberg about Hayek's work:

GLENN: Well, here's the scary thing. ... I'm reading *The Road to Serfdom*. Have you read that?

GOLDBERG: Oh, sure.

GLENN: and this stuck out ... fascism does not come from capitalism. Capitalism does not give birth to fascism. Capitalism can give birth to socialism which gives way to communism or fascism. You need to have this big controlling government and all of the governmental controls in there and then have it fail ... go into chaos and that's when the strong leader comes forward, when the people are afraid, and they say, 'I will solve the problem for you.'

GOLDBERG: That's right. And Hayek talks at great length about these experts, this idea that if we just get the smartest people in government, they will know how to run everything and that ... is still the [enduring] liberal conceit. (Jefferson 2009)

The idea that there was such a thing as 'liberal fascism' would be a mere curiosity if it had not been adopted by a large and powerful social movement in the United States: the Tea Party movement.

In 2010 the Tea Partiers' embrace of conspiracy theories caused a flurry of attention paid to the conspiracist claims of Beck from journalists and scholars across the political spectrum—often from the perspective that no matter what one's ideology, facts actually have meaning. This interest was prompted by the rapid growth of the Tea Party movement which was awash in conspiracy theories in large part generated by Beck (Berlet 2010a, b, 2012a, b; Scher and Berlet 2014).

Lind (2010) traced the role of the scholarly middlemen between Hayek and Beck who inadvertently developed the framework from which Beck created the media meme that 'Big Government' leads to Fascism or Communism or both. According to Lind:

Behind Glenn Beck's televised crusade against progressivism and Jonah Goldberg's bestselling tract 'Liberal Fascism' is more than the usual attempt to smear political opponents by shouting, 'So you agree with Hitler!' Beck and Goldberg are peddling dumbed-down versions of the history of the American center-left that originated with serious scholars on the American right.

Lind (2010) admitted that 'much nonsense has been written about the influence of the German-American political theorist Leo Strauss on the American right,' and warned that he was 'hesitant to even raise the subject.' Still, Lind argues that the:

origins of the 'progressivism-is-fascism' meme are to be found in the work of scholars influenced by Strauss, including Harry Jaffa, Pestritto, Thomas G. West and Charles Kesler. They are associated with a few conservative liberal arts colleges: Hillsdale College, Claremont McKenna College and the University of Dallas.

Writing in the neoliberal *Weekly Standard*, Continetti (2010) noted that the Tea Party actually had two wings and that ‘while most Americans disapprove of the Obama Democrats, they do not back a full-scale revolt against the government.’ Continetti wrote that the Tea Partiers ‘do not support the abolition of the welfare state. They may want to repeal Obama-care, but they do not want to repeal the 20th century.’ Yet Continetti admitted the Tea Party movement ‘revealed the dual nature of conservative populism’:

There is one tendency that tries, in Wilfred M. McClay’s evocative phrase, ‘to restore and preserve a less regimented, less status-stratified, less school-sorted, more open-ended America.’ But there is also another tendency, one that believes the government is so corrupt, the constitutional system so perverted, that only radical solutions will save America from certain doom.

The first tendency is forward-looking, optimistic, and comfortable in contemporary America. The second tendency looks to the distant past, feels not just pessimistic but apocalyptic, and always sees the powerful conspiring against the powerless. And while it is possible to distinguish between the two tendencies, they nonetheless overlap in many places. They are different parts of the same creature.

In Buckley’s conservative *National Review*, Foster (2010) highlighted Continetti’s reference to Beck’s ties to a Bircher named W. Cleon Skousen and his ‘world of fringe conspiracy theories.’ Foster agrees with ‘the core of Continetti’s thesis’ and summarizes that ‘the as-yet amorphous Tea Party movement must lead with free-markets and small-government, not conspiracy theories and doom-saying’:

As I’ve said above, both Beck and I happen to think that conservatives like Continetti are too kind to the post-New Deal order, but whether one sees that order as the well-intentioned but fatally flawed American project, or as the fruits of an Illuminati conspiracy, is surely important to the future of the Tea Party—and the discourse.

Similar concerns were raised by Friedersdorf (2010) in the centrist/progressive magazine *The Atlantic* and by ultraconservative icon Gottfried (2010) in *The American Conservative*.

When the US Presidential campaign began in 2015 there was widespread acceptance of conspiracy theories in the Republican right, generally

targeting President Obama and the Democratic Party. This facilitated their use of conspiracist claims by Republican Presidential candidate Donald Trump (Berlet 2009a, b; 2010a, b; 2011; 2015).

Even before Trump was inaugurated President of the United States, there was a resurgence of armed right wing activists in the “Patriot” movement which has periodically flourished in the United States. In the 1990s an armed citizens “Militia” movement emerged in all 50 states and, according to a count kept by the Southern Poverty Law Center, there were 224 Militia units in 1995 (SPLC 2001, 8). At its peak during this period there were perhaps 20,000 to 60,000 active participants.

In a similar uprising the newly mobilized Patriot movement gained national attention with the 2014 “Bundy Standoff” in the State of Nevada; and then the 2017 takeover of the federal Malheur National Wildlife Refuge in the State of Oregon (Sunshine 2016a, b; 2017a, b).

Conclusions

Hayek’s ideas were largely out of favor during the Carter Administration (1977–1981), leaving Hayek disgruntled. Hayek (1978) also complained about American universities and, apparently, at the University of Chicago Economics Department:

since my Nobel Prize been collecting quite a number of honorary degrees. But not one [have I received] from what you call a prestigious university. The prestigious universities still regard me as reactionary; I am regarded as intellectually not quite reputable. So it happens that while in the more conservative places I am still respected, in intellectual circles, at least until quite recently, I was a rather doubtful figure. There was one instance about four or five years after I had published *The Road to Serfdom*, when a proposal of an American faculty to offer me a professorship was turned down by the majority. It was one of the big American universities.²¹

Reagan’s election as President sparked an upward propulsion of Hayek’s fame and fortunes.

It is entirely possible that more voters in the United States have learned details of ‘free’ market economics through the distorted lenses of the JBS and

Glenn Beck than by reading the work of Hayek, Mises, or Friedman. Certainly this appears to be true in the case of many of the enthusiasts running Tea Party and Patriot Movement websites. It is also true of many in the Christian Right who also learn about ‘free’ market economics from secondary sources—some of them distorted by febrile conspiracist interpretations.

Ironically, Hayek (1978) was contemptuous of the ‘knowledge’ that underpinned monotheistic religion:

all the factual assertions of religion, which are crude because they all believe in ghosts of some kind, have become completely unintelligible to me. ... I don't believe a word of it. [laughter]. ... In spite of these strong views I have, I've never publicly argued against religion because I agree that probably most people need it. It's probably the only way in which certain things, certain traditions, can be maintained which are essential.²²

The nadir of the conspiracist distortion of the work of Hayek, Mises, and others can be found in major US bookstores, often shelved in the Politics or History sections such as: *Arguing with Idiots: How to Stop Small Minds and Big Government* (Beck 2009), *Global Bondage: The U.N. Plan to Rule the World* (Kincaid 1995), *Circle of Intrigue: The Hidden Inner Circle of the Global Illuminati Conspiracy* (Marrs 1995), and *The Trillion-Dollar Conspiracy: How the New World Order, Man-Made Diseases and Zombie Banks are Destroying America* (Marrs 2010).²³

Hayek's (1935) edited book on *Collectivist Economic Planning* and his other writings led to Root's (1955) grumpy yet serious conservative polemic *Collectivism on the campus: The Battle for the Mind in American Colleges*. But it also led to the addled work of unhinged conspiracist authors such as LaHaye and Jim Marrs. Would Hayek have approved? We don't know. Mises may have approved since he supported the JBS which to this day proliferates conspiracy theories about collectivism and liberal treachery.

Still, Hayek's arguments and metaphors in *The Road to Serfdom* did trigger an apocalyptic ‘by any means necessary’ approach to defending ‘free’ markets that found a home in a range of consequences from aggressive U.S Cold War politics to the South American death squads and the Pinochet dictatorship.

So we come full circle from von Mises joining a fascist movement in the 1930s. In the 1980s Republican President Ronald Reagan worked with anti-communist emigres in the Republican Heritage Groups Council. President George H.W. Bush did the same in the 1990s. Some of the emigres from the “Captive Nations” in Europe, described as heroic anticommunists, were later exposed as having been collaborators with Fascist and Nazi regimes during World War II (Bellant 1991).

In October 2016, during his campaign for President, Republican candidate Donald Trump warned of subversive conspiracies threatening not only his election, but the nation itself. These involved “a global power structure” (Sullivan, 2016). Trump charged that his opponent, Democrat Hillary Clinton, “meets in secret with international banks to plot the destruction of U.S. sovereignty” (Sargent, 2016). Numerous media noted that such charges were tainted by historic antisemitism and had been used in the past by Fascists and Nazis. After Trump was elected, the Republican Party was willing to work with neofascists and neonazis collected by Donald Trump’s chief strategist Steve Bannon in the Alt-Right networks (Berlet 2017d).

The intellectual economic architects Hayek, von Mises, Friedman, Buchanan, and others created a branch of conservatism in the United States that morphed into an ideological alliance with brick and mortar consequences in Washington, DC: The Heritage Foundation (conservative pro-business), The Free Congress Foundation (Christian Right pro-business), and the Cato Institute (economic libertarian pro-business). These formed the basis for spawning a network of state-level think tanks, and a loose-knit coordinating body (the Council for National Policy) featuring right-wing activist leaders and strategists including Paul Weyrich, Tim LaHaye, Phyllis Schlafly and many more (Bellant 1988, 1990, 1994; Diamond 1995; Berlet and Lyons 2000).

Jean Hardisty noted in 1999 that the outcome of this intellectual endeavor was “mobilizing resentment” based on race and gender, and the demonization of a scapegoated “undeserving poor” parasitic underclass aided by collectivist leftist elites. This was all mashed into the right-wing populist (and quasi-fascist) demagogic electoral campaign of Donald Trump who became President of the United States. As Richard M. Weaver observed in his 1948 book: “ideas have consequences.”

If there is one lesson that can be learned by those of myriad political persuasions: if you publish a book, someone, somewhere, will turn your thesis on its head and make outlandish claims about what you really were trying to say. That, for authors, is the ‘Iron Rule of Unintended Consequences.’

Notes

1. Portions of this study are adapted from my previous work, including material published from 2007–2010. Some of the research for this study was supported by Political Research Associates and American Rights at Work. An expanded online bibliography and updates are available at <http://www.researchforprogress.us/topic/38885/hayek-mises-and-the-iron-rule-of-unintended-consequences/>
2. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
3. Ricca wrote the study while Legislative Research and Policy Director for the Wisconsin State AFL-CIO.
4. McVicar suggests for more details see Van Horn and Mirowski (2009) and Phillips-Fein (2010).
5. The summary in the text is based on the text of the back cover blurb.
6. <https://mises.org/library/ex-america-50th-anniversary-peoples-pottage>
7. This analysis is based on the author’s observations while attending JBS meetings.
8. <https://nrtwc.org/facts-issues/national-right-to-work-act/>
9. See hearing statement at <http://archives.republicans.edlabor.house.gov/archive/hearings/106th/oi/openshop5300/paschall.htm>
10. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
11. More information about Clarence Manion and the Manion Forum can be found at <http://archives.nd.edu/findaids/ead/html/MNN000.HTM>
12. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
13. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

14. <http://www.margarethatcher.org/document/117136>
15. See original letter from Thatcher to Hayek at <http://www.margarethatcher.org/document/117179>
16. For details on Chile's 'shock treatment' see Klein (2000).
17. There is extensive documentation about the role of the US government in supporting the Pinochet regime and being aware of and complicit in the 'Dirty Wars' and death squads in South and Central America. A large depository of these documents is at the National Security Archive, a non-profit investigative journalism group in Washington, DC.
18. See for example, *Left behind: A novel of the Earth's Last Days* (LaHaye 1995); *Tribulation force: The continuing drama of those left behind* (1997), vol. 2; etc. through 2007, vol. 16, *Kingdom Come: The Final Victory*.
19. To see the range of the debate over fiscal and monetary policy on the populist right at the time, see the list of political tracts in the William Lemke Papers, 1901–2014; Department of Special Collections, Chester Fritz Library, University of North Dakota, Grand Forks: ND; Call no. OGLMC 013; Series 6: Miscellaneous. <https://apps.library.und.edu/archon/?p=collections/controlcard&id=524>
20. Goldberg's book so infuriated author David Neiwert that he assembled an international group of recognized experts on fascism (including several top scholars) and convinced the online History News Network to post highly negative critiques of Goldberg's claims. Goldberg and a supporter were then allowed to offer rebuttals (History News Network 2010).
21. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
22. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
23. The original typesetting for the cover is vivid: 'NEW YORK TIMES BESTSELLER "JIM MARRS CAN'T BE IGNORED. FEW IN THIS COUNTRY SHOUT THE TRUTH LOUDER THAN HE"—DALLAS OBSERVER. ... Bestselling Author of *The Rise of the Fourth Reich* and *Rule by Secrecy*' (Marrs 2010, Blurb).

References

American Opinion. 1964. Magazine Published by the John Birch Society. Back Issues Examined in the Archive of Political Research Associates.

- Ames, M. 2012. You Hate 'Right to Work' Laws More Than You Know. Here's Why. *NSFWCORP* 12 December. Retrieved from <https://www.nsfwcorp.com/dispatch/right-to-work/>
- Anderson, S. and Anderson, J. L. 1986. *Inside the League*. New York, NY: Dodd, Mead & Company.
- Armstrong, K. 2001. *The Battle for God*. New York, NY: Ballantine Books.
- Beck, G. 2009. *Arguing with Idiots: How to Stop Small Minds and Big Government*. London: Threshold.
- Bella, R. N. 1967. Civil Religion in America. *Dedalus* 96.1, Winter: 1–21. Retrieved from http://www.robertbellah.com/articles_5.htm
- Bellant, R. 1988. *The Coors Connection: How Coors Family Philanthropy Undermines Democratic Pluralism*. Boston, MA: Political Research Associates/South End Press.
- Bellant, R. 1990. *The Coors Connection*. Cambridge, MA: Political Research Associates.
- Bellant, R. 1991. *Old Nazis, the New Right, and the Republican Party*. Boston, MA: South End Press.
- Bellant, R. 1994. The Council for National Policy: Stealth Leadership of the Radical Right. *Front Lines Research Planned Parenthood* 1.2, August. Retrieved from online archive.
- Bennett, D. H. 1995. *The Party of Fear: The American Far Right from Nativism to the Militia Movement*. New York, NY: Vintage Books. Originally Published in 1988.
- Berlet, C. 2003. Terminology: Use with Caution. In Griffin, R. and Feldman, R. (Eds.) *Fascism Volume 5, Critical Concepts in Political Science*. New York, NY: Routledge.
- Berlet, C. 2006. *The World According to Tim LaHaye: Chapter One: Hunting Down the Enemies*. Talk to Action, Eight-part Online Series. Retrieved from <http://www.talk2action.org/story/2006/6/26/122744/780>.
- Berlet, C. 2008a. The United States: Messianism, Apocalypticism, and Political Religion. In Griffin, R. M., Feldman, M. and Tortice J. (Eds.) *The Sacred in Twentieth Century Politics: Essays in Honour of Professor Stanley G. Payne*. Basingstoke, UK: Palgrave Macmillan: 221–257.
- Berlet, C. 2008b. Palin's Religious Beliefs Must Be Explored. *Huffington Post* 11 October. Retrieved from http://www.huffingtonpost.com/chipberlet/palins-religious-beliefs_b_124613.html
- Berlet, C. 2009a. Fears of fédéralisme in the United States: The Case of the 'North American Union' Conspiracy Theory. *Fédéralisme Régionalisme* 9.1. Retrieved from <http://popups.ulg.ac.be/federalisme/document.php?id=786>;

- Berlet, C. 2009b. *Toxic to Democracy: Conspiracy Theories, Demonization, and Scapegoating*. Somerville, MA: Political Research Associates.
- Berlet, C. 2010a. The Roots of Liberal Fascism: The Book. *HNN Special: A Symposium on Jonah Goldberg's Liberal Fascism*. 2 February. Retrieved from <http://hnn.us/articles/122245.html>
- Berlet, C. 2010b. The Roots of Anti-Obama Rhetoric. In Cunnigen, D. and Bruce, M. A. (Eds.) *Race in the Age of Obama: Volume 16*, Research in Race and Ethnic Relations. Bingley, UK: Emerald Group Publishing Limited: 301–319.
- Berlet, C. 2011. Protocols to the Left, Protocols to the Right: Conspiracism in American Political Discourse at the Turn of the Second Millennium. In R. A. Landes, and S. T. Katz (Eds.) *The Paranoid Apocalypse: A Hundred-Year Retrospective on the Protocols of the Elders of Zion*. New York, NY: New York University Press: 186–216.
- Berlet, C. 2012a. Reframing Populist Resentments in the Tea Party Movement. In L. Rosenthal and C. Trost (Eds.) *Steep: The Precipitous Rise of the Tea Party*. Berkeley, CA: University of California Press: 47–66.
- Berlet, C. 2012b. *Currency Conspiracism: Where Do Money Conspiracy Theories Circulate?* Retrieved from <http://www.researchforprogress.us/concepts/conspiracism/money/currency.html>
- Berlet, C. 2015. 'Trumping' Democracy: Right-Wing Populism, Fascism, and the Case for Action. 12 December. Retrieved from <http://www.politicalresearch.org/2015/12/12/trumping-democracy-right-wing-populism-fascism-and-the-case-for-action>
- Berlet, C. 2017. Alt–Right: A Primer on the Online Brownshirts. *Logos Journal*.
- Berlet, C. and M. N. Lyons 2000. *Right-Wing Populism in America: Too Close for Comfort*. New York, NY: Guilford Press.
- Boyer, P. S. 1992. *When Time Shall Be No More: Prophecy Belief in Modern American Culture*. Cambridge, MA: Belknap/Harvard University Press.
- Burch, P. H., Jr. 1973. The NAM as an Interest Group. *Politics and Society* 4.1: 97–130.
- Burgin, A. 2012. *The Great Persuasion: Reinventing Free Markets Since the Great Depression*. Cambridge, MA: Harvard University Press.
- Callahan, D. 1999. *\$1 Billion for Ideas: Conservative Think Tanks in the 1990s*. Washington, DC: National Committee for Responsive Philanthropy.
- Caldwell, B. and Montes, L. 2015. Friedrich Hayek and His Visits to Chile. *The Review of Austrian Economics* 28.3, September: 261–309. <http://link.springer.com/article/10.1007%2Fs11138-014-0290-8>
- California AFL–CIO News. 1968. *A Look at the New NTWC Directors*. Retrieved from <http://www.nma.berkeley.edu/ark:/28722/bk0006x653s>

- Cato Institute. n.d. *José Piñera*. Retrieved from <http://www.cato.org/people/jose-pinera>
- Clarkson, F. 1997. *Eternal Hostility: The Struggle Between Theocracy and Democracy*. Monroe, ME: Common Courage.
- Clarkson, F. 2001. The Culture Wars Are Still Not Over: The Institutionalization of the Christian Right. *Public Eye Magazine* 15, 5 December: 1–18. Retrieved from <http://www.politicalresearch.org/2008/12/05/the-culture-wars-are-still-not-over-the-religious-right-in-the-states-and-beyond>
- Continetti, M. 2010. The Two Faces of the Tea Party: Rick Santelli, Glenn Beck, and the Future of the Populist Insurgency. *Weekly Standard* 28 June. Retrieved from <http://www.weeklystandard.com/article/482098>
- Covington, S. 1997. *Moving a Public Policy Agenda: The Strategic Philanthropy of Conservative Foundations*. Washington, DC: National Committee for Responsive Philanthropy. Retrieved from <http://www.ncrp.org/reports/moving.htm>
- Davis, D. B. (Ed.) 1972. *The Fear of Conspiracy: Images of Un-American Subversion from the Revolution to the Present*. Ithaca, NY: Cornell University Press.
- de Tocqueville, A. 2000. *Democracy in America*. Chicago: University of Chicago Press. H. C. Mansfield and D. Winthrop (Eds., trans. Intro). Originally published in 1835 as *De la démocratie en Amérique*, in two volumes, Paris: C. Gosselin.
- Diamond, S. 1995. *Roads to Dominion: Right-Wing Movements and Political Power in the United States*. New York, NY: Guilford Press.
- Diamond, S. 1998. *Not by Politics Alone: The Enduring Influence of the Christian Right*. New York, NY: Guilford Press.
- Diamond, S. 1989. *Spiritual Warfare: The Politics of the Christian Right*. Boston, MA: South End Press.
- Dillard, E. S. 1981. Deposition on File at Political Research Associates. 5 August.
- Dinges, J. 2005. *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents; with a New Afterword by the Author*. New York: New Press.
- Dinnerstein L. 1994. *Anti-Semitism in America*. New York, NY: Oxford University Press.
- Dixon, M. 2005. *The Politics of Union Decline: Business Political Mobilization and Restrictive Labor Legislation, 1930 to 1960*. Dissertation. Ohio State University. https://etd.ohiolink.edu/!etd.send_file?accession=osu1115903749&disposition=inline

- Dixon, M. 2010. Union Threat, Countermovement Organization, and Labor Policy in the States, 1944–1960. *Social Problems* 57: 157–74.
- Donner, F. J. 1980. *The Age of Surveillance: The Aims and Methods of America's Political Intelligence System*. New York, NY: Alfred A. Knopf.
- Fine, G., R. Chanin, and L. Gold. 1991. Setting the Record Straight: A Report on the National Right to Work Committee and the National Right to Work Legal Defense and Education Foundation, Inc. Washington, DC. No Publisher Listed. Reviewed in the Archive of Political Research Associates. Available at Special Collections and University Archives: UMass Amherst Libraries, Massachusetts AFL-CIO Records 1902–2008, call no. MS 369, Index. Retrieved from <http://scua.library.umass.edu/ead/mums369>
- Foster, D. 2010. Of Beck and the Birchers. *National Review* 25 June. Retrieved from <http://www.nationalreview.com/corner/232435/beck-and-birchers-daniel-foster>
- Forster, A. and B. R. Epstein. 1964. *Danger on the Right: The Attitudes, Personnel and Influence of the Radical Right and Extreme Conservatives*. New York, NY: Random House, Anti-Defamation League.
- Friedman, M. F. 1982. Free Markets and the Generals. *Newsweek* 25 January. Online archive.
- Friedman, M. F. and Friedman, R. D. 1998. *Two Lucky People*. Chicago: University of Chicago Press.
- Friedersdorf, C. 2010. Glenn Beck's Book Club. *The Atlantic* 30 June. Retrieved from <http://www.theatlantic.com/projects/ideas-2010/archive/2010/06/glenn-becks-book-club/58949/>
- Fuller, R. C. 1995. *Naming the Antichrist: The History of An American Obsession*. New York, NY: Oxford University Press.
- Gall, G. J. 1988. *The Politics of Right to Work: The Labor Federations as Special Interests, 1943–1979: Volume 24*. Contributions in Labor Studies. New York, NY: Greenwood Press.
- Garrett, G. 1953. *The People's Pottage*. Caldwell, Idaho: Caxton Printers.
- Goldberg, J. 2007. *Liberal Fascism: The Totalitarian Temptation from Mussolini to Hillary Clinton*. New York, NY: Doubleday.
- Goldberg, M. 2006. *Kingdom Coming: The Rise of Christian Nationalism*. New York, NY: W.W. Norton.
- Gottfried, P. 2010. Glenn Beck's Myths: How the Fox News Pundit Distorts the Progressive Legacy. *The American Conservative* 10 November. Retrieved from <http://www.theamericanconservative.com/articles/glenn-becks-myths/>

- Greaves, B. B. and R. W. McGee. 1993. *Mises: An Annotated Bibliography: A Comprehensive Listing of Books and Articles by and About Ludwig von Mises*. Irvington-on-Hudson, NY: Foundation for Economic Education. (also available as a pdf file at the following URL). Retrieved from <https://mises.org/library/mises-annotated-bibliography>
- Group Research. 1966. The Organized Right Wing Versus Organized Labor, Special Report #18, June 25. Washington, DC: Group Research, Inc., (archived at Columbia University) p. 1 citing Plochman and Harrison 140 NLRB 130, Carl T. Mason 142 NLRB 480, and Storkline 142 NLRB 875.
- Hardisty, J. V. 1999. *Mobilizing Resentment: Conservative Resurgence from the John Birch Society to the Promise Keepers*. Boston, MA: Beacon Press.
- Hayek, F. A. 1935. *Collectivist Economic Planning*. London: Routledge and Paul.
- Hayek, F. A. 1944. *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hayek, F. A. 1978. Oral History Interviews. Centre for Oral History Research. Los Angeles: University of California Los Angeles, <http://oralhistory.library.ucla.edu/>
- Hayek, F. A. 2007. *The Road to Serfdom Text and Documents The Definitive Edition*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Hayes, C. 2007. The New Road to Serfdom. *In These Times* 9 November. Retrieved from http://www.inthesetimes.com/article/3406/the_new_road_to_serfdom/
- Hazlitt, H. 1984. The Early History of FEE: Recollections About the Foundation for Economic Education. *The Freeman*. Excerpted from His Remarks at the Leonard E. Read Memorial Conference on Freedom, November 1983. The Article Was Reposted on 1 May 2006. Retrieved from <https://fee.org/articles/the-early-history-of-fee/>
- Heatherly, C. L., et al. and Heritage Foundation. 1981. *Mandate for Leadership: Policy Management in a Conservative Administration*. Washington, DC: Heritage Foundation.
- Herman, D. 1997. *The Antigay Agenda: Orthodox Vision and the Christian Right*. Chicago, IL: University of Chicago Press.
- Himmelman, J. L. 1990. *To the Right: The Transformation of American Conservatism*. Berkeley, CA: University of California Press.
- Hitler, A. 1939 [1925]. *Mein Kampf*. London: Hurst and Blackett. Translated by James Murphy.
- History News Network. 2010. *HNN Special: A Symposium on Jonah Goldberg's Liberal Fascism*. 2 February. Retrieved from <http://historynewsnetwork.org/article/122469>

- Hülsmann, J. G. 2007. *Mises: The Last Knight of Liberalism*. Auburn, Alabama: Ludwig von Mises Institute.
- International Teamster*. 1962. *NAM Dedicated to Destroy Unions with Anti-Trust Laws: The Confused Conspiracy*. Special Report, Final Installment in 3-Part Series. December. Retrieved from https://archive.org/details/ibt_magazine_196212
- Jefferson, T. 2009. *Glenn Beck: Obama More Like Wilson than Lincoln*. 20 January. Retrieved from <http://www.glennbeck.com/content/articles/article/196/20421/>
- Kaplan, E. 2004. *With God on Their Side: How Christian Fundamentalists Trampled Science, Policy, and Democracy in George W. Bush's White House*. New York, NY: The New Press.
- Kazin, M. 1995. *The Populist Persuasion: An American History*. New York, NY: Basic Books.
- Kennedy, S. 1946. *Southern Exposure*. Garden City, NY: Doubleday.
- Kincaid, C. 1995. *Global Bondage: The U.N. Plan to Rule the World*. Lafayette, Louisiana: Huntington House.
- Klein, N. 2000. *The Shock Doctrine: The Rise of Disaster Capitalism*. London: Allen Lane.
- Klein, P. G. 2007. *Biography of F. A. Hayek (1899–1992)*. Auburn, AL: Ludwig von Mises Institute. 1 August. Retrieved from <https://mises.org/library/biography-f-hayek-1899-1992>
- Kombluh, P. 2013. *The Pinochet File: A Declassified Dossier on Atrocity and Accountability*. Retrieved from <http://nsarchive.gwu.edu/NSAEBB/NSAEBB8/nsaebb8i.htm>
- Kovel, J. 1994. *Red Hunting in the Promised Land: Anticommunism and the Making of America*. New York, NY: Basic Books.
- Kruse, K. M. 2015. *One Nation Under God: How Corporate America Invented Christian America*. New York: Basic Books.
- LaHaye, T. 1999. Anti-Christ Philosophy Already Controls America and Europe. *Pre-Trib Perspectives*. September. Retrieved from http://www.timlahaye.com/about_ministry/pdf/sept.tim.pdf
- LaHaye, T. 2001. The Prophetic Significance of Sept. 11, 2001. *Pre-Trib Perspectives* 6.7, October: 3.
- LaHaye, T. 2002. Tim's Pre-Trib Perspective. *Pre-Trib Perspectives* 6.10, February: 1–3.
- LaHaye, T. 2003a. 119 million American Evangelicals in These Last Days? *Pre-Trib Perspectives* 8.1, April: 1–3.
- LaHaye, T. 2003b. One Global Government or Two? *Pre-Trib Perspectives* 8.4, July: 1–2.

- LaHaye, T. and J. B. Jenkins. 1995–2007. *The Left Behind Series* (1–16). Wheaton, Ill.: Tyndale House Publishers. Retrieved from <http://www.leftbehind.com>.
- Larson, R. 1984. Interviewed by J. Rees. A Fighter for Worker Rights: Reed Larson. In *The Review of the News*, Magazine of the John Birch Society. 22 February: 39–46.
- Libby, R. T. 2014. *Purging the Republican Party: Tea Party Campaigns and Elections*. Lanham, Md: Lexington Books.
- Leeson, R. 2017. *Hayek: A Collaborative Biography Part VIII 'The Constitution of Liberty I: 'Shooting in Cold Blood' Hayek's Plan for the Future of Democracy*. New York: Palgrave Macmillan.
- Lind, M. 2010. Glenn Beck's Partisan Historians: The Academics Behind the Progressivism-as-fascism meme. *Salon* 5 April. Retrieved from http://www.salon.com/2010/04/06/glenn_beck_s_historians/
- Lindley, M. and J. Farmelant. 2012. The Strange Case of Dr. Hayek and Mr. Hayek. *Journal of Social and Political Studies* 3.2, December. University of Allahabad, Department of Political Science. Retrieved from https://www.academia.edu/3252760/The_Strange_Case_of_Dr_Hayek_and_Mr_Hayek
- Lipset, S. M. 1997. *American Exceptionalism: A Double-Edged Sword*. New York, NY: W. W. Norton & Company.
- Lyons, M. N. 1998. Business Conflict and Right-Wing Movements. In Ansell, A. E. (Ed.) *Unraveling the Right: The New Conservatism in American Thought and Politics*. Boulder, CO: Westview: 80–102.
- Manion Forum. 1968. Manion Forum Radio Broadcast: Reed Larson - Workers Want Warren Court to Be Civil About Their Rights; tape #692. 7 January. Retrieved from <http://archives.nd.edu/findaids/ead/index/MNN021.HTM>.
- Marrs, J. 2010. *The Trillion-Dollar Conspiracy: How the New World Order, Man-Made Diseases, and Zombie Banks Are Destroying America*.
- Marrs, T. 1995. *Circle of Intrigue: The Hidden Inner Circle of the Global Illuminati Conspiracy*. Austin, TX: Living Truth Publishers.
- McVicar, M. J. 2015. *Christian Reconstruction: R. J. Rushdoony and American Religious Conservatism*. Chapel Hill, NC: University of North Carolina Press. Kindle Version. Retrieved from Amazon.com.
- Mintz F. 1985. *The Liberty Lobby and the American Right: Race, Conspiracy, and Culture*. Westport, CT: Greenwood.
- Mises, L. 1950. The Alleged Injustice of Capitalism. *Faith and Freedom* 1.7, June: 5–8. Included as Part 3, Chapter 4, in *The Anti-Capitalistic Mentality*. Reprinted in 1952, *Reflections on Faith and Freedom*. Los Angeles, CA: Spiritual Mobilization: 39–45. See Bibliography by Greaves and McGee,

- 1993, online as [Mises An Annotated Bibliography_5.pdf](#), see section on “Articles, Addresses, Reviews, Prefaces,” pp. 51-51. Retrieved from <https://mises.org/library/mises-annotated-bibliography>
- Mises, L. 1960a. The Economic Foundations of Freedom. *Christian Economics* 12.2, 26 January: 1–2.
- Mises, L. 1960b. The Economic Foundations of Freedom. *The Freeman* 10.4, April: 44–52.
- Mises, L. 1960c. The Economic Foundations of Freedom. In *Foundation for Economic Freedom. Essays on Liberty*. New York: Foundation for Economic Freedom Volume VII. 36–39.
- Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Mises Institute. 2016. See the bibliographic collection at <https://mises.org/library/mises-annotated-bibliography> also available for download at [Mises An Annotated Bibliography_5.pdf](#)
- Myrdal, G. 1944. *An American Dilemma: The Negro Problem and Modern Democracy*. New York, NY: Harper & Brothers.
- Nash, G. 1976. *The Conservative Intellectual Movement in America Since 1945*. New York: Basic Books.
- National Security Archive. 2006. *Letelier-Moffitt Assassination: 30 Years Later*. 20 September. Retrieved from <http://nsarchive.gwu.edu/NSAEBB/NSAEBB199/>
- New York Times/UPI. 1945. CIO Threatens State Legislators. 22 January: 18. Online archive.
- Odd, J. S. 2004. The Hayek and Mises Controversy: Bridging Differences. *The Quarterly Journal of Austrian Economics* 7.1: 27–38.
- Pahl, J. 2010. The Core of Lutheran CORE: American Civil Religion and White Male Backlash. *Journal of Lutheran Ethics* 1 May. Ftns. 36 and 37. Retrieved from <https://www.elca.org/JLE/Articles/306>
- Philanthropy Roundtable. n.d. *1956 Pew Builds the Evangelical Parachurch*. Retrieved from http://www.philanthropyroundtable.org/almanac/religion/1956_pew_builds_the_evangelical_parachurch
- Phillips-Fein, K. 2010. *Invisible Hands: The Businessmen’s Crusade Against the New Deal*. New York: W. W. Norton & Company.
- Piñera, J. n.d. (a). Chile’s Road to Freedom. *Blogsite*. Retrieved from http://josepinera.org/articles/articles_blog.htm
- Piñera, J. n.d. (b). *Blogsite*. Retrieved from http://josepinera.org/articles/articles_blog.htm

- Public Policy Polling. 2009. *Extremism in New Jersey*. 16 September. Retrieved from <http://publicpolicypolling.blogspot.com/2009/09/extremism-in-new-jersey.html>
- Reuss, A. 2007. Milton Friedman's 'Chilean Miracle.' *Dollars and Sense* 7 January. Retrieved from <http://www.dollarsandsense.org/archives/2007/0107reuss.html>
- Ribuffo, L. P. 1983. *The Old Christian Right: The Protestant Far Right from the Great Depression to the Cold War*. Philadelphia, PA: Temple University Press.
- Ricca, J. n.d. Revised 2011, November. *Politics in America: The Right Wing Attack on the American Labor Movement*. Wisconsin State AFL-CIO. Retrieved from http://www.wisafcio.org/political_action/rightwing.htm
- Right Web. 1989. *Western Goals Foundation*. Retrieved from http://rightweb.irc-online.org/western_goals_foundation/
- Root, E. M. 1955. *Collectivism on the Campus: The Battle for the Mind in American Colleges*. New York, NY: Devin-Adair.
- Rothbard, M. N. 1973. *The Essential von Mises*. Lansing, Mich: Bramble Minibooks, Online archive.
- Saloma, J. S. 1984. *Ominous Politics: The New Conservative Labyrinth*. New York, NY: Hill and Wang.
- Scher, A. and Berlet, C. 2014. The Tea Party moment. In N. van Dyke and D. S. Meyer, (Eds.) *Understanding the Tea Party movement*. Farnham and London: Ashgate.
- Schlafly, P. (Ed.) 1984. *Child Abuse in the Classroom: Excerpts from the Official Transcript of Proceedings Before the U.S. Department of Education*. Alton, IL: Pere Marquette Press.
- Seldes, G. 1968. Postscript: NAM and the John Birch Society. *Never Tire of Protesting*. New York, NY: Lynn. Stuart: 120–125.
- Selwyn, B. 2015. *Friedrich Hayek: In Defence of Dictatorship*. 9 June. Retrieved from <https://www.opendemocracy.net/benjamin-selwyn/friedrich-hayek-dictatorship>
- Southern Poverty Law Center. 2001. The Rise and Decline of the 'Patriots'. Intelligence Report. Summer, 6–8.
- Sparks, E. n.d. J. Howard Pew. *Philanthropy Roundtable*. Retrieved from http://www.philanthropyroundtable.org/almanac/hall_of_fame/j._howard_pew
- Sunshine, S. 2016a. *Gunning for Office: Oregon's Patriot Movement and the May 2016 Primary*. 19 April. Retrieved from <http://www.politicalresearch.org/2016/04/19/gunning-for-office-oregons-patriot-movement-and-the-may-2016-primary>

- Sunshine, S. 2016b. Profiles on the Right: Three Percenter. *The Public Eye* 5 January. Somerville, MA: Political Research Associates. Retrieved from <http://www.politicalresearch.org/2016/01/05/profiles-on-the-right-three-percenters/>
- Swigert, E. G. 1957. Letter to Divisional and Regional Personnel. On NAM Stationery, Office of the President. On File at Political Research Associates archive.
- Thompson, D. 1998. *The End of Time: Faith and Fear in the Shadow of the Millennium*. Hanover, NH: University Press of New England. Originally Published in 1996.
- Toler, D. 1995. Black Conservatives. In C. Berlet (Ed.) *Eyes right!: Challenging the Right Wing Backlash*. Boston, MA: South End Press.
- UAW v. National Right to Work Foundation*. 1973. International Union, United Auto., Aerospace and Agr. Implement Workers of America, Inc. v. National Right to Work Legal Defense and Educ. Foundation, Inc. (1973): 1–37. On File at Political Research Associates Archive. Final Decision by DC Circuit Court of Appeals, 781 F.2d 928, D.C. Cir., Jan. 21, 1986. The Court Ruled Against the UAW and in Favor of the NRTWC Motion for Summary Judgement. Final Decision retrieved From <http://openjurist.org/781/f2d/928/international-union-united-automobile-aerospace-and-agricultural-implement-workers-v-national-right->
- Valentine, P. W. 1978. The Fascist Specter Behind the World Anti-Red League. *Washington Post* 28 May.
- Van Horn, R. and P. Mirowski. 2009. The Rise of the Chicago School of Economics and the Birth of Neoliberalism. In Mirowski, P. and D. Plehwe (Eds.) *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. Cambridge, MA: Harvard University Press: 139–178.
- Walsh, A. D. 2000. *Religion, Economics, and Public Policy: Ironies, Tragedies, and Absurdities of the Contemporary Culture Wars*. Westport, CT: Praeger.
- White Collar. 1978. Boycott Sour Coors Beer Profits. Official publication of the Office and Professional Employees Union International June: 3.
- Wimberley, R. C. and W. H. Swatos, Jr. 1998. Civil Religion. In *Encyclopedia of Religion and Society*. Oxford: Rowman & Littlefield. Edited by W. H. Swatos, Jr. Retrieved from <http://hrr.hartsem.edu/ency/civilrel.htm>
- Wynn, W. H., J. J. Sweeney, R. A. Georgine, and J. J. Barry. 1988. *A Report on the Board of Directors of the National Right to Work Committee*. Washington, DC: Ad Hoc Committee on Restrictive Legislation: AFL-CIO Executive Council August; copy archived at State Historical Society of Missouri, in collection "S0839 ACTWU Addenda, 1893-1993." See also International Union, United Automobile, Aerospace and Agricultural Implement Workers

- of America, Inc., et al., Plaintiffs-Appellants v. National Right to Work Legal Defense and Education Foundation, Inc., et al., Defendants-Appellees. Final appellate court decision in favor of the NRTWF at 781 F.2d 928; Appendix to Plaintiff's Motion, 1984, pp. 17-42; (authored by Fine, Chanin, and Gold), citing in footnote 89, Rotenberg, D. 1975, "Pew Family: The Sun Gods," *Philadelphia Magazine*, September.
- Wynn, W. H., Sweeney J. J., Georgine R. A. and Barry R. A. 1988a. A Report on the Board of Directors of the National Right to Work Committee. Washington, DC: Ad Hoc Committee on Restrictive Legislation: AFL-CIO Executive Council August. See also UAW v. NRTWF, Appendix to Plaintiff's Motion, 1984, pp. 17-42; authored by Fine, Chanin, and Gold, citing in footnote 89, Dan Rotenberg, 1975, "Pew Family: The Sun Gods," *Philadelphia Magazine*, September.
- Wynn, W. H., et al. 1988b. See p. 5, note 39, citing Group Research newsletter, and also deposition of Edwin S. Dillard, 1981, August 5, United Auto Workers (UAW) v. National Right to Work Foundation (NRTWF), 1973, pp. 1-37.
- Wynn, W. H., et al. 1988c. See p. 30; citing in note 200 a NRTWC brochure circa 1981 and in note 202, the John Birch Society Bulletin, January 1970, p. 30 and January 1969, pp. 16-23.
- Zaitchik, A. 2010. *Common Nonsense: Glenn Beck and the Triumph of Ignorance*. Hoboken, NJ: Wiley.



4

Accelerating the Climate of Hate: The Austrian School of Economics, Hayek, and 'The New Hate'

Arthur Goldwag

In *The New Hate: A History of Fear and Loathing on the Populist Right* (Goldwag 2012), I argued that while hate and hate groups have always been visible on the peripheries of American politics, the 'paranoid style' (Hofstadter 1964) has thoroughly infiltrated its mainstream today.¹ Echoes of the now-thoroughly disreputable ideas that once informed the canons of Know Nothingism, white supremacy, 1930s-era America Firstism, McCarthyism, and the whole range of left- and right-wing conspiracy theories—that Anglo-Saxon genes are being diluted by those of the lesser races; that Catholics take their marching orders from the pope; that Godless Masons or Communists have subverted the government; that the Talmud teaches Jews how to manipulate the economy; that cabals of wealthy bankers, Communists, and their lackeys in governments are responsible not just for rigged elections, false flag attacks, assassinations, depressions, and wars, but acts of God like earthquakes and hurricanes—can now be heard in the Nativist, Islamophobic, and isolationist rhetoric

A. Goldwag (✉)

Department of Economics, Stanford University, Stanford, CA, USA

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_4

of national politicians, who don't necessarily believe them but use them to gain whatever temporary advantage they can.

I didn't know it while I was writing *The New Hate*, but the Harvard economist Edward Glaeser (2005) had already published a paper that formalized that basic thesis and modeled it mathematically. When politicians foment hate against one out group or another, he argued, they are in fact conducting a rational transaction with voters. Hate demagoguery is deployed in a political context to discredit rivals whose policies are perceived as beneficial to the hated group. The rise of Jim Crow in the American South in the late nineteenth century, for example, was orchestrated by conservative Democratic enemies of the Populists, whose redistributionist policies would have been a boon for poor blacks. Reminding poor whites that they hated and feared black people even more than they did, the capitalist class helped the Democrats break the back of the movement. Another example is the rise of political anti-Semitism in late-nineteenth-century Europe, which, Glaeser argues, was really an attack on constitutional Republicanism. By associating the democratic values of the Enlightenment with the fabled mendacity of the Hebrew race, its purveyors hoped to strengthen the church and crown.

Of course for the tactic to be effective, voters must be predisposed to the premises of the hate narratives and politicians must be fluent in their tropes; they must resonate with voters' existing prejudices and anxieties and appear to have at least an element of factuality to them. The Populist Party did in fact reach out to poor blacks in its early days, and the fear of a black assault on white womanhood had been primal in the American South, since at least the days of Toussaint L'Ouverture, and was of course a classic case of projection—black female slaves had much more to fear from their white masters than those masters' wives and daughters who had to fear from their slaves (see, e.g., Davis 2014).

As for the political anti-Semitism that handed the mayoralty of Vienna to Karl Lueger in the late 1890s, and that inspired the forgery of *The Protocols of the Learned Elders of Zion*, if Jews weren't the sole or even the chief drivers of Europe's revolutionary movements, there was no question that they participated in them and benefited from them—and the perfidiousness of the Jews had been enshrined in the Gospels, the liturgy, and the general culture of Christendom since its beginnings. If the grand

conspiratorial scenarios of *The Protocols of the Learned Elders of Zion* were new (they had formerly been attributed to the Masons), the phenomenon of Jew hatred was anything but.

It helps too, Glaeser (2005) notes, if the out group is segregated or very small:

People who interact frequently with minorities in peaceful settings will be less likely to accept false stories. Hatred is particularly likely when out-groups are politically relevant, but socially segregated.

All in all, Glaeser makes an intriguing case for the economics of politically inspired hate-mongering—but what about the hate-mongering of economists, or more specifically, the economists who are associated with the Ludwig von Mises Institute in Auburn, Alabama?

Founded in 1982 by Llewellyn Rockwell ‘with the blessing and aid of Margit von Mises, Murray N. Rothbard, Henry Hazlitt, and Ron Paul,’ the Institute styles itself as the world’s leading advocate of ‘teaching and research in the Austrian school of economics ... in the tradition of Ludwig von Mises and Murray N. Rothbard.’ It publishes numerous books and periodicals, maintains a research library, conducts seminars, arranges conferences, and subsidizes pertinent academic research. ‘Non-political, non-partisan, and non-PC,’ according to its website:

the Institute works with students and scholars from many countries, and reaches out to business leaders, professionals, and everyone else interested in our mission.²

The Southern Poverty Law Center’s (SPLC’s) description of its principles and activities makes it sound a little less innocuous and considerably more tendentious: it ‘promotes a type of Darwinian view of society in which elites are seen as natural and any intervention by the government on behalf of social justice is destructive.’ It is ‘nostalgic for the days,’ the SPLC continues, quoting Hans-Hermann Hoppe (2006), one of the Institute’s Distinguished Senior Fellows, when

‘positions of natural authority’ [were] likely to be ‘passed on within a few noble families’ [unlike today when] ‘affirmative action and forced integra-

tion' [are] 'responsible for the almost complete destruction of private property rights, and the erosion of freedom of contract, association, and disassociation.' (Berlet 2003)

While one might expect a thorough-going free marketer like Hoppe to take a dim view of any form of income redistribution or affirmative action, and to be unsentimental when it comes to the question of whether government is obliged to help the weaker and less-fortunate, the Mises Institute's embrace of paleoconservatism³ has led it into such seemingly un-Austrian by-ways as Civil War (DiLorenzo 2003)⁴ and even Holocaust revisionism,⁵ so-called scientific racism,⁶ Christian Reconstructionism,⁷ Homophobia,⁸ anti-Feminism,⁹ and anthropogenic climate change denial (Evans 2007). Paleoconservatives, as Samuel Francis (2002) put it, reject

the whole concept of the 'leviathan state' that they see lurching out of the American Civil War and later the first two World Wars. Hence, their sympathies tend to be with the South against the state-building North and with the America First opponents of intervention in the 1930s.

Rockwell and many of the Institute's affiliated intellectuals have had documented associations with white nationalist leaders and groups, such as David Duke and the League of the South (of which Francis was a founding member).

All of this is very 'non-PC' to be sure. But how Austrian—or more to the point, how Hayekian—is it?

Hayek (1960, 524) didn't style himself a conservative, of course, never mind a paleoconservative, but a liberal in the original sense of the word:

the conservative inclines to defend a particular established hierarchy and wishes authority to protect the status of those whom he values [while] the liberal feels that no respect for established values can justify the resort to privilege or monopoly or any other coercive power of the state in order to shelter such people against the forces of economic change.

Still, Hayek's practical and partisan sympathies were clearly inclined toward those on the right side of the spectrum, and those feelings were heartily reciprocated. Both Ronald Reagan and Barry Goldwater cited

Hayek as one of their leading influences, as did Margaret Thatcher, Generalissimo Pinochet, and even the Reverend Sun Myung Moon. The former congressman and presidential candidate Ron Paul—Rockwell was Paul's chief of staff from 1978 to 1982 and almost certainly ghost-wrote some of the racist pamphlets that proved such an embarrassment to him (Sanchez and Weigel 2008)—has praised Hayek, as has Paul's son, Senator Rand Paul, and the current Speaker of the House, Paul Ryan.

But what about white nationalism? Hayek's (1978) unguarded animadversions toward 'Levantine' and 'Near Eastern populations,' which he called 'fundamentally dishonest,' and the 'Bengali moneylender sons' he taught at the London School of Economics, whom he described as 'a detestable type' (while denying that he had any 'racial prejudices in general'), have been widely discussed by his supporters and detractors alike.¹⁰ But surely there is a world of difference between the casual slurs of a then-elderly intellectual who grew up in Lueger's Vienna and the programmatic racism of a paleoconservative such as Sam Francis. Hayek (1994, 49), the son of atheists, was a distant relation of the Wittgenstein family and had close Jewish friends, including Mises and Karl Popper:

It is difficult to overestimate how much I owe to the fact that, almost from the beginning of my university career, I became connected with a group of contemporaries who belonged to the best type of the Jewish intelligentsia of Vienna and who proved to be far ahead of me in literary education and general precociousness.

Rothbard, of course, was Jewish-born as well.

But if one is looking to disaffiliate Hayek's brand of Austrian theory from that of the Mises Institute, one need look no further than the Institute's own writings. Here's Hoppe (2013), in a pointedly titled essay, 'Why it's the Mises Institute.' For all that he argued for a minimal state, Hoppe wrote, Hayek was in essence a 'moderate social democrat':

According to Hayek, government is 'necessary' ... not merely for 'law enforcement' and 'defense against external enemies' but ... 'ought to use its power of raising funds by taxation to provide a number of services which for various reasons cannot be provided, or cannot be provided adequately, by the market.' ... Among these goods and services are 'protection against violence,

epidemics, or such natural forces as floods and avalanches, but also many of the amenities which make life in modern cities tolerable, most roads ... the provision of standards of measure, and of many kinds of information ranging from land registers, maps and statistics to the certification of the quality of some goods or services offered in the market.' ... Additional government functions include 'the assurance of a certain minimum income for everyone'; government should 'distribute its expenditure over time in such a manner that it will step in when private investment flags'; it should finance schools and research as well as enforce 'building regulations, pure food laws, the certification of certain professions, the restrictions on the sale of certain dangerous goods (such as arms, explosives, poisons and drugs), as well as some safety and health regulations for the processes of production; and the provision of such public institutions as theaters, sports grounds, etc.'; and it should make use of the power of 'eminent domain' to enhance the 'public good.'

Those damning quotes are pulled from Hayek's (1944, 1960, 1973–1979) *Road to Serfdom*, *Constitution of Liberty*, and *Law, Legislation and Liberty*. For Mises and Rothbard, on the other hand, Hoppe continues, government's 'only function is to defend life and property by beating antisocial elements into submission.' They and not Hayek are his intellectual masters, he concludes, precisely to the extent that they were 'laissez-faire radical[s]' and 'extremist[s].'

If Hayek had warned about the slippery slope to serfdom that begins with central economic planning (though not with taxes and the social welfare that they pay for, nor with military conscription, infrastructure-building, public education, or environmental regulations), Rothbard's and the Mises Institute's enemy is the state in and of itself.

To the original 'anarchocapitalist' (Rothbard coined the term), the state is, as he (Rothbard 2000, 57) formally defined it,

that organization in society ... that obtains its revenue not by voluntary contribution or payment for services rendered but ... by the use of compulsion; that is by the use and the threat of the jailhouse and the bayonet.¹¹

'Limited government,' 'checks and balances,' and 'constitutional republicanism' are so many oxymorons in the Mises Institute's brand of Austrian theory. The state, as Lew Rockwell (2013) put it, 'is a parasitic

institution that lives off the wealth of its subjects, concealing its anti-social, predatory nature beneath a public-interest veneer.’ In this light, it makes sense that those Alabama-based Austrian theorists would focus as much of their animus on Lincoln as they do; they are not just nostalgic for the Confederacy, they are soldiers in its cause.¹² Though Mises (1985 [1927], 109) himself didn’t write in any detail about the American Civil War, he had written lines that might have come from the pen of John C. Calhoun, for example, that

the right of self-determination ... thus means: whenever the inhabitants of a particular territory, whether it be a single village, a whole district, or a series of adjacent districts, make it known, by a freely conducted plebiscite, they no longer wish to remain united to the state to which they belong at the time ... their wishes are to be respected and complied with.

But it would be a mistake to venture too deep into the weeds of theory and especially of subjective feelings when the topic is ‘the New Hate,’ which I defined (and Glaeser modeled) as a tactical tool. Whether or not Mises and Rothbard were self-hating Jews, or Rockwell and his colleagues at the Mises Institute hate blacks can never be answered except by themselves. What matters is the uses that they put their ‘hate narratives’ to—or perhaps even more to the point, the kinds of allies that they are willing to work with.

When Rockwell and his partners founded the Mises Institute, they were not acting as disinterested academics. They had a very clear agenda, which was, as Rothbard (1992a) put it a decade later, ‘to break the clock of social democracy,’ not to mention ‘the Great Society,’ ‘the New Deal,’ and ‘Woodrow Wilson’s New Freedom and perpetual war’; to restore ‘the liberty of the old republic, of a government strictly limited to the defense of the rights of private property’; and to ‘repeal the 20th century.’ How far would Rothbard (1968) roll back the government? ‘Extremists such as myself ... would not stop until we repealed the Federal Judiciary Act of 1789, and maybe even think the unthinkable and restore the good old Articles of Confederation.’

How was this to be done? In the 1960s, Rothbard (1968) had made common cause with the New Left and Black militants, since they all sought to tear down the system. As he puckishly put it in an article in *Ramparts*, in the 1950s,

I was an extreme right-wing Republican, a young and lone ‘Neanderthal’ (as the liberals used to call us) who believed, as one friend pungently put it, that ‘Senator Taft had sold out to the socialists.’ Today, I am most likely to be called an extreme leftist, since I favor immediate withdrawal from Vietnam, denounce U.S. imperialism, advocate Black Power and have just joined the new Peace and Freedom Party. And yet my basic political views have not changed by a single iota in these two decades!

By the early 1990s, when the New Left had long since lost its revolutionary impetus, Rothbard (1992b) had reached out to the panoply of right-wing populists who believe that

we live in a statist country and a statist world dominated by a ruling elite, consisting of a coalition of Big Government, Big Business, and various influential special interest groups ... [and that] we are ruled by an updated, twentieth-century coalition of Throne and Altar, except that this Throne is various big business groups, and the Altar is secular, statist intellectuals.

Rothbard laid it all out in a long essay. Libertarians had been missing the boat when it came to tactics, he wrote. Their problem was that they’d followed what he called ‘the Hayek model’ for disseminating correct ideas, which seeks to convert ‘intellectual elites to liberty, beginning with top philosophers and then slowly trickling on down through the decades to converting journalists and other media opinion-molders.’ A related model is the Koch brothers-funded Cato Institute, which similarly seeks to convert leaders in the ‘corridors of power.’ But intellectual and political elites, and indeed the Cato Institute itself, have been co-opted, Rothbard declared; they are part of the problem. Better by far to go over their heads and ‘rouse the masses of people against the elites that are looting them, and confusing them, and oppressing them, both socially and economically.’

It was time to begin a strategy of ‘Outreach to the Rednecks.’ And the rising leader of the Rednecks at the time was the ostensibly ‘ex’ Klu Klux Klan leader and neo-Nazi David Duke,¹³ whose agenda, Rothbard (1992b) wrote, could be adopted by paleoconservatives and paleolibertarians lock, stock, and barrel—‘lower taxes, dismantling the bureaucracy,

slashing the welfare system, attacking affirmative action and racial set-asides, calling for equal rights for all Americans, including whites: what's wrong with any of that?

Rothbard sprinkled in a generous dose of old-fashioned authoritarianism as well:

Take back the streets: crush criminals. And by this I mean, of course, not 'white collar criminals' or 'inside traders' but violent street criminals—robbers, muggers, rapists, murderers. Cops must be unleashed and allowed to administer instant punishment.

The police should also be tasked, he said, to 'clear the streets of bums and vagrants. Where will they go? Who cares?' Also on the agenda was the elimination of the Fed, and the principle of 'America First ... Stop globaloney, and let's solve our problems at home.'

Rothbard (1994b) penned a broadly sarcastic broadside in the spirit of Swift's 'A Modest Proposal,' in which he decried the confluence of neocon and Liberal interventionism in foreign policy, which had so broadly redefined the 'national interest' as to justify foreign meddling wherever 'some government [is] not a "democracy" as defined by our liberal/neocon elites ... [or someone] is committing Hate Thought.' Domestically, however, he saw reasons for hope in the green shoots of right-wing populism:

There is both an anti-war and paleo-grass roots ferment in this country that is heartwarming. There are all sorts of manifestations: Conservative Citizens Councils, county militia movements, sheriffs who refuse to enforce the Brady Bill, rightist radio talk show hosts, lack of enthusiasm for American troops getting killed in Somalia or Haiti, a Buchananite movement, and increasingly good sense on this question from syndicated columnist Robert Novak. Meantime, the least we at RRR [*Rothbard Rockwell Report*] can do is accelerate the Climate of Hate in America, and hope for the best.

A Climate of Hate indeed. Rothbard was writing ironically, but his words read like a catalog of the Clinton-era right-wing extremism that literally exploded in Oklahoma City in April of 1995. Rothbard didn't live to see that happen; he died in January, 1995.

Writing this essay in the spring of 2016, as Donald Trump's insurgent campaign for the presidential nomination bids fair to tear the Republican Party apart, Rothbard's formula for political success seems astoundingly prescient. Guns, nullificationist sheriffs, and fire-breathing right-wing talk radio hosts are at the forefront of Trump's winning coalition, as is the spirit of America First. Trump is crushing the old neo-con elites that Rothbard so heartily despised.

Back in 2000, Trump had declined to seek the presidential nomination from the Reform Party because David Duke was active in it. 'The Reform Party now includes a Klansman, Mr. Duke, a neo-Nazi, Mr. Buchanan, and a communist, Ms. Fulani,' he said at the time, adding, 'this is not company I wish to keep' (cited by Nagourney 2000). A decade and a half later, Duke has reemerged to become a factor in Trump's current campaign. 'Voting against Donald Trump at this point is really treason to your heritage,' Duke told his white supremacist followers on his radio show on 23 February 2016:

I'm not saying I endorse everything about Trump, in fact I haven't formally endorsed him. But I do support his candidacy, and I support voting for him as a strategic action. I hope he does everything we hope he will do. (Cited by Kaczynski 2016)

When he was a guest on the Infowars radio show on 7 February 2016, Lew Rockwell was asked what Murray Rothbard would have thought of the Trump campaign. 'He would love the whole Trump movement,' he said. 'Not because he would agree with him on everything but because the bad guys hate him.'¹⁴

While Hayek is rightly seen as an intellectual progenitor of both neo-liberalism, and libertarianism, temperamentally he was never the bomb-thrower that the self-styled anarcho-capitalist Murray Rothbard was, nor was he remotely an anarchist. When right-wing politicians invoke Hayek, they often do so to underline a pair of axioms that Hayek never laid down, which is that the welfare state and socialism are one and the same and that either leads inexorably to tyranny.

Where there *is* a slippery slope, however, may be with praxeology, which Rothbard (2012) defined as 'the distinctive methodology of the Austrian school.' In a nutshell, praxeology is the belief that when humans act, they do so purposefully, to achieve a goal. This implies both a radical

individualism (people act for their own individual reasons) and a radical empiricism—the goals that motivate economic behavior can only be known directly and intuitively, and therefore the theories that are derived from them cannot be falsified, as scientific observations can. This means that economics cannot be reduced to mathematical principles, and that economic planning is unreliable by definition. Ultimately only the market can organize economic life.

In his intellectual biography of Hayek, Alan Ebenstein's (2001, 273) quotes from an interview he conducted with Milton Friedman in 1975. Praxeology, Friedman said, 'has very negative influences. It makes it very hard to build up a cumulative discipline of any kind. If you're always going back to your internal, self-evident truths, how do people stand on one another's shoulders?'

It also tends to make people intolerant. If you and I are both praxeologists, and we disagree about whether some proposition or statement is correct, how do we resolve that disagreement? We can yell, we can argue, we can try to find a logical flaw in one another's thing, but in the end we have no way to resolve it except by fighting, by saying you're wrong and I'm right.

People who are convinced that they are completely right and that their ideological enemies are completely wrong can feel justified in doing terrible things, as history has shown time and again. As Hayek (2007 [1944], 99) himself wrote in *The Road to Serfdom* more than half a century ago, 'from the saintly and single-minded idealist to the fanatic is often but a step.'

Given the rising tide of hatred in our own time, it is a warning that we would do well to heed.

Notes

1. Hofstadter fancied that he was writing a eulogy for the American far right in the wake of the Goldwater debacle, but his essay is just as salient today as it was half a century ago.
2. Mises Institute website (<https://mises.org/about-mises/what-is-the-mises-Institute>).

3. Sam Francis (2002) defined Paleoconservatism as a rejection of big government and ‘the increasing secularism, hedonism, and carnal and material self-indulgence of the dominant culture.’ Paleoconservatives, he wrote, ‘do not consider America to be an “idea,” a “proposition,” or a “creed.” It is instead a concrete and particular culture, rooted in a particular historical experience, a set of particular institutions as well as particular beliefs and values, and a particular ethnic-racial identity.’ Those last three words are perhaps the most salient.
4. DiLorenzo is a Senior Fellow of the Mises Institute. His work is prominently featured on its website.
5. A Mises Institute Associated Scholar and a 2004 Rothbard Medal Recipient, Gary North (who is married to the Christian Reconstructionist leader Rousas Rushdoony’s daughter Sharon) has ‘mocked the Holocaust as “the Establishment’s favorite horror story” and questioned “the supposed execution of 6 million Jews by Hitler.” North also painted other rabidly anti-Semitic Holocaust deniers in a positive, “contrarian-cool” light, praising the works of David Hoggan, author of “The Myth of the Six Million,” French neo-fascist Paul Rassinier, and American historian Harry Elmer Barnes, considered the godfather of American Holocaust denial literature,’ according to Mark Ames (2014).
6. See, for example, Rothbard’s (1994a) glowing review of Charles Murray and Richard J. Herrnstein’s *The Bell Curve*. Until its publication, Rothbard wrote, it was literally ‘shameful and taboo for anyone to talk publicly or write about ... home truths which everyone, and I mean everyone, knew in their hearts and in private: that is, almost self-evident truths about race, intelligence, and heritability.’
7. See, for example, this posting at the Christian Reconstructionist website Chalcedon: ‘Rushdoony felt personally indebted to those who had kept the Austrian tradition alive. When the festschrift to Rushdoony, *A Comprehensive Faith*, appeared in 1996, Rushdoony sent Mises Institute president Lew Rockwell a copy, signed “with respect and appreciation.” ... Christian economist Gary North, onetime editor of the *Journal of Christian Reconstruction*, cut his teeth on Austrian economics. When Rushdoony brought North to the free-market Volker Fund as a summer intern in 1963, North used the time to read the major works of Ludwig von Mises, F. A. Hayek (who later won the Nobel Prize in economics), Murray Rothbard, and Wilhelm Röpke. ... Certainly North’s writings on economics reveal the Austrian influence. In many respects Biblical economics can be characterized as closer to Austrian economics than to any other secular school of thought’ (Terrell undated).

8. Cf. Hoppe (2001, 218): ‘There can be no tolerance toward those habitually promoting lifestyles incompatible with this goal. They—the advocates of alternative, non-family-centered lifestyles such as, for instance, individual hedonism, parasitism, nature-environment worship, homosexuality, or communism—will have to be physically removed from society, too, if one is to maintain a libertarian order.’ Hoppe, as noted above, is a Distinguished Senior Fellow of the Mises Institute.
9. ‘And so, at the hard inner core of the Women’s Liberation Movement lies a bitter, extremely neurotic if not psychotic, man-hating lesbianism. The quintessence of the New Feminism is revealed’ (Rothbard 1970).
10. For a defense of Hayek, see the Social Democracy for the 21st Century blog ‘Hayek the Ethnic Bigot and the Perils of the Ad Hominem Fallacy,’ 14 January 2012: <http://socialdemocracy21stcentury.blogspot.com/2012/01/hayek-ethnic-bigot-and-perils-of-ad.html>. For a condemnation, see Reder (2000).
11. The quote is from the essay ‘The Anatomy of the State.’
12. ‘It is interesting to compare Lincoln and his treachery in causing the Southern “enemy” to fire the first shot at Fort Sumter, resulting in the Civil War, with Roosevelt’s similar manipulation causing the attack on Pearl Harbor and America’s entry into World War II,’ wrote Mises Institute Adjunct Scholar John V. Denson (2006) in his book *A Century of War*. Excerpted at Mises Daily, 26 October 2011. ‘Lincoln and Roosevelt: American Caesars.’ <https://mises.org/library/lincoln-and-roosevelt-american-caesars>.
13. Duke no longer makes any effort to deny his white supremacist and neo-Nazi leanings, as even a cursory glance at his website reveals. <http://davidduke.com/>
14. Infowars 7 February 2016 <http://www.buzzfeed.com/andrewkaczynski/david-duke-urges-his-supporters-to-volunteer-and-vote-for-tr#.vdr8nwOem>

Bibliography

- Ames, M. 2014. As *Reason’s* Editor Defends Its Racist History, Here’s a Copy of Its Holocaust Denial ‘Special Issue.’ Pando.com 24 July <https://pando.com/2014/07/24/as-reasons-editor-defends-its-racist-history-heres-a-copy-of-its-holocaust-denial-special-issue/>

- Berlet, C. 2003. Into the Mainstream. Southern Poverty Law Centre Intelligence Report 14 August. <https://www.splcenter.org/fighting-hate/intelligence-report/2003/mainstream>
- Davis, D. B. 2014. Slavery, Sex, and Dehumanization. In Campbell, C. and Elbourne, E. (Eds.) *Sex, Power, and Slavery*: Ohio: Ohio University Press.
- Denson, John V. 2006. *A Century of War: Lincoln, Wilson & Roosevelt*. Auburn: Ludwig Von Mises Institute.
- DiLorenzo, T. 2003. *The Real Lincoln: A New Look at Abraham Lincoln, His Agenda, and An Unnecessary War*. New York: Crown.
- Ebenstein, A. 2001. *Friedrich Hayek: A Biography*. London: St. Martins.
- Evans, D. M. W. 2007. I Was on the Global Warming Gravy Train. Mises Institute Website. 28 May. <https://mises.org/library/i-was-global-warming-gravy-train>
- Francis, S. 2002. The Paleo Persuasion. *The American Conservative* 16 December. <http://www.theamericanconservative.com/articles/the-paleo-persuasion/>
- Glaeser, E. L. 2005. The Political Economy of Hatred. *The Quarterly Journal of Economics* 131.1, February: 45–86.
- Goldwag, A. 2012. *The New Hate: A History of Fear and Loathing on the Populist Right*. New York: Pantheon.
- Hayek, F. A. 1944. *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hayek, F. A. 1960. *Constitution of Liberty*. Chicago: University of Chicago Press.
- Hayek, F. A. 1978. Friedrich Hayek, Interviewed by Robert Chitester Date Unspecified (Centre for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
- Hayek, F. A. 1973–1979. *Law, Legislation and Liberty*. Chicago: University of Chicago Press.
- Hayek, F. A. 1994. *Hayek on Hayek: An Autobiographical Dialogue*. London: Routledge. Edited by Stephen Kresge and Leif Wenar.
- Hayek, F. A. 2007. *The Road to Serfdom: Text and Documents—The Defining Edition*. University of Chicago Press. Edited by Bruce Caldwell.
- Hofstadter, R. 1964. The Paranoid Style in American Politics. *Harpers Magazine*, November.
- Hoppe, H-H. 2001. *Democracy: The God That Failed: The Economics and Politics of Democracy, Monarchy, and the Natural Order*. Transaction.
- Hoppe, H-H. 2006. Natural Elites, Intellectuals, the State. Mises Institute website 21 July. <https://mises.org/library/natural-elites-intellectuals-and-state>.
- Hoppe, H-H. 2013. Why It's the Mises Institute. LewRockwell.com 13 October. <https://www.lewrockwell.com/2011/10/hans-hermann-hoppe/why-its-the-mises-institute/>

- Kaczynski, A. 2016. David Duke Urges His Supporters to Volunteer and Vote for Trump. *Buzzfeed* 25 February. <http://www.buzzfeed.com/andrewkaczynski/david-duke-urges-his-supporters-to-volunteer-and-vote-for-tr#.vdr8nwOem>
- Mises, L. 1985 [1927]. *Liberalism: In the Classical Tradition*. New York: Foundation for Economic Education.
- Nagourney, A. 2000. Reform Bid Said to Be a No-Go for Trump. *New York Times* 14 February. <http://partners.nytimes.com/library/politics/camp/021400wh-ref-trump.html>
- Reder, M. W. 2000. The Anti-Semitism of Some Eminent Economists. *History of Political Economy* 32.4, Winter: 833–856.
- Rockwell, L. 2013. Why I Am an Anarchocapitalist. *Mises Daily* 4 December. <https://mises.org/library/why-i-am-anarcho-capitalist>
- Rothbard, M. N. 1968. Confessions of a Right-Wing Liberal. *Ramparts* 15 June. Archived at *Mises Daily* <https://mises.org/library/confessions-right-wing-liberal>
- Rothbard, M. N. 1970. Against Women's Lib. *The Individualist* Archived at LewRockwell.com <https://www.lewrockwell.com/1970/01/murray-n-rothbard/against-womens-lib/>
- Rothbard, M.N. 1992a. A Strategy for the Right. *Rothbard Rockwell Report* Archived at LewRockwell.com, <https://www.lewrockwell.com/2016/01/murray-n-rothbard/strategy-right/>
- Rothbard, M.N. 1992b. Right-Wing Populism: A Strategy for the Paleo Movement. *Rothbard-Rockwell Report* January. <http://www.unz.org/Pub/RothbardRockwellReport-1992jan-00005>
- Rothbard, M. N. 1994a. Race! That Murray Book *Rothbard-Rockwell-Report* 5.12, December. <http://www.unz.org/Pub/RothbardRockwellReport-1994dec-00001>
- Rothbard, M. N. 1994b. Invade the World. *Rothbard-Rockwell Report* 5.11, September. <http://www.unz.org/Pub/RothbardRockwellReport-1994sep-00001>, <http://archive.lewrockwell.com/rothbard/ir/Ch75.html>.
- Rothbard, M. N. 2000. *Egalitarianism as a Revolt Against Nature and Other Essays*. Auburn: Ludwig Von Mises Institute.
- Rothbard, M. N. 2012. Praxeology: The Methodology of Austrian Economics. *Mises Daily* 4 July. Excerpted from *The Foundations of Modern Austrian Economics*. New York: New York University Press (1976). <https://mises.org/library/praxeology-methodology-austrian-economics>
- Sanchez, J. and Weigel, D. 2008. Who Wrote Ron Paul's Newsletters? Reason.com 16 January <http://reason.com/archives/2008/01/16/who-wrote-ron-pauls-newsletter>
- Timothy D. Terrell, T. D. undated. An Ally for Change. Chalcedon.edu. <http://chalcedon.edu/research/articles/an-ally-for-change/>



5

Christian Reconstructionism and the Austrian School of Economics

Michael J. McVicar

Introduction

As Robert Leeson (2013, 2) and other scholars have noted, the fifth generation of the Austrian School of Economics emerged from a complex split between the followers of F. A. Hayek and those who remained loyal to Hayek's mentor, Ludwig von Mises. Murray N. Rothbard, a follower of Mises and critic of Hayek, developed a moral rejection of the modern nation-state that influenced an entire school of conservative Christian theology known as Christian Reconstruction. Reconstructionism is known—if it is known at all—for its call to subordinate all of civil society to the strictures of ancient Biblical law. With its unapologetic defense of theocracy and the death penalty for a host of moral and civil crimes, one would not normally associate Christian Reconstructionism with the liberal economic tradition embodied in the ideas of Mises, Hayek, and Rothbard.

This chapter considers the unique and often misunderstood history of Christian Reconstruction and its relationship to the Austrian Economics

M.J. McVicar (✉)

Department of Religion, Florida State University, Tallahassee, FL, USA

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_5

of Mises and Rothbard. It specifically focuses on the careers of Rousas John Rushdoony (1916–2001) and Gary North (b. 1942), two Calvinist theologians who cultivated fitful relationships with many of the prominent Austrian thinkers. This history of the development of Christian Reconstruction provides a unique window on the divisions in the fourth and fifth generations of the Austrian School. North, Rushdoony, Mises, and Rothbard are interconnected figures who represent the complexity of the Austrian School of Economic as it developed, matured, and fractured in the United States following its initial promulgation by Mises and Hayek.

The major figures of Austrian School—Hayek and Mises—appear only fleetingly in the following chapter. Instead, as will become clear, the Reconstructionists built close relationships and intense rivalries with a network of fourth- and fifth-generation Austrian thinkers organized around the person of Rothbard. The chapter focuses closely on the relationship between Rothbard’s articulation of the Austrian School and a hyperconservative Christian social movement called Christian Reconstruction. Christian Reconstruction—also known variously as Reconstructionism, Dominionism, Dominion Theology, and Theonomy—emerged as a movement during the late 1960s and early 1970s from some of the same institutional networks as Rothbard’s branch of the Austrian School of Economics. This chapter traces these institutional connections through the lives of Rousas John Rushdoony and his son-in-law Gary North. Rushdoony, a highly controversial and idiosyncratic Presbyterian churchman and Calvinist philosopher who played an important role in the American homeschooling movement, provided the theological foundation for some Christian Right activists during the 1980s, and led a marginal school of American libertarianism dedicated, paradoxically, to creating a Christian theocracy in the United States. North refined Rushdoony’s theological system into a practical off-the-grid Christian lifestyle organized around hard-money, debt-free economic theory, and conservative political identities.

The first section of the chapter offers an overview of the theology of Christian Reconstructionism and provides a historical sketch of Rushdoony and North’s engagement with many of the important libertarian institutions that cultivated the Austrian School in the

United States in the twentieth century. This section introduces readers to Rushdoony's conservative Calvinist theology and outlines how this religious project resonated with the economic and political theories of the emerging US conservative and libertarian movements. It specifically outlines the concept of presuppositional apologetics and provides background on Rushdoony's postmillennial political and social project. The second section documents the institutional intersections between the leaders of the intellectual movements that would eventually become Reconstructionism and the Austrian School of Economics. The connections between the two movements formed during a battle to control the William Volker Charities Fund, a wealthy libertarian-inflected philanthropic fund that helped bankroll the academic careers of Austrian thinkers Mises, Hayek, and Rothbard. The fund also subsidized the early careers of Rushdoony and North, and Rushdoony directly contributed to the collapse of the fund's successor organization, the Center for American Studies (CAS). Finally, the last section of the chapter explores North's career. It documents North's work as a theologian, activist, and businessman and the marginal and contrarian role he played in the Austrian School in the 1970s and beyond.

Rushdoony and the Theology of Christian Reconstructionism

This chapter examines the economic implications of Christian Reconstructionism and considers why this otherwise small, marginal theological movement had an outsized influence on the reception of the Austrian School of Economics by conservative Protestants in the United States. To trace this influence, the chapter explores the complex organizational and intellectual history behind the figures, institutions, and resources that not only supported the development of the Austrian School in the United States, but that also cultivated the theology of Reconstructionism. By studying the relationship between Austrian Economics and the development of Christian Reconstructionism, this chapter offers a unique opportunity to consider the complex relationship between theological and economic discourses as they took shape in

twentieth-century American culture. This section introduces readers to Christian Reconstructionism and its leading theological voice, Rousas John Rushdoony. It begins with an overview of Reconstructionism and treats the theology as a unified ideological project and locates its clearest articulation in Rushdoony's most important work, *The Institutes of Biblical Law* (1973). After outlining the theology of Rushdoony's *Institutes*, the section contextualizes Reconstructionism as a theological project that emerged at the nexus of American fundamentalist theology and anti-statist political philosophies that gained popularity in the United States in the wake of the Great Depression and World War II.

An Overview of Christian Reconstruction

Rushdoony was the father of Christian Reconstruction, a postmillennial Calvinist theological movement.¹ As a conservative Calvinist theologian, Rushdoony saw human beings as primarily religious creatures bound to God, not as rational autonomous agents. This insight grew from his study of the work of Cornelius Van Til, a Dutch Reformed theologian who taught Christian apologetics at Westminster Theological Seminary in Pennsylvania.² Van Til, an immigrant from the Netherlands, was influenced by his Dutch Reformed heritage. He adopted the ideas of nineteenth-century Dutch theologian and statesman Abraham Kuyper. Today—partly through Van Til's influence—Kuyper is remembered as the father of neo-Calvinism, a theological and social movement that argues that the Bible provides Christians with a comprehensive, coherent worldview capable of resisting the social, cultural, and political advances of the Enlightenment and modern theology.³ Kuyper encouraged Calvinists to draw sharp distinctions between Christian and non-Christian ways of thinking. Only Christians, he argued, could be self-conscious. In fact, non-Christians could not think in a consistently non-Christian manner because such an epistemic system would ultimately lead to utter meaninglessness. All meaning and knowledge for non-Christians was therefore 'borrowed' from the non-Christian's dull apprehension of the reality of Jesus Christ.

Van Til's presuppositional approach to knowledge built Kuyper's (1999, 20) basic insight regarding the 'antithesis' between Christian and non-Christian worldviews into a rigorously developed philosophical system. As an apologetic strategy, presuppositionalism works by insisting that the relationship between God and His creation provides an important foundation for reassessing the nature of human knowledge. Briefly, Van Till argued that if God created the universe, then he also created the means for interpreting it. A presuppositional apologetic tries to demonstrate that another philosophical system has no real foundation and is therefore either essentially meaningless, or actually rests on Christian premises. Either way the result is the same: the Christian God is the source of all knowledge. To try to think independently of God is not only impossible, it is the ultimate sin. Rushdoony took up Van Til's project to explain that all knowledge emerges from one's theological presuppositions (that is, there is one God, many gods, or no god). For Christians, that means a triune Christian deity must be the presupposed source of all reliable human knowledge.

Today, Rushdoony remains best known for *The Institutes of Biblical Law*. In a self-conscious nod to John Calvin's *The Institutes of the Christian Religion*, Rushdoony argued in his *Institutes* that Old Testament Biblical law is still binding for modern Christians. Over the course of three volumes published between 1973 and 1999 and covering some 1791 pages, Rushdoony (1973, 60) argued that 'the law is always discriminatory.' Biblical law constrains the ability of an autonomous, rational man to think apart from God by setting clear limitations on how one may interpret the world and therefore on how one may act in the world.⁴ By adhering strictly to Biblical law, Rushdoony concluded that Christians could reverse the curse of the Fall and 'take dominion' over the planet and 'reconstruct' all of life in Christ's image.⁵ These reconstructed 'dominion men' will replace ungodly forms of governance with decentralized theocracies and rule as Christ's vicegerents on earth. *The Institutes* (1973, 235) notoriously insisted that 'a Godly order' would enforce the death penalty for myriad lawbreakers, including homosexuals, witches, and incorrigible children.

Christians, Rushdoony insisted, needed Biblical law to discipline not only society but also their minds. Either human thought recognizes

God's sovereignty, or it does not. Thinking, for Rushdoony, is an explicitly religious activity that has political implications: it is a matter of kingship, power, rebellion, and warfare. He insisted on the 'antithesis' between Christian and non-Christian forms of knowing and posited a war against those who think God's thoughts after Him and those who do not. If Rushdoony could persuade Christians to reject any form of education that emphasized state sovereignty over God's sovereignty, then Rushdoony believed he could start a reform movement that would fundamentally reorganize all human relationships. Because of this focus on the reconstruction of men through the practice of dominion under Biblical law, Rushdoony referred to his ideas as theonomy, from the Greek *theos* (God) and *nomos* (law).

As a postmillennialist, Rushdoony believed that Christians could build the Kingdom of God on Earth. Through the literal application of Biblical law, Christians could reconstruct the world by creating dominion families. 'The law is not oriented to the past,' Rushdoony (1973, 357) wrote, 'but rather to the future and to progress away from primitivism.' As such, Biblical law establishes the Christian family as the *productive* institution responsible for ushering in the *future* Kingdom of God. In contrast, the state, when bound by God's law, serves only the negative function of enforcing justice, while the church acts as a preservative cultural force; neither is creative. The productive aspect of the family makes it the primary instrument of dominion.⁶ This point is essential to understanding Rushdoony's Christian social theory: it is based on his postmillennial eschatological assumptions about the ultimate victory of Christ in terms of the future establishment of His Kingdom on this planet by reconstructed men. For Rushdoony, history not only has a teleological arrow, but that arrow is determinative of the Christianization of all things, not simply human beings but of the cosmos itself.

Rushdoony's strict emphasis on the family had important implications for how he understood economics as a field of human action and as an academic discipline. First, Rushdoony rejected any economic theory that started with the state as the primary instrument of economic production. 'We must begin,' he wrote, 'with the basic premise that economics is still about household management.'⁷ He pointed to the Greek origin of the word *oikos* (house) and *nemo* (manage). He contrasted this with the 'statist

management of the economy' that is most frequently used to define the term in contemporary culture. He insisted that to 'study economics, we must begin with, *first*, that the primary economic fact is the individual or the family. A true economy is not a political economy but a free one, and its essence is household management. It has always been so, and it will always be so.'⁸ Next, this emphasis on family in turn meant that all economic activity must be subservient to exercising dominion under God's law.

The management of a household is in part the management and direction of work. Work can be seen as a necessary drudgery, or it can be seen as a means of dominion (Gen. 1: 26–28). If work is drudgery, then society *at best* seeks survival, not progress and advancement. If work is dominion, then there is a strong motive force to develop all things in terms of God's mandate and kingdom. Economics then is more than profit or money. It expands the meaning of life into every sphere in terms of development, technology, and enhancement of life under god. Economics without Biblical faith is a disaster.⁹

Finally, after establishing the created nature of mankind and this fact's relationship to God's commandment that man 'take dominion' over the earth and 'be fruitful,' Rushdoony asserted that the motivation for all economic activity is essentially religious.¹⁰ Whether economic activity takes the form of the debt-free, future-oriented, expansive household management of the Christian believer, the greedy profit-orientation of the self-interested swindler, or the anti-profit death urge of communists and other counter-cultural radicals, economic activity is always a reflection of the ultimate religious presuppositions of the head of a household.¹¹

This means that the properly managed Christian household creates a family order that expands in time and space to bring all of creation under God's authority. In this sense, Rushdoony (1999, 110) was emphatic that the family is not a 'narrow, ingrown entity.' Instead, 'With each marriage, the relationships [are] extended outward' by the cultivation of covenant families under the authority of a reconstructed father.

The family with each generation, moves outward by marriage, and the interlocking network of law units is thereby spread further. The family governs itself, and, in so doing, its government covers many spheres of life

and its future orientation means that its functions are not present-bound. Over the centuries, families have most tenaciously preserved past and present while working to govern the future.

Rushdoony envisioned the inexorable growth of Christendom from one reconstructed family into an imperial kingdom that one day fills the whole earth.

Rushdoony popularized his vision of Christian Reconstruction through his think tank, the Chalcedon Foundation, a 501(c)(3) tax-exempt educational organization founded in Southern California in 1965. He initially planned to develop Chalcedon into a Christian college with a full-time staff of lecturers and researchers, but the organization remained a largely one-man affair throughout the end of the century. Rushdoony used the foundation to support his research, lecturing, and publishing schedule. Chalcedon produced his long-running newsletter, *The Chalcedon Report*, and supported the early writing careers of a number of Reconstructionist scholars, including, as we will see later in the chapter, Gary North and his Christian economics research program.

Reconstructionism and Anti-statism

While Rushdoony's apologetic theology appealed to centuries of Calvinist tradition, his political theology grew from much more contemporary concerns. He was primarily concerned with the size and scope of the modern nation-state, especially as it had developed in Europe and the United States since the end of the nineteenth century. Rushdoony explicitly linked his theology to a libertarian concept of governance. 'Few things are more commonly misunderstood,' Rushdoony (1991, 63) once wrote, 'than the nature and meaning of theocracy. It is commonly assumed to be a dictatorial rule by self appointed men who claim to rule for God. In reality, theocracy in Biblical law is the closest thing to a radical libertarianism that can be had.'

Rushdoony's unique form of theocratic libertarianism was especially hostile to government intervention in the economy. His hostility toward the modern state and contempt for centralized planning of the economy

grew from the intersection of traditional themes in Protestant theology and unique contemporary issues that emerged in post-World War II American society. Works such as Hayek's *Road to Serfdom* (1944) and Mises's *Human Action* (1949) provided the philosophical and empirical fodder that confirmed Rushdoony's concerns regarding the dangers of centralized state planning. But the real foundation for his contempt for centralized statist bureaucracy was his biography. Rushdoony's background as an ethnic Armenian and his service as a Presbyterian missionary on a Nevada Indian reservation shaped Rushdoony's view of the modern state and the role it should play in regulating economic exchange.

First, as an Armenian, Rushdoony learned to distrust the state from a very early age. His parents fled Turkey in 1915 as Ottoman forces launched an assault on the Armenian sector of their hometown, the ancient city of Van. During the fighting, Rushdoony's older brother, Rousas George, died in the squalid conditions of the besieged city. His parents, Presbyterian Christians, eventually escaped through Tsarist Russia. R. J. Rushdoony was conceived before they departed and was born in New York City in 1916. Rushdoony's father eventually served as a minister to several Armenian congregations in California and elsewhere in the United States. In these tight-knit congregations, stories of the Turkish genocide of the Armenians formed Rushdoony's view of state power and the fiercely independent Armenian diasporic community that settled around Fresno, California, further reinforced his fears of centralized bureaucracy.

Second, Rushdoony served as a Presbyterian missionary on the Duck Valley Indian Reservation located in northern Nevada. From 1944 until 1952, Rushdoony ministered to the Paiute and Shoshone populations of the reservation with 'a harsh and ruthless ministry' that 'wage[d] war in God's name.'¹² On the reservation he saw broken, beaten people who had lost faith in their traditional religion and culture and found no hope in Christianity. The dour pessimism of the Indians on the reservation shaped Rushdoony's understanding of the cultural implications of statism and command economies. On the reservation, Rushdoony observed, the state 'is the giver of all things, the source of power, of land, and (having built a reservoir for irrigation here) even of water. ... The government hospital delivers the children, and the government army taketh them away, and

blessed is the name of the government each Memorial Day and Fourth of July.’¹³ The state gave and took life; it usurped the sovereignty of Christ. In governing men, the state denied them the freedom to govern themselves as Christians according to the laws of God. In response to their spiritual degradation, Rushdoony preached a fundamentalist message of ‘[a]tonement, justification by faith, the two natures of Christ and His virgin birth, the congenital evil inherent in all civilizations and culture, the despair of man, the Church Triumphant and the Church Militant.’¹⁴

Rushdoony became an outspoken critic of the missionary work of his own church and spent much of the 1940s and 1950s lecturing on the dangers of statism. The reservation became his political model and theological foil of statism run wild. In an article in the *Westminster Theological Journal*, Rushdoony (1949, 12) argued that the failure of Christian missions reflected a deeper crisis within Western Christendom:

Hence Indian missions are of central relevance to the church. If contemporary Christianity has lost its relevance to the central problem of Indian life, it has lost its relevance to the developing problem of Western civilization. Crisis has then ceased to be its opportunity and becomes its defeat. It must be conceded this is already the case. The weakness of Indian missions is merely the symptom which indicates the church’s ailment as well, while government policies simply communicate the contemporary failure of Western culture.

Rushdoony’s polemics against the twin failures of Christian missions and statism caught the attention of his fellow Christian ministers, and also earned the admiration of a network of activists interested in criticizing the dangers of the welfare state. Rushdoony’s writings soon attracted the attention of the editors at two important mid-century libertarian organizations: Spiritual Mobilization (SM) and the Foundation for Economic Education (FEE). In *Faith and Freedom*, the journal of the libertarian-leaning SM, Rushdoony summarized his theological criticism of statist welfare schemes. Rushdoony’s (1950, 9–10) short essay, ‘Noncompetitive Life,’ offered an impassioned defense of the ‘profit motive’ and ‘free competitive enterprise’ from a Christian perspective. To make his point, he offered the Indian Reservation as ‘the prime example

in America today of a functioning welfare economy.’ After outlining a litany of evils manifest in the non-competitive labor environment on the reservation in which Indians are rewarded for poor work habits and wanton behavior, Rushdoony concluded with a harsh admonishment of his peers, ‘Clerical exponents of the welfare economy fail to realize that what they actually sponsor is not a moral order, but an immoral one which places a premium on security and which represents an immature and childish fear of the real world and its demands. They neglect also the fact that not paradise but insecurity and hard labor are ordained for fallen, sinful man by the Almighty Creator.’ Similarly, in FEE’s *Essays on Liberty* collections, Rushdoony (1954, 50) argued,

Government men too often hamper and impede the man with initiative and character. This is because their program inevitably must be formulated in terms of the lowest common denominator, the weakest Indian. In addition, the provisions of the government for the ‘welfare’ and ‘security’ of the Indians remove the consequences from their sinning and irresponsibility. The result is a license to irresponsibility, which all the touted government projects cannot counteract.

In short, Rushdoony’s writings from this period synthesized his Calvinist theology—with its focus on sin, personal responsibility, self-education, and labor—with the free market rhetoric popular in many early libertarian publications.

At this point in his early career as a writer and budding libertarian theoretician, Rushdoony was seeking to synthesize his personal experience of the traumas of the twentieth century with the religious certainty of orthodox Calvinism. He was especially interested in speaking to other Christians about the theological significance of modern economic theory. By the end of the 1950s, Rushdoony’s writing often appeared in publications alongside such Austrian luminaries as Mises, Hayek, and Rothbard. Likewise, his writings on Christian education, presuppositional epistemology, and the spiritual implications of state intervention in the economy often caught the eye of and merited citation (and criticism) by his religious peers. Regardless of the reception of his ideas, however, Rushdoony’s understanding of Christian Reconstructionism was directly

formed by his critical responses to the writings of the Austrian economists. Without them, the notion of libertarian theocracy would have been impossible.

Austrian Parasites

In winter 1962, during the second semester of his junior year at the University of California, Los Angeles, Gary North read Rushdoony's *Intellectual Schizophrenia* (1980 [1961]). A friend in North's Christian fraternity had recommended the book. North, a recent convert to evangelical Christianity, found much to admire in Rushdoony's intense criticism of state-sponsored education. He believed that Rushdoony's book, unlike many contemporary Christian polemics, represented real, substantial Christian scholarship: careful argumentation, sophisticated engagement with contemporary philosophical trends, careful notation, and lively prose. Perhaps most importantly, however, was Rushdoony's fleeting engagement with the ideas of Austrian economist Ludwig von Mises. Intrigued by the Presbyterian minister's citation of Mises's *Human Action*, North sent Rushdoony a letter in spring 1962 (North and DeMar 1991, ix).¹⁵ North asked Rushdoony about his attempts to reconcile contemporary economic ideas with Christian theology.¹⁶ North was especially curious about Rushdoony's invocation of Austrian thinkers such as Mises and Hayek. In response, Rushdoony explained that he was not necessarily seeking to reconcile 'the orthodox Christian perspective and faith with a libertarian outlook.' While he was 'profoundly indebted' to libertarian economic models, he insisted:

I believe that their non-Christian framework makes their thinking rootless. They are in a sense parasitic, in that they presuppose the Christian scheme of things while religiously denying it. True liberty is inseparable from the eternal decree of God, from His predestination, His omnipotence, His total law. The absolute sovereignty of God is the basis of man's liberty.

Theologically, the issue is between the autonomy of man and the autonomy of God, between the omnipotence of man, and the omnipotence of God. Every person who does not believe in God and His eternal decree will believe in total planning and man's capacity to do it. For the Christian,

planning is the prerogative of God, and man is strictly forbidden to indulge in it. He can seek to conform his life to the law of God, and to his calling in God, but [h]e cannot play the role of a planner, i.e., of a god.¹⁷

Rushdoony's belief that libertarian thinking was 'parasitic' grew from his adherence to Van Tillian presuppositional apologetics. Van Til's system argued that all knowledge flowed from God and, as such, any system that presumed human rationality was recognizing the created nature of human beings. In the end, thinkers such as Mises and Hayek based their economic models on unacknowledged Christian assumptions about the nature of human beings.

Rushdoony later clarified this presuppositional point in his unpublished manuscripts on economic issues. 'Ludwig von Mises was a great thinker,' he wrote, 'and I can only recall his person and works with respect and gratitude. But his thinking was not Biblical; he affirmed an ultimate harmony of interests which is only possible on Biblical grounds. The logic of his Enlightenment premises required a conflict of interests.'¹⁸ Thus, in Rushdoony's view, liberal thinkers such as Adam Smith assumed an organic, cooperative order that was, to Rushdoony's Calvinist mind, essentially Biblical. In contrast, later economic theories, especially those pioneered by materialist thinkers who would later shape Marxist thinking, assumed a non-cooperative economic order based on class conflict and competition for limited resources. In Mises, Hayek, and other Austrian thinkers, Rushdoony saw heirs to an eighteenth-century liberal tradition that still remained, however distantly, rooted in Biblical assumptions. Figures such as Mises might deny their Christian heritage, but their ideas nonetheless betrayed Biblical presuppositions.

As their correspondence developed, Rushdoony convinced North of the utility of presuppositional approaches to knowledge. In the context of economic theory, this meant that any model that presumed the autonomy of human reason or a non-religious motivation for human action had to be understood as sinful nonsense. Rushdoony's ideas intrigued North and the two men began to collaborate on a research agenda that would unite various strains of liberal economic theory with their conservative reformed theology. Their hostility to state centralization made them receptive to Austrian economic models, but their strict sectarianism and

theocratic religious agenda would set them at odds with the vast majority of American libertarians. Despite their tensions with free market economists, Rushdoony and North were nonetheless important conduits for disseminating Austrian economic models and other libertarian-infused ideas to American religious conservatives. Rushdoony and North's common history with the Volker Fund provided the initial resources and network of support needed for the men to generate their controversial synthesis between Austrianism and Christian Reconstructionism.

The Volker Fund

Before turning to discuss how Rushdoony and North attempted to synthesize their theocratic vision with Austrian Economics, it is first necessary to recount the history of the institution that made their synthesis possible: The William Volker Charities Fund. The fund made both Austrian Economics and Christian Reconstruction possible. It did so through the work of an unlikely source: a notoriously taciturn German housewares manufacturer who helped invent public welfare and the social safety net in the United States. The following section sketches the history of the fund and outlines the religious tensions that contributed to its restructuring in the early 1960s. The strengths and weaknesses of the Volker Fund embody the tensions between religious conservatism and liberal economic theory that eventually led to the development of both the Austrian School of Economics and Christian Reconstructionism.

The Origins of the Volker Fund

Kansas City mogul William Volker made a fortune with the William Volker & Co., a successful home furnishings firm that sold window blinds, furniture, and other domestic goods throughout the Midwest. As his wealth grew, he began giving away most of his fortune. His charity stemmed from his days as a German immigrant on the streets of Chicago. Volker's family arrived in Chicago in October 1871 shortly after the Great Fire destroyed much of the city. In the aftermath of the fire, accord-

ing to his biographer, Volker witnessed 'the operations of a vast spontaneous system of relief supported by charitable persons from every section of the world' (Cornuelle 1951, 23). The emergence of altruistic order from chaos deeply impressed the 12-year-old immigrant. The event prompted Volker to dedicate his life to giving to others. Following the Gospel of Matthew's (6:4 KJV) injunction 'That thine alms may be in secret,' Volker started giving anonymous gifts to the needy and insisting that recipients of his charity tell no one of his generosity. The practice eventually earned him the nickname 'Mr. Anonymous' and made him a legendary figure in Kansas City, his adopted hometown and the headquarters of his home furnishing business.

Volker's charity started small; he gave to drunks, widows, and the generally needy (Hoplin and Robinson 2008, 15). Eventually his gifts influenced the entire political and cultural structure of Kansas City. By the early 1900s, his gifts shaped Kansas City's Board of Pardons and Paroles and its later incarnation, the Board of Public Welfare. He used his money to fund a number of politically progressive ventures and eventually used his considerable resources to fight political corruption and battle the Democratic political machine run by Tom and Jim Prendergast. Volker grounded his work in a strong sense of Christian duty, a deep regard for the dignity of all human beings regardless of their station or misfortunes in life, and a high-minded yet largely unspoken sense of civic duty. As his earliest gifts to the poor and infirm expanded into a wider agenda of building the political, educational, and public welfare apparatuses of Kansas City, Volker established a model of 'aggressive philanthropy' that 'never waited for opportunities [for giving] to appear but went in search of them' (A Statement of Policy n.d., 10). For Volker, 'aggressive philanthropy' meant giving as much of his money to community members in immediate need or to organizations that could immediately affect the broader community.

As he aged, Volker sought to formally organize his charitable work into a foundation. In 1932, in the midst of the Great Depression, he established the William Volker Charities Fund. With the establishment of the fund, Volker relinquished most of the control of his home furnishings company to his nephew, Harold W. Luhnnow. When Volker passed away at the age of 88 in 1947, Luhnnow took control of the company and reor-

ganized Volker's charitable fund. Luhnnow maintained many of the Volker Fund's charities in Kansas City, but he also began channeling a significant amount of the fund's \$15 million to anti-New Deal intellectuals and activists in the academy and into various publishing enterprises. Luhnnow supplemented 'aggressive philanthropy' with a new ideological and economic program favoring charities, educational programs, writers, and academics that shared Luhnnow and his staff's hostility toward government-subsidized social welfare programs and their support for the proliferation of unregulated markets.¹⁹

Under Luhnnow's control, in the late 1940s and 1950s, the fund played a pivotal role in funding many organizations that would go on to shape conservatism and libertarianism in the United States. It was especially influential in supporting figures later associated with the Austrian School of Economics in the United States. In 1946, Luhnnow gave Leonard Read, former head of the Los Angeles Chamber of Commerce, a \$30,000 grant to establish the Foundation for Economic Education (Eow 2007, 145). The fund also built a legacy of enduring achievements in the areas of higher education and the publication of important libertarian literature. Substantial Volker moneys helped underwrite the campaign by the Intercollegiate Society of Individualists (now known as the Intercollegiate Studies Institute) to distribute conservative and libertarian ideas on college campuses.²⁰ Of central importance was the William Volker Fund Series in the Humane Studies, an edited book series that by 1963 had 15 scholarly volumes published under the fund's auspices. The series published *laissez-faire* economists alongside cultural conservatives: 'Although heavily oriented toward economics,' historian George H. Nash (1976, 182) observes, 'the list ... drew upon not just *laissez-faire* economists but traditionalists like Eliseo Vivas and Richard Weaver as well.' Perhaps more importantly for the history of Austrian Economics in the United States, the Humane Studies series published key works by Mises and Rothbard.²¹ On a related publishing note, the fund also sponsored the National Book Foundation, an organization that provided free books to academic libraries. The Foundation selected several books a year and distributed thousands of copies over the course of nearly a decade.²² Aside from the distribution of ideas, the fund supported a host of economists whose anti-Keynesian ideas and rejection of New Deal-era and post-World War II

economic policies were highly unpopular in many university economics departments. Volker resources also supported the first meeting of the Mont Pèlerin Society, an international meeting of liberal economists initially led, in part, by Mises and Hayek. Historians and economists generally view that meeting as a major turning point in economic history that eventually laid the intellectual foundation for the re-emergence of free market economic principles in American and British governance during the end of the twentieth century.²³ Through its numerous efforts, the fund ultimately helped support the careers of many noted free market economists, including eight Nobel Prize winners: Hayek (1974), Milton Friedman (1976), George Stigler (1982), James Buchanan (1986), Maurice Allais (1988), Ronald Coase (1991), Gary Becker (1992), and Vernon Smith (2002).

In 1952 Luhnnow moved the headquarters of William Volker & Co. to Burlingame, California, and he began to assemble a new staff to oversee the Volker Fund. He recruited talent from the business community and university economics departments. Principal staffers included the brothers Herbert and Richard Cornuelle, Kenneth Templeton, and former Cornell University economist F. A. 'Baldy' Harper. With Luhnnow's blessing the fund's new staff members began locating intellectuals who shared Luhnnow's views of government, free enterprise, and religion. They saw themselves as continuing Volker's model of 'aggressive philanthropy' by building a network of free market economists and cultivating cultural conservatives who criticized any form of state-sponsored coercion (Doherty 2007, 185–187). The fund brought scholars together through symposia, its nationwide book distribution effort, and other networking opportunities.

While the fund's many achievements were remarkable, for the purpose of this chapter its most notable successes came when Luhnnow helped orchestrate the hiring of Mises and Hayek at New York University and the University of Chicago, respectively. In 1945 a group of businessmen arranged for Mises to accept a visiting position at New York University. NYU refused to pay Mises a regular salary, so Luhnnow used the Volker Fund to pay Mises no less than \$102,900 from 1952 to 1963.²⁴ Likewise, Luhnnow first crossed paths with Hayek in 1945 when the Austrian was on lecture tour to support the publication of *The Road to Serfdom*. After

much wrangling, in 1948 Luhnnow and a cadre of sympathetic academics at the University of Chicago secured Hayek a position at the Committee on Social Thought.²⁵ Luhnnow agreed to use the Volker Fund to pay Hayek a base salary for a minimum of 15 years.²⁶

The Center for American Studies

Rushdoony found his way to the Volker Fund at the peak of its success as an intellectual engine. Not only had Luhnnow helped shape the academic reception of Austrian Economics, but also through the Volker Fund's many subsidiary organizations he managed to shape the way clergy would see the movement. Most notably, through its support of SM, a popular ministry dedicated to fusing Biblical ideas with free market economics, the fund managed to put Austrian ideas in front of thousands of clergy. SM published *Faith and Freedom*, a journal that made a simplistic but effective argument that American clergy needed to start preaching the eighth commandment: 'Thou shalt not steal.' Rev. James W. Fifield, a theologically liberal protestant who led SM, believed the eighth commandment provided a Biblical basis for private property rights and established a divine limit on the government's ability to tax or otherwise regulate private business.²⁷ *Faith and Freedom's* masthead proclaimed that the publication was 'a voice of the libertarian—persistently recommending the religious philosophy of limited government inherent in the Declaration of Independence. The chief intent of the libertarian is ... the further discovery and application of the Creator's changeless principles in a changing world.' SM and *Faith and Freedom* drew heavy subsidies from wealthy backers, including notable business leaders such as J. Howard Pew, Jasper Crane, and B. E. Hutchinson. The Volker Fund gave no less than \$25,000 to support the conferences, publications, and other activities of the organization.²⁸ Fifield used these resources to build an organization of nearly 17,000 clerical representatives from 'all faiths' to undermine the 'present-day Goliath, the totalitarian state' (Toy 1970, 80n9).

Spiritual Mobilization directly facilitated Rushdoony's association with the Volker Fund during a conference secretly paid for by the fund.

In 1950, after responding favorably to an early issue of *Faith and Freedom*, SM offered Rushdoony an all-expenses-paid trip to a conference held at Carleton College in Minnesota. ‘With great personal satisfaction,’ Fifield wrote to Rushdoony, ‘it is my privilege to invite you to join with leading ministers in a conference dedicated to the exploration and study of individual liberty and its relationship to the Christian faith.’²⁹ While Fifield never explicitly told Rushdoony the Volker Fund subsidized the conference, he did explain that Rushdoony’s travel expenses would be covered by ‘the generous grant of two non-profit foundations.’³⁰ The Volker Fund, preferring the anonymity favored by William Volker, tended to support such small conferences under conditions of strict secrecy, but would send auditors to observe the proceedings in order to assess the value of its contribution. During the Carleton conference, a Volker staffer, Herbert Cornuelle, attended the meeting and subsequently opened a correspondence with Rushdoony.³¹ Cornuelle subsequently recruited Rushdoony to be a part-time researcher and writer for the fund. By the early 1960s, Rushdoony had received regular financial support from the organization. Cornuelle’s recruitment of Rushdoony had long-term unintended consequences for the Volker Fund. Rushdoony would, in the near future, play a pivotal role in destroying the fund’s Center for American Studies.

In 1962 Luhnnow announced his intention to reorganize the fund’s resources into the CAS.³² Luhnnow’s reasoning for terminating the Volker Fund remains clouded in a certain degree of mystery, but he did take the unprecedented step of firing staff members who he believed were insufficiently religious. As he reorganized the fund into the CAS, he retained Ivan R. Bierly, a convicted Christian, to run the new organization.³³ In Luhnnow’s first public statement regarding the founding of the CAS, he told a gathering of Kansas City dignitaries, ‘We have found that far too many so-called libertarians in essence are only pure anarchists, refusing to grant dominion to God, to government, or to anyone else—when liberty becomes only license.’³⁴ Given their new concern with religion, Luhnnow and Bierly proposed a ‘new type of educational institution’ that would be oriented toward unifying the Volker Fund’s economic concerns with an explicitly religious vision. Together, Luhnnow and Bierly intended to build a graduate school or think tank dedicated to conservatism, liberal economics, and Christian values. ‘The intent of the Center,’ Luhnnow stated in a press release, ‘is to bring

a renewed appreciation of Americans to the firm convictions of the founding fathers in the reality of God, and the necessity of looking to Divine Providence for the proper direction of our government.’³⁵ In an internally circulated memo, Luhnnow and Bierly made the CAS’s religious commitment even more explicit: ‘No individual will ever be employed by the Center of American Studies who does not have an admitted dedicated commitment to God. ... In our daily contacts we hope all staff members might clearly demonstrate their Christian convictions but nevertheless our activities, particularly our printed literature, will stress the spiritual foundations rather than using the word Christian. ... We sincerely hope that every contact of the staff members of the Center for American Studies will leave no doubt of our sincere dedication as Christians.’³⁶

To meet these new religious requirements, Luhnnow and Bierly cut ties with non-religious staff members and analysts such as Murray Rothbard. Rothbard, a Columbia University economics PhD, was a contrarian figure influenced by proto-libertarian American thinkers such as Albert Jay Nock and H. L. Mencken. He had become a devotee of Mises after attending the latter’s seminars at New York University in the 1950s. As a secular Jew and self-professed atheist, Rothbard stood out from most of his Protestant peers at the fund. By the 1970s, Rothbard had coined the phrase ‘anarcho-capitalism’ to label his radical brand of free market anti-statism. He believed the state was the primary instrument of violent coercion and was therefore antithetical to all forms of human liberty. At the Volker Fund, Rothbard served Luhnnow by writing book reviews, position papers, and internal memoranda. Rothbard’s position as one of Mises’s clearest interpreters had initially endeared him to Luhnnow. The fund retained Rothbard as a senior analyst from 1952 until Luhnnow reorganization the fund in 1962. In the intervening decade, Rothbard researched and wrote *Man, Economy, and State* (1962), a work the fund hoped would serve as an introductory textbook designed to introduce college undergraduates to Austrian economics generally, and to the writings of Mises specifically. Rothbard produced a thousand-plus-page megatome that Mises would praise as an ‘epochal contribution to the general science of human action.’ Rothbard also produced a series of internal memoranda that proved influential for the management of the fund and helped shape the staff’s mission of creating of an intellectual vanguard of hardcore libertarian activists.

Despite Rothbard's importance to Luhnnow's tenure as manager of Volker Fund, by the early 1960s Rothbard found himself exiled from the coalescing personnel of the new CAS. Luhnnow and Bierly had turned their attention away from a strict focus on economics to develop a religious vanguard of Christians committed to a free market economic gospel that was shaped by explicitly religious presuppositions.

No figure in the early 1960s more clearly embodied such a synthesis as the obscure, combative Presbyterian minister, Rushdoony. Rushdoony had come to the attention of the Volker Fund for his criticism of state education. Initially, he maintained cordial relationships with many of the fund's staffers. He earned invitations to conferences and Luhnnow paid for some of his research and lecturing activities in the 1950s and early 1960s. It was at one such lecturing event in the early 1960s that Rushdoony met Gary North in person, and the two men formed a fast bond that would change the course of the histories of both religious conservatism and free market economics in the United States.

Religion and the Collapse of the Volker Fund

Rushdoony and North met for the first time in 1962 during a series of summer lectures that Rushdoony delivered as part of an Intercollegiate Society of Individualists series at St. Mary's College, a small Catholic liberal arts institution near San Francisco, California (North 2002). During a two-week session at St. Mary's, Rushdoony lectured to North and at least 19 other students. The ISI sponsored the event as part of a summer series featuring lecturers by such notable mid-century right-wing intellectuals as journalist Felix Morley, political theorist Francis Graham Wilson, military strategist Stefan T. Possony, Austrian economist Hans F. Sennholz, and economist and Volker Fund staffer Bierly.³⁷ Of the lectures North (2002) later recalled, 'I listened to Hans Sennholz on economics, and I slept through Francis Graham Wilson's Socratic monologues on political theory. ... Rousas John Rushdoony lectured for two weeks on what became *This Independent Republic*. ... I was so impressed that I married his daughter—a decade later.'

North also made an impression on Rushdoony and Bierly. After the St. Mary's meetings, Rushdoony encouraged Bierly to hire North as a

summer intern at the Volker Fund as it transitioned to the CAS in 1963.³⁸ ‘I was paid \$500 a month to read,’ North remembered, ‘which was the best job I have ever had’ (North and DeMar 1991, x; North 2002). At the CAS, North used the institution’s vast library to ‘read the major works of Ludwig von Mises, F. A. Hayek, Murray N. Rothbard, and Wilhelm Röpke. It was the most important “summer vacation” of my life’ (North and DeMar 1991, x).

As North absorbed some of the most significant literature produced by Austrian economists and other key economic thinkers, he found a kindred religious spirit in Rushdoony. During their earliest interactions, North was a political conservative and recently converted dispensational evangelical. In an early letter to a friend, North described himself as ‘a conservative. I would also regard myself as a fundamentalist, in that I hold to the traditional orthodox view of Jesus Christ as divine and Lord of the World.’³⁹ As they worked together at the CAS, North drifted toward Reformed Calvinism. North fell in with Rushdoony, David L. Hoggan, and C. John Miller to form the Calvinist alliance that would help eventually undermine morale at the CAS and contribute to the destruction of the center.

North, although sympathetic to libertarian economic ideas, was skeptical of the utilitarian and anarchistic theories propagated by some at the Volker Fund. In the early 1960s, North (2001) would later recall, he had a conversation with F. A. ‘Baldy’ Harper about the moral ideas underpinning Mises’s economic ideas. Harper, himself closer to Rothbard’s anarcho-capitalist views, told North that he had once asked Mises, ‘Would you accept ‘the legitimacy of socialism if socialism turned out to be more efficient than the free market?’ Mises responded, ‘But it isn’t.’ Harper pushed Mises on the question and repeatedly received the same response: ‘But it isn’t.’ Harper concluded, according to North, ‘that Mises was determined not to introduce any question of morality into his analysis of an economic system. The only thing that mattered to him was economic efficiency, an economic system’s ability to allow acting men the unrestricted use of their assets.’ Such amoral utilitarianism disgusted North and frustrated Rushdoony. How, the two Christians wondered, could one build a system of liberty and freedom on such a rickety foundation?

In contrast to rationalist, utilitarian, and even anarchist strains of many Austrian-inspired economists, Rushdoony and North found a kindred spirit in the work and writings of Hans F. Sennholz. Sennholz was a German-born economist who came to the United States, first, as a prisoner of war (POW) and, later, as a dynamic popularizer of the Austrian School of Economics. Allied ground forces shot down Sennholz, a *Luftwaffe* fighter pilot, over Africa, captured him, and sent him as a POW to work on a dairy farm in the United States. At war's end, Sennholz returned home to study economics under Wilhelm Röpke in Germany. Sennholz was especially taken by Röpke's popular newspaper articles and later made a career as a similarly popular writer who communicated the complexities of Austrian economics in short, clear pieces.⁴⁰ Determined to continue his education in the Austrian tradition, Sennholz then returned to the United States and studied under Mises at New York University. After graduating with his Ph.D., Sennholz taught at Grove City College and became a prominent popularizer of Mises's ideas in the United States. He worked closely with Leonard Read at FEE (and briefly led the organization in the 1990s) and regularly published popular articles on monetary policy and other economic issues in journals such as *Freeman*, *American Opinion*, and *Christian Economics*, and a number of smaller economic newsletters (North 2005a).

Rushdoony (1982, i) attributed his understanding of 'economics in general' to Sennholz. After sharing the podium at ISI's 1962 summer lecture series at St. Mary's, Rushdoony and Sennholz frequently cooperated at public lectures and appeared on many lecture programs together.⁴¹ They formed a tight alliance that not only helped shape Rushdoony's economic reasoning but also influenced North and many subsequent religious conservatives. Rushdoony helped to present Sennholz's ideas to many conservative Protestants by bringing him to California to lecture on economic matters to supporters of the Chalcedon Foundation. He also regularly cited Sennholz's writings in his long-running newsletter, *The Chalcedon Report*, and made frequent use of Sennholz's research in his theological writings.⁴² Reciprocally, Sennholz published Rushdoony's theological writings on the gold standard and invited the reverend to lecture on several occasions at Grove City College. Sennholz also engineered Rushdoony's honorary Doctor of Letters degree from Grove City College in May 1978.⁴³

Sennholz appealed to Rushdoony and his supporters by echoing ideas advocated by a number of Christian conservative backers of the free market over the course of the twentieth century. Sennholz, like Fifield and so many others before him, argued that capitalism is ordained by Judaic and Christian religious principles.

The market order or capitalism finds its answers in the Judeo-Christian code of morality. Private ownership in production is squarely based on the Ten Commandments. It obviously rests on the Eighth Commandment: Thou shalt not steal. The private-ownership system also builds on the solid foundation of the Sixth Commandment: Thou shalt not kill, which includes every form of coercion and violence. . . . To freely exchange goods and services, the contracting parties must not deceive each other. They must not bear false witness, which is the Ninth Commandment of the Decalogue.⁴⁴

Unlike Fifield, however, Sennholz was a systematic thinker who brought logical rigor and solid academic theory to his economic ideas.

Sennholz played a critical role in mediating the reception of Austrian-style economics for a number of audiences in the 1960s. As libertarian journalist Brian Doherty (2007, 23) has noted, ‘While Sennholz made no great theoretical or scholarly contributions to Austrian cause, he was the teacher who directly influenced the largest number of students toward a passion for the Austrian economics and libertarianism, and the connection between the two.’ Through his association with Volker Fund-supported groups—such as the ISI and FEE—Sennholz introduced a generation of college students to Austrian economic thinking. He was also a popular public lecturer who spoke around the United States to business groups, trade organizations, and professional meetings on the power of the free market. His persuasive support of the free market ultimately earned him the admiration of numerous business leaders and conservative political figures. Sun Oil chairman, J. Howard Pew, was so impressed with Sennholz’s defense of free market principles that he helped secure the economists his long-time teaching and administrative role on Grove City College’s economics faculty.⁴⁵ Libertarian political icon Ron Paul cited Sennholz’s direct help in ‘getting firsthand explanations of how

the market functions' (Leeson 2015, 7). Ronald Reagan, upon meeting Sennholz and his wife, Mary, once quipped, 'I've been plagiarizing you for years' (Libertarian Economist Hans Sennholz Dies at 85, 2007).

Given Sennholz's national prominence, it is hardly surprising that he had a major influence on Rushdoony and North during the 1960s. Sennholz's tight connections with FEE, ISI, and other organizations receiving Volker support ensured that he would eventually cross paths with Rushdoony. Further, Sennholz's tightly held Lutheran faith appealed to the religiously conservative Rushdoony and when the two men began corresponding in the 1960s, they became confidants, intellectual allies, and fast friends.⁴⁶ Rushdoony regarded Sennholz as a lucid, capable advocate of the free market who, unlike Mises and Hayek, maintained his economic theories in conversation with a Christian worldview. This, in Rushdoony's view, assured a more realistic set of presuppositions that tended to mitigate the Enlightenment utopianism he saw lurking in the ideas of many of the other Austrian thinkers.

When Rushdoony went to work for the Center of American Studies, he brought his deep commitment to Christianity and his hostility to secular libertarianism with him. While he might have found an ally in a figure like Sennholz, Rushdoony viewed most of the other grant recipients and staffers previously associated with the fund with suspicion. In a memorandum authored for Bierly, Rushdoony insisted that any intellectual action group must share a common intellectual foundation:

Today almost any given conservative group is likely to include Protestant, Catholic, atheist, positivist, Ayn Randian egotist, anarchist, utilitarian, and more. There is little common purpose and much uncommon trouble. It is necessary therefore to define the underlying premises carefully in order to have both unity and freedom. To attempt this will automatically leave many behind—but it will provide the anchor which many today, especially young people, are seeking.⁴⁷

For Rushdoony this, of course, meant that the CAS must adopt a rigidly Christian 'anchor' for its intellectual identity; one rooted in orthodox Calvinism and dedicated to attacking atheism and humanism at every turn.

In contrast, many of the intellectuals previously supported by the fund explicitly rejected Rushdoony's sectarianism. Kenneth Templeton, one of the fund's most prominent organizers and talent scouts, disliked Rushdoony's religious ideas and insisted that he and others 'avoided him [Rushdoony] like the plague.'⁴⁸ In a similar vein, prominent conservative intellectuals such as Richard Weaver and Russell Kirk privately dismissed Rushdoony's sectarianism and refused to review his books.⁴⁹ Indeed, Rothbard had gone so far as to openly attack Rushdoony's ideas because he rightly saw them as a danger to the long-term viability of the Volker Fund. He wrote a highly critical memorandum reviewing Rushdoony's *Intellectual Schizophrenia* for Volker Fund staffers (North 2007). The review attacked Rushdoony's religious motives and his intellectual acuity.

Concerns over Rushdoony's religious sectarianism proved well founded. After firing the old-line non-sectarian staffers such as Templeton and analysts like Rothbard, Bierly and Luhnnow allowed Rushdoony and several of his allies to begin drafting memoranda on the religious policies of the CAS. C. John Miller, one of Rushdoony's Calvinist allies at the CAS, penned a 'Statement of Purpose' for the center that declared every staffer must share a 'respect and commitment to the great creeds, faith of orthodox Christianity as represented in the Apostles' creed, the Nicene creed, the Augsburg Confession, the Belgic Confession, the Westminster Confession, and the Declaration of Savoy.'⁵⁰ In a similar statement, David L. Hoggan, a sometimes Nazi-sympathizer and Rushdoony confidant, wrote a memo enumerating twelve points that he argued are the 'minimum condition' that all staffers at the program must agree upon. Four of Hoggan's points echoed Rushdoony's narrow sectarian position. All staffers would believe:

- 1) That the United States was and is a Christian nation.
- 2) That belief in the Trinity is indispensable to an individual Christian Faith.
- ...
- 11) That instruction about American traditions cannot be meaningful unless it includes an adequate emphasis on the Christian Origins of these United States and the American Federal Constitution.

12) That further emphasis on Christian values is required if higher education is to meet the challenge of the materialistic creeds.⁵¹

As Rushdoony tried to manipulate CAS staff to adopt his sectarian vision, some pushed back. Most notably, William T. Couch produced an angry memo entitled ‘Sectarianism in the Center.’ Couch declared war on the Miller–Hoggan–Rushdoony alliance and urged Luhnnow and Bierly to rein them in: ‘three members of one denomination were proposed for major positions on the staff of the proposed graduate school. This denomination is Calvinistic.’⁵² Couch set about to convince Bierly that Rushdoony and his allies’ invocation of “our Christian faith” could be taken by men like Ludwig von Mises as a slap in the face.⁵³ When it became clear that Couch was correct and many outside of CAS viewed Rushdoony as a Christian zealot, Bierly and Luhnnow fired the Presbyterian minister. Even after his termination, Rushdoony tried to influence his allies at the fund, but Bierly eventually fired them as well.⁵⁴

The CAS collapsed shortly after Rushdoony’s termination when Luhnnow, Bierly, and Couch failed to negotiate a settlement with the Hoover Institution and Stanford University regarding a home for their proposed graduate school. Rushdoony went on to thrive as the leader of the Chalcedon Foundation, a small think tank he organized based on the lessons he learned working at the Volker Fund. Although Rushdoony lost his position with the CAS, he left his mark on North.

Gary North and Christian Economics

In April 1969, a motley group of libertarians, socialists, and conservatives converged on the campus of California State College at Long Beach. Representatives from the Young Americans for Freedom (YAF)—an organization founded and once led by conservative *National Review* publisher William F. Buckley, Jr.—met to develop a strategy for re-energizing the organization in the context of the growing anti-Vietnam War movement, the rise of the counterculture, and turmoil over civil rights. Traditionalist social conservatives and radical libertarians were battling for control of the YAF, and the various factions came to Long Beach seeking some

clarity regarding the future of the organization. Instead, Ayn Randian Objectivists, former Students for a Democratic Society (SDS) members, anarchist libertarians inspired by Rothbard, long-haired hippies, and buttoned-down Chamber of Commerce Republicans all squared off in a two-day conference marked by procedural mayhem, pot smoking, and bureaucratic infighting. At one point, a freshman disrupted several panels by running through them waving a black anarchist flag emblazoned with the Objectivist gold dollar sign—a discordant symbol neatly encapsulating the dissonant political and social projects colliding at the conference. In another conference room, some joker angered the Christian conservatives by scrawling ‘Lysander Spooner died for your sins’ across one of the chalkboards.⁵⁵ In the debates over resolutions, there were floor fights over resisting the draft and legalizing marijuana. North, who tended to show up at every major Southern California conservative event, attended the conference and summed it up as ‘a study in intellectual chaos.’⁵⁶

The Long Beach conference has become a fabled event in the history of American libertarianism.⁵⁷ Libertarian theorist Rothbard and his followers came to the conference hoping to build common cause between radical libertarians, social conservatives, and SDS radicals. Since 1965, Rothbard and his supporters had been working out the theoretical foundation for synthesizing libertarianism and anarchism in his journal *Left and Right: A Journal of Libertarian Thought*. In the first issue of *Left and Right*, Rothbard (2007, 4) condemned the popularity of contemporary anti-Communist American conservatism—especially the type advocated by YAF founder Buckley—as a retrograde ‘remnant of the *ancien régime*.’ In contrast, Rothbard advocated for a form of radical anti-statism built on the classical liberal principles developed by Austrian economists such as Mises and Hayek. Rothbard believed that students on the left and right shared a necessary reverence for *liberty* and hostility to the state. His supporters came to the Long Beach YAF event hoping to challenge the intellectual status quo undergirding American conservatism.

Rothbard’s hero, Mises, was the keynote speaker at the event. During the question and answer session of the lecture, North, then a 27-year-old Ph.D. student in history at the University of California, Riverside, tried to pass a question to Mises.⁵⁸ Mises, nearly 88 and mostly deaf, had to have all questions written out and handed to him for response. As the son

of a Federal Bureau of Investigation special agent, a cultural conservative, and disciple of Rushdoony's legalistic interpretation of Christian scripture, North was disgusted by the lawlessness and disorder around him—grown men wore 'grubby' clothes; hippies refused to shave; children of privilege publicly flaunted anti-drug laws; some participants even self-identified as anarchists; and many advocated resisting the draft. North scribbled his question to Mises and made sure it was first in the queue: 'During the free market seminar presented by J. Galambos in the summer of 1962 in Los Angeles,' North wrote to Mises, 'you were asked to comment on Dr. Rothbard's idea that we should abolish the state and substitute private law courts and privately owned police forces. You replied "If that were done it would deprive us of the last thousand years of social progress in western civilization." Do you still hold this position?' North believed the question would challenge Rothbard's supporters at the conference and 'undercut the foundation of the New Anarchism which was undergirding the entire conference.' Not surprisingly, someone intercepted the question and the note never made it to Mises.

Before the official kick-off the event, North talked to one of his fellow activists. The young man was 'was trying to create a general principle of government that would satisfy all men and therefore be voluntarily submitted to by all.' Incredulous, North dismissed the idea as utopian nonsense. He retorted that 'since all law rests on moral concepts of right and wrong, and these in turn are religious principles that are not neutral, and not the product of a hypothetical human neutral reason.' To make his point, North noted that he would 'outlaw the sale of all narcotic drugs of a habit forming nature.' North's interlocutor exclaimed, 'Well, you're wrong. [Narcotic use is] a voluntary market act!' And with that declaration North attempted to persuade the student with an appeal to Van Til's presuppositional apologetic model. The student's answer allowed North to identify the source of the young man's ultimate values: 'his god is the free market.' Following Rushdoony and Van Til, North argued that law could not be neutral and universal—law, by its very nature, is non-neutral and exclusionary. Any free market system without an absolute, totalizing moral standard would degenerate into anarchy and social chaos. Anarcho-capitalism, North told his fellow student, 'is a fine philosophy in times of godliness; in times of perversion, it only makes perversion less

costly and more available to a larger number of people. ... The free market is neutral only in the sense that fire is neutral: in a fireplace it warms us; in our bedrooms, it kills us; in a forest, it is destructive beyond belief.' Rothbard's anarcho-capitalism would 'convert us into a nation of war lords,' North warned, 'each with his own private army and law courts.'

North's attempt to bait Mises into condemning Rothbard and his exchange with the anarcho-capitalist student illustrate a deep tension in the reception of the Austrian School of Economics in the United States. On one side stood Rothbard, a figure widely regarded as a formative influence on American libertarianism as an intellectual and social movement. On the other stood North, a much less well-known figure, but one who influenced a generation of American Christians to take seriously the free market as tool for advancing God's kingdom on earth.⁵⁹ North embraced the Austrian School—especially the writings of Mises—as a viable model of social and economic activity that, when properly understood, pointed to the essentially Christian nature of capitalism. Through his connection with Rushdoony, North was a proponent of a politicized form of fundamentalist Protestantism. As an outspoken advocate of a specific—and purportedly 'libertarian'—form of Christian theocracy, North sought to merge Austrian economics with conservative Christian theology to pioneer one of the most original and troubling social movements of the latter half of the twentieth century. Through his association with his father-in-law, Rushdoony, and a network of right-wing and libertarian activists, North was fast becoming one of the leading Christian advocates of Austrian economic theory in the United States.

As Rothbard courted the student radicals associated with Students for a Democratic Society with his idiosyncratic brand of anarcho-capitalism, North responded by calling conservatives to a form Austrian-inspired Christian libertarianism. Drawing a sharp contrast to the secular libertarians of the era, North sought to synthesize presuppositional apologetics with Rushdoony's theonomic social vision. While he found few takers in the drug-fueled anarchist frenzy of YAF's 1969 meeting at California State University, Long Beach, North would slowly and steadily build a following in a host of right-wing subcultures. Unlike Rushdoony, whose influence remained more or less constrained to conservative Calvinist circles, Christian homeschoolers, and some of the more marginal ele-

ments of the Religious Right, North has gone on to have a much wider influence in the American libertarian movement. Not only has North played an important role in popularizing Austrian economics in the mold of Mises, Rothbard, and Sennholz, but he also remains widely recognized figure in the world of hard-money, or gold-based, financial advising. Further, North has played an important role in mainstreaming a number of far-right Christian positions—especially those articulated by Rushdoony and other Reconstructionists—and libertarian political sensibilities in the latter half of the twentieth century. In fact, some scholars and journalists even regard him as a predecessor to the so-called Tea Party movement that coalesced in the wake of the 2008 economic crisis in the United States.⁶⁰

Regardless of how one assesses North's wider legacy, it is clear that his religious, business, and political activities have directly contributed to bringing aspects of Austrian Economics to many Americans. North was present at many of the most important moments in the history of the Austrian School of Economics in the United States. He contributed to the work of the Volker Fund at the height of the organization's success and watched the catastrophic collapse of the CAS. He was close to Rothbard despite their mutually exclusive religious commitments. He attended the 1974 conference at South Royalty Law School in South Royalton, Vermont, that has since been recognized as the origin of Austrianism as a coherent school of economic theory. He worked for Texas politician Ron Paul, one of the few national political figures with more than a passing familiarity with Austrianism and a real ideological commitment to its monetary agenda. He is a widely acknowledged pioneer in the marketing of hard-money financial advice that eventually exploded into a vast economic and political subculture in the United States. He led a tiny fraction of Christian activists in building what would come to be known as the 'Religious Right' or 'New Christian Right' of the Reagan era. To these religious activists, he offered a complex reworking of Austrian economic theory that rejected the utilitarian and secular tendencies of economics in favor of a rigorous Christian model based on careful scriptural exegesis and literal adherence to Biblical law. Yet, for all of these achievements, North remains a largely ignored character in American history, one at once maligned as an opportunist and a religious charlatan. The section

that follows leaves such assessments to the reader, but it takes North seriously as an economic, religious, and political thinker who not only helped shape popular receptions of the Austrian School but also directly contributed to American cultural history—especially in the areas of religious and political conservatism—in unique and largely overlooked ways.

Before Christian Economics

Before North developed into a pioneer of libertarian theocracy, Rushdoony helped pull North deeper into the Reformed worldview and toward post-millennial eschatology by recommending the undergraduate for entry into Westminster Theological Seminary in Philadelphia to study under Cornelius Van Til. The seminary accepted North and he enrolled in autumn 1963. If his letters from this time are any indication, the seminary was a profound mistake. After about two months of classes, North angrily wrote Rushdoony, ‘Am I disgusted. I am taking fifteen hours a week of sheer boredom. This is worse than any year of college I had. I am working, but what impossibly dull material.’⁶¹ A month later, North was blunt: ‘I want out of Westminster.’⁶² In a series of letters he attacked everything from the rambling lecture style of Van Til to the quality and work ethic of his fellow students.⁶³ Making matters worse, North did not yet quite consider himself a Presbyterian (the official denominational affiliation of the school) and longed for ‘an independent Bible church’ as opposed to the ‘cold orthodoxy’ of East Coast Presbyterian churches that lacked ‘evangelical spirit’ and that ordained men who could not ‘preach their way out of a paper bag.’⁶⁴ North also missed his parents, Sam and Peggy, who had only recently converted to evangelical Christianity along with their son.⁶⁵ Although Rushdoony convinced North to stick through two semesters, North testily abandoned the seminary in 1964 and eventually settled as a graduate student in history at the University of California, Riverside.

After North dropped out of Westminster to seek a secular graduate degree in southern California, he became a frequent shopper in many of the ‘patriot book stores’ in the area. He was particularly fond of the Betsy Ross Book Shop located in L.A.’s Westwood district. ‘The Betsy Ross

shop has a good selection of books,' he told Rushdoony. 'The little lady who does the buying is apparently well informed, or at least she has some good people advising her. Much Rushdoony, little Possony.'⁶⁶ On a 1964 shopping trip to the Betsy Ross, North chatted with Grayce Flanagan, one of the store's employees, about Rushdoony's books. After some discussion, North passed along Rushdoony's contact information. Flanagan and the other staff at the store were always on the lookout for authors willing to visit the store and lecture on behalf of their books. Following North's suggestion, the Betsy Ross invited Rushdoony to travel to southern California and speak to Women for America, Inc. the non-profit patriot organization that owned the Betsy Ross. The meeting arranged by North helped lay the foundation for the organization of Rushdoony's Chalcedon Foundation in 1965.

In spring 1965 as Rushdoony met with the activists at Women for America and organized Chalcedon, North transferred to the University of California, Riverside. At UC Riverside, North (1972) wrote a dissertation in history on Puritan economic concepts in early American history. He supported the project with teaching and research fellowships until 1969. He won ISI's prestigious Weaver Fellowship, named in honor of Richard M. Weaver, author of *Ideas Have Consequences* (1948), plus a grant from the Earhart Fellowship. North also applied for a scholarship from Rushdoony's Chalcedon Foundation.

As he completed his graduate education, North began irregular contributions to FEE's *The Freeman* in the late 1960s, and by 1970 was a fixture in the publication. His articles were aimed at the libertarian readers of the magazine, but contained indications of his theological presuppositions. Much of his writing focused on monetary policy and the significance of the gold standard from an Austrian perspective. Other contributions built on Austrian insights to include analyses of Marx's theory of labor (North 1969), critiques of the state's intervention in individual economic failure (North 1970a), and critical assessments of the economic implications of feminism (North 1971). Occasionally, North produced articles that clearly revealed a heavy reliance on Rushdoony's theological project and his presuppositional style of argumentation (North 1970b).

As North built a career as a popularizer of both the Austrian School and Rushdoony's Reconstructionist theology, he served on the staffs of

many important conservative organizations. He first worked as a part-time employee of Rushdoony's Chalcedon Foundation in 1970 and 1971 to fund the final stretch of his graduate work. In 1972, North wed one of Rushdoony's daughters, Sharon, and he went to work for FEE in New York only to eventually return to work for Rushdoony at Chalcedon in 1973. After working directly under Rushdoony, North held positions across the United States, including serving a brief stint on the Washington, D.C., staff of libertarian icon Texas Representative Ron Paul where he advised the congressman on monetary issues in 1976 (North 1978a). After Paul was defeated in an election, North tried his hand at academic economics on the faculty of Campbell University in North Carolina, but left in favor of more lucrative work.

Over the course of the decade, North and Rushdoony became close friends and intellectual allies, but their relationship was also strained by their intense, combative personalities. The two men built a strong working relationship that shaped both the Chalcedon Foundation and North's own Christian think tank, the Institute for Christian Economics (ICE). In 1979, North moved his family to Tyler, Texas, and founded ICE to publish his research on Christian economics. Initially he worked cooperatively with Rushdoony's Chalcedon Foundation to further the mission of Christian Reconstruction, but after the two men had a falling out in 1981 over an obscure theological matter, the two think tanks parted ways. North and Rushdoony never spoke again and the two men developed rival versions of Christian Reconstructionism. Rushdoony's vision of Reconstructionism remained true to his original emphasis on the family, while North came to emphasize the centrality of the church and tended to focus on economic issues and disaster preparedness as an essential component of his postmillennial project.

An Overview of Christian Economics

North's connections with Mises, Sennholz, and Rothbard eventually brought him to the South Royalton Law School in Vermont in 1974 to participate in a conference of economic thinkers that has since been recognized as a formative moment in the history of the Austrian School of

Economics. Mises had died the previous year and Hayek would win the Nobel Prize later in the year. After the conference—and partly because of its proximity to the relative apotheoses of Mises and Hayek—a loose confederation of like-minded economic rebels developed the ‘Austrian School of Economics’ into a proper movement. As is his wont, North witnessed the proceedings with an unironic mixture of mirth, religious disgust, and sycophantic glee. To his amusement, the ‘Austrian School’ split even as it coalesced. In North’s reminiscences on the event, he argued that Rothbard led one faction while Ludwig Lachmann, a German economist inspired by Mises and other Austrian scholars, led the other. On the one hand, Rothbard rejected Mises’s utilitarianism to offer a categorical moral rejection of the state while, on the other, Lachmann and his collaborator Israel Kirzner, a former Mises student and economics professor at New York University, sparred over their competing conceptions of entrepreneurial activity in the free market. Meanwhile, North (1999) ‘did not join any of the camps at South Royalton because of my commitment to Cornelius Van Til rather than Kant or Aristotle.’ In 1974, he was a year into his own project to develop what could be called a theocratic interpretation of the Austrian School.

Deeply dissatisfied with the options on display in South Royalton, North turned his attention to teasing out the relationship between Van Til’s presuppositionalism, Rushdoony’s theonomy, and the economic theories of the Austrian School. As North (2012) recounted decades later on his blog, he ‘had a glimmer of what my calling would be at the age of 18 [in 1960]. I wanted to examine the relationship between what the Bible teaches about economics and what Austrian School economists teach about economics.’ North first made this connection while researching a 15-page term paper for a high school civics class. While researching the project, North (2002) came across a copy of FEE’s *The Freeman*. His encounter with *The Freeman* persuaded him that ‘Mises had the correct approach’ to the problems facing Cold War era American culture: ‘market freedom.’ But, after becoming a Christian at the age of seventeen and soon thereafter encountering the work of Rushdoony, Sennholz, and the Rev. Fred Schwartz’s *Christian Anti-Communism Crusade*, North (2002) concluded that the ‘Bible applies to all areas of life, including economics.’ He continued, ‘I wanted to know if Mises’ economics related

to the Bible,' so the only thing left to do was tease out the relationship between scripture and Austrian economic theory.

While on staff at Rushdoony's Chalcedon Foundation, North began writing a regular column for the *Chalcedon Report* titled 'An Economic Commentary on the Bible.' North's wife—Rushdoony's daughter—suggested the project: 'In the spring of 1973, my wife persuaded me to begin writing an economic commentary on the Bible. I published my first chapter in the May, 1973, issue of my father-in-law's newsletter, *Chalcedon Report*.'⁶⁷ The project would develop into North's life work. In 1977 he resolved to spend 'ten hours a week, fifty weeks a year' (North 2002) developing a 'biblical case against the welfare state' (North 2005b). He set his 70th birthday as the terminal date for the project.

North began his monumental exegetical project in the *Chalcedon Report* and continued it in his articles for *The Freeman*. He edited and compiled the early years of his *Freeman* articles into the single volume, *An Introduction to Christian Economics*. Throughout the 1970s and 1980s, North developed the project through a number of publication channels. He worked out portions of the project in newsletters, such as *Biblical Economics Today*, books, and public lectures. The heart of the project took shape in the 31-volume series, *An Economic Commentary on the Bible*. The first volume of the series, *The Dominion Covenant: Genesis*, appeared in 1982, and subsequent volumes followed until 2012 when North completed his commentary on the New Testament. In sum, the series totals nearly 10,000 pages, organized into about 700 chapters, and is supported by numerous companion volumes.

From the outset, North positioned his economic writings as an extended argument with the Austrian School generally, and Mises specifically. In *Dominion Covenant*, North (1987, xxx, xxix) laid out the problem: 'there is no comprehensive treatise along the lines of Adam Smith's *Wealth of Nations* or Ludwig von Mises' *Human Action*' dedicated to exploring 'a uniquely Christian economics.' As a Van Tillian inspired by Rushdoony's interpretation of presuppositional apologetics, North was not merely arguing that Christianity provides useful insights, better theories, or superior wisdom in economic matters. Rather, North's (1987, xxix; emphases in original) project is founded on the notion

that there is no economics *except* Christian economics. I am not simply arguing that Christians should develop a better approach to economics, both theoretical and practical, but that Christians are required to work out the biblical principles of the only kind of economics there can ever be, *revelational economics*. ... Every thought, every action, every conceivable aspect of human life must be subdued by biblical principles. There are no neutral zones outside of God's providence and God's law-order. There are no testing areas for God's word. There is only His truth and man's error.

North's engagement with free market economic models grew from his conviction that most liberal economic theories rested on unrecognized or misunderstood Christian epistemological foundations. 'A few traditional humanists,' North (1987, 23) explained,

whose intellectual roots are still in the nineteenth century, have attempted to revive the fading faith in the acceptability and even beneficial nature of decentralized purposefulness. They have continued to quote favorably Adam Ferguson's eighteenth-century observation that human institutions are the product of human action—decentralized, individualistic planning—but not of human design. The economic theories of virtually all defenders of free market economics, but especially the theoretical framework of the so-called Austrian School—Ludwig von Mises, F. A. Hayek, Israel Kirzner, Murray Rothbard—have been constructed in terms of this eighteenth-century cosmology.

North saw in the Austrian School a set of economic models that emphasized three interconnected concepts: the significance of individual human labor; the growth of spontaneous social order that emerges from the constraints of external contingencies; and the harmony of interests between social agents that is constituted by hierarchy and the division of labor. For North, this meant that, despite their methodological and theoretical differences, liberal economic thinkers presupposed three key ideas inherent in a Biblical or Christian worldview: covenant, kingdom, and a created human nature. North's 'Christian economics' is a paradigmatic example of Van Tillian presuppositionalism: in an ostensibly rational and humanistic system of thought, North excavated and exposed its radically Christian foundation. Then, with a Rushdoonian twist, North did not

simply expose the roots; he sought to pare back the humanist and secular deadwood to allow the Christian branches to flourish.

Thus, by the end of the 1970s and the beginning of the 1980s, North was well on his way to starting his own subschool of the Austrian tradition. He had split with Rushdoony and Rothbard to blaze his own trail as an economic thinker, political theorist, and Christian entrepreneur. To buttress his status as a thinker and economic maverick, North could lay claim to his history as a bona fide veteran of the American conservative and libertarian intellectual establishment. He had worked for FEE and Chalcedon, benefited from the financial support of two other prominent organizations, served on the congressional staff of one of the only libertarian politicians holding a national office, and maintained friendly relationships with important movement insiders such as Leonard Read, Ed Opitz, and Rothbard among many, many others. As the age of Ronald Reagan dawned, North would find even more national prominence. He would become a power player in the emerging Religious Right and an important figure in the wild worlds of hard-money financial advising and right-wing newsletter publication.

Gold Bugs

North carried many of the economic and political insights he garnered from Biblical exegesis and Christian Right social organizing into his other passion: hard-money economic advising. As Brian Doherty (2007, 374) noted, North was ‘an early player in the world of ideologues and salesmen who forged (influenced by libertarian economists all the way) the hard money movement.’ Since their first interactions, North and Rushdoony corresponded extensively about collecting and investing in silver coins, gold, and other hard assets as a hedge against inflationary pressures.⁶⁸ But, if Rushdoony had recommended collecting hard assets as a matter of prudent Christian preparation for the future, then North pushed the matter much further. He joined a growing group of financial advisers and newsletter publishers who helped turn the collection of hard-money resources into a prominent libertarian subculture. The popularity of hard-money strategies and financial advice products designed to aid col-

lectors emerged in the late 1970s at roughly the same time that North left Capitol Hill.

As an outgrowth of North's interconnected theological and economic concerns related to the maintaining the gold standard, hard-money advocacy combined his sincere concerns about the inflationary implications of fiat money with his own strong profit motive. In this area, North was influenced but R. J. Rushdoony's theological defense of the gold standard. Citing Leviticus 19: 25–37, Rushdoony argued that the Bible required honest weights and measures as a mechanism for enforcing 'economic morality' and guarding against rampant individualism and corruption in economic transactions (1973, 468). Since, '[v]ery obviously' Biblical money was 'a weight of silver or of gold' set by God, then 'honest scales are basic to just commerce, and the regulation of scales is thus basic to the ministry of justice' (470, 471). Reasoning from commandments requiring honesty and condemning theft, Rushdoony concluded, 'As surely as a false yard stick or false cup measure defrauds a man, just as surely a false money defrauds a man. Even worse, dishonest money introduces a false weight into every monetary transaction in society, so that radical corruption and injustice prevail' (470). 'Fractional reserve banking, unbacked or partially backed paper money, and inflation of money by debt and credit' along with the 'concepts of laissez-faire and self interest' have no place in the biblically regulated market. Such economic techniques deny God's sovereignty by insisting on '*the rule of the individual* as well as his ultimacy over social order' (470, 472; emphasis in the original).

Rushdoony's interest in the gold standard led him to theologize about the implications of preparing for economic collapse with investments in gold, silver, land, guns, liquor, and other hard assets. Rushdoony, in turn, had based his concerns about economic collapse on Sennholz's popular writings (Rushdoony 1966, 7).⁶⁹ North synthesized Rushdoony's and Sennholz's insights with his own engagement with the Austrian tradition and carried them to new audiences. North was at the cutting edge of a network of hard-money 'financial advisers influenced by the Austrian theorizing of Mises and Rothbard who were confident that government mismanagement of money and the economy was leading to an inflationary collapse in which only gold and other hard assets held any help of protecting investments and wealth' (Doherty 2007, 473).

During the late 1970s and early 1980s, North connected with this new impulse to build a cottage publishing industry, especially in the form of his aptly named *Remnant Review*, which commenced publication in 1974 as a four-page monthly newsletter. In the first issue of the *Review*, North (1974, 4) encouraged his readers to emulate the ‘first Christians’ and ‘drop out’ of the fiat economy in order to hoard gold. This would allow Christian men to serve their twofold duty to ‘protect his family’ and accumulate the ‘capital to rebuild his own future’ according to the Rushdoonian model of ‘Christian reconstruction.’ North (1974, 3) endorsed the hard-money lifestyle, arguing that

[p]rivate citizens all over the world are therefore taking rational action when they try to escape from the Establishment economic system through inflation-resisting investment programs. ‘Gold bugs’ are the creation of the civil governments. Men do not pile up huge hoards of money in times of economic stability, personal responsibility, and limited government. Gold mania is a response to a specific set of inputs, all of them statist in origin. Misers are considered odd balls, foolish, economically irrational in stable times. When significant portions of the world’s population start acting like Scrooge McDuck, there has to be a reason.

In the 1970s and early 1980s, North joined forces with a band of grassroots Scrooges to build a robust network of hard-money advocates. He built alliances between evangelical communities and Latter-day Saint (LDS) disaster preparedness advocates. For a brief period immediately following his time on Texas Representative Ron Paul’s staff, North worked as a financial advisor for Howard Ruff’s *Ruff Times*, a digest of hard-money, no-debt preparedness strategies. Ruff, a Latter-day Saint, hired North not for his religious sensibilities, but for hard-money bona fides. During the economic downturn of the 1970s, Ruff, like many in the Austrian camp, believed that America’s departure from the gold standard in 1971 had led to the hyperinflation of the late 1970s and worsened the effects of the post-Iranian Revolution energy crisis on the United States.

Through his connections with Ruff, North came into contact with other Latter-day Saint hard-money activists. By the early 1980s, as concerns over domestic unrest and instability in gold and silver markets

peaked, North frequently appeared on the hard-money lecture circuit with the likes of not only Ruff, but also alongside Joel and Mark Skousen, nephews of W. Cleon Skousen, well-known hard-money financial advisors and disaster preparedness advocates who situated their work firmly within the ‘self-reliance’ and ‘provident living’ discourses of contemporary Latter-day Saints.⁷⁰ North and Mark Skousen became especially close allies in the hard-money market during the 1980s. Like North, Mark Skousen, a George Washington University economics Ph.D. and former analyst at the Central Intelligence Agency, has long-standing connections to many of the key thinkers in the Austrian tradition. Skousen is a disciple of Mises and Rothbard, and a critic of Hayek and Nobel Prize-winning Chicago economist Milton Friedman.

North and Skousen made common cause in their support of the Mises–Rothbard lineage of the Austrian School in the United States. As financial advisors, the two men often appeared together at conferences and private investors meetings. Although both men maintained their own lucrative newsletter and private financial advising services, they collaborated in perpetuating the intellectual foundation for hard-money investing schemes within their respective constituencies. While serving as editor of the *Journal of Christian Reconstruction*, North reprinted Skousen’s (1980) essay on the gold standard and Austrian-inspired arguments for hard-money investing. In return, Skousen (1988, 151) singled out North as a prominent interpreter of the post-Rothbardian Austrian School and its diffuse network of ‘investment advisors, writers and entrepreneurs in the “hard money” movement.’ North, according to Skousen (1988, 160–161), was on the cutting edge of hard-money thinking in the 1960s and early 1970s and helped set the stage for figures such as Howard Ruff and even Skousen himself.

Regardless of his pioneering place in the hard-money movement, North’s effortless blend of postmillennial eschatology, patriarchy, and pro-capitalist economics became a hit on the hard-money lecture circuit and his non-Reconstructionist books and hard-money newsletters sold well. As North’s ideas circulated widely in conservative circles, he downplayed their theological underpinning in order to appeal to a wide variety of secular, LDS, and pre-millennial preparedness advocates. For example, his *How You can Profit from the Coming Price Controls* (1978b)

repackaged several of his early *Remnant Review* articles that argued that the ‘U.S. Economy is a house of cards’ and that pensions and Social Security were all in danger of collapsing. North advertised the book in regional newspapers and several national publications, including *Popular Mechanics*. He sold more than 20,000 copies of the book (North 2015). Similarly, he also found success with *Government by Emergency* (1983), a warning that governments usurp power during catastrophes, and his *Fighting Chance: Ten Feet to Survival* (1986), a passionate plea for backyard bomb shelters co-authored with scientist and homeschooling advocate Arthur Robinson. All three books downplayed North’s hardline theocratic vision in favor of a bland appeal to generic Protestant tradition even as they developed complex preparedness schemes to address the national and international threats of the 1980s. The result of North’s endless stream of books, newsletters, fund-raising notes, and pleas to Reconstructionists and hard-money advocates was a small media empire. He made revenues totaling in the millions, made land investments across the country, and used sales of his economic literature to fund his religious publishing projects advocating Christian Reconstruction.⁷¹

Y2K and Beyond

In the late 1990s, North published a series of newsletters and position papers popularizing his concerns regarding the Y2K computer glitch that, according to North and other technoprophets, could lead to major problems on 1 January 2000, when some computer systems would incorrectly roll over to 1 January 1900. North warned that the programming error could crash banking systems and destroy government computer databases. North used his popular *Remnant Review* newsletter and massive ICE mailing list to urge his followers to prepare for a coming global collapse that could provide the right moment for Christian men to step forward and impose dominion through their local churches. North took his message to a whole new audience with appearances on *Art Bell Coast to Coast AM*, a late-night radio program with nationwide distribution. North told Bell’s audience that the dating error programmed into many computer operating systems could lead to possibly catastrophic prob-

lems, affecting everything from the global financial system to electrical grids and air traffic control. North advised Bell's prudent audience to take all the necessary steps to prepare for the disaster.

After his hopes for the emergent post-Y2K Kingdom failed to materialize, North shuttered ICE in 2001 and turned its assets over to a Christian school charity. He then turned his attention to financial advice work, opening the website *Specific Answers* and continuing to publish the *Remnant Review*. North shifted his focus away from linking computers to impending social collapse and instead embraced them as tools of dominion and profit. Through subscriptions and a paywall on his website, North maintained his place as a hard-money prophet. He also created the Ron Paul Curriculum, an Internet-based homeschooling curriculum that exploited the popularity of Paul's 2008 presidential campaign.⁷² North's curriculum (2013c) promised parents that, at the end of the program, their children will be able to

style="padding-left: 40px;">speak in public and speak confidently, write effectively, run a website, operate a YouTube channel, understand mathematics, understand basic science, start a home business, defend the free-market system intellectually, understand the history of Western civilization, understand American history, understand the U.S. Constitution and how it has been hijacked, understand the interaction between literature and historical development, understand Christianity's influence in the West, [and] understand Austrian-school economics.

Finally, North developed into a prolific blogger at LewRockwell.com, where he reflected on his extensive history in the American libertarian movement and plugged his Christian treatises and financial advising.

On his blog, North (2013b) declared that Mises was one of his personal heroes. 'He abided by a fundamental principle in life: Never give an inch,' North wrote. He recounted an anecdote in which Mises, enraged over a 1947 Mont Pèlerin Society panel on income redistribution, stormed out the room declaring, 'You're all a bunch of socialists!'⁷³ Mises, in North's (2013a) view, was simply more hard core than Hayek or any of his Austrian disciples. For North and his mentor Rushdoony, this no-nonsense approach to intellectual brawling defined both the

Reconstructionist movement and the Mises–Rothbard faction of the Austrian School. North’s unbending dedication to his causes earned him loads of money and heaps of contempt. It also earned him no small amount of respect, especially from the heirs of the Mises–Rothbard legacy. In 2004, the Mises Institute awarded North its Murray N. Rothbard Medal Of Freedom, a prize awarded to recognize ‘significant and wide-ranging libertarian leadership, as a scholar or public intellectual.’ North is the hard core of the hard core.

Conclusion

As a result of their combined effort to situate their theological projects as both a response and foil to the writings of Mises, Rushdoony and North might rightly be understood as developing one minor—and heterodox—strain of Austrian economics in the United States. As committed yet critical followers of Mises, Sennholz, and Rothbard, North and Rushdoony injected a level of economic sophistication and theoretical awareness into their theology that many of their contemporary evangelical and fundamentalist peers lacked. Historians of American evangelicalism and fundamentalism generally agree that the Christian Reconstructionism of North and Rushdoony profoundly influenced religious conservatives in the twentieth century. Economist Laurence R. Iannaccone (1996, 348), for instance, has noted, ‘No group of theologically conservative Protestants has spelled out its view of the economy in as much detail as the Christian Reconstructionists. . . . Reconstructionist policy recommendations are in many cases identical to those of the Austrian school of economic thought. And there is no doubt that North, at least, has been directly influenced by Austrian writings.’ Iannaccone further indicated that Reconstructionism was ‘increasingly filtering into the mainstream of the New Christian Right’ of the 1980s and shaped the economic ideas of Pat Robertson, a nationally prominent Baptist preacher and political leader who challenged George H. W. Bush for the Republican presidential nomination in 1988. Likewise, economist Timothy D. Terrell and political scientist Glenn Moots (2006) have argued, ‘Christian Reconstruction is in no small sense the gateway for libertarianism and Austrian economics to

make its way into the thinking of the religious right. While there are clearly points of disagreement, libertarianism's link to Christian Reconstruction is much stronger than its link to other groups within the religious right.⁷⁴

In *Human Action*, Mises (1949, 83) noted, 'It is ideas that make history, and not history that makes ideas.' Mises's idealist understanding of historical change conformed to Rushdoony and North's presuppositional apologetic strategy. Rushdoony was fond of telling his supporters, 'History has never been dominated by majorities, but only by dedicated minorities who stand unconditionally on their faith.'⁷⁵ North pushed Mises's and Rushdoony's idealist perspective several steps farther. According to Mark Skousen (2001, 302), North subscribes to the 'fat book' theory of revolutionary intellectual change in economic theory: 'According to North, all great economists have written massive tomes. He cites Adam Smith's *Wealth of Nations* (2 volumes, 1097 pages), Karl Marx's *Capital* (3 volumes, 2846 pages), Joseph A. Schumpeter's *History of Economic Analysis* (1260 pages), and Murray N. Rothbard's *Man, Economy and State* (2 volumes, 987 pages). Not surprisingly, North himself has written several weighty works of wisdom. His *Tools of Dominion* (1287 pages) is actually the third volume in a serial commentary on the book of Exodus.' While Skousen limited his comments to economic treatises, North certainly had many other *big* works in mind—Augustine's *City of God*, Calvin's *The Institutes of the Christian Religion*, and Rushdoony's *The Institutes of Biblical Law*. North thinks about intellectual history in terms of big ideas, told through big books and, not surprisingly, opted to produce not just *a* big book, but instead authored a series of big books.

True to Rushdoony's Reconstructionist vision of Christian men toiling dutifully in their calling for the glory of Christ's coming Kingdom, North has continued his tireless work on Christian economics. On 23 December 2009, North finished his massive Biblical exegesis project. 'It has taken 38 years,' North (2009, 3) reported in his *Remnant Review*.

I will now have to edit all the volumes for final publication as one set. The project will have to be re-typeset. It will be published one article at a time for free on my website. I will produce two or three YouTube videos for each

of the chapters, and I will post these videos on my site. Also on each applicable page, there will be a link to an MP3 audio file, and a link to a PDF of a chapter in my commentary series. So, what I began in 1973 will probably occupy a lot of my time for the next three years. But it does no good to do all the grunt work—the research, writing, editing, fund-raising, and final publishing—if I cannot get the message out to a large number of people. Because of the power of YouTube, I can reach far more people free of charge than ever before, and I will continue to reach them long after I am dead. This is a writer's dream come true.

In short, North's project will dematerialize the 'fat book' into thousands of constituent parts—chapters, essays, YouTube videos, PDFs, MP3s—and upload them into the cloud free for everyone to download, mix, and share. Even if North's ideas remain on the far margins of Austrian economic theory, he has all but assured that anyone seeking information about the history of the movement will at some point encounter and have to grapple with his projects of Christian Reconstruction and Christian economics.

Notes

1. For an in-depth exploration of the history and influence of Rushdoony and Christian Reconstruction, see McVicar (2015).
2. Van Til was a follower of the fundamentalist pioneer J. Gresham Machen, founder of Westminster Theological Seminary. Van Til is best known for his criticism of the theologies of Karl Barth and Emil Brunner, *The New Modernism* (1946). The most accessible introduction to Van Til's thinking is Rushdoony's *By What Standard* (1959).
3. In the United States, Kuyper's best-known work is *Lectures on Calvinism* (1999 [1933]), which he delivered at Princeton Seminary in 1898. For a summary of Kuyper's significance in US culture see Bolt (2001).
4. As Rushdoony (1971, 140) stated elsewhere, 'Man's reason, is not creative but analogical, thinking God's thoughts after him.' Thus, human autonomy of reasoning is impossible in Rushdoony's theological system. *Autonomy* (i.e., self rule) emerges as sinful pretense, while *theonomy* (i.e., God's rule) becomes the only source for legitimate knowledge.

5. Rushdoony looked to Genesis 1:26–28 (King James Version) to establish the role a Christian must play in governing other human beings and in ruling the earth: ‘And God said, Let us make man in our image, after our likeness: and let them have dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth. So God created man in his own image, in the image of God created he him; male and female created he them. And God blessed them, and God said unto them, Be fruitful, and multiply, and replenish the earth, and subdue it: and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth.’ In Rushdoony’s (1973, 14) system, this passage amounts to a ‘creation mandate’ or a ‘requirement that humankind subdue the earth and exercise dominion over it.’ Rushdoony argued that it is actually a commandant to ‘subdue all things and all nations to Christ and His law-word.’
6. For the development of this point, see Rushdoony (1983, 606).
7. Rushdoony, ‘Economics Defined,’ 1, unpublished manuscript, Rousas John Rushdoony Library, Chalcedon Foundation, Vallecito, CA; hereafter cited as RJR.
8. *Ibid*; emphasis in the original.
9. *Ibid*, 5; emphasis in the original.
10. Rushdoony, ‘Motivation,’ 4, unpublished manuscript, RJR.
11. Rushdoony, ‘Economics Defined,’ 3.
12. Rushdoony to Orval Clay, 15 December 1944, RJR.
13. Rushdoony to George Huntston Williams, 12 June 1947, RJR.
14. Rushdoony to Orval Clay, 15 December 1944, RJR.
15. For the fleeting reference to Mises and Hayek that caught North’s attention, see Rushdoony (1980, 15n2).
16. North wrote Rushdoony for the first time in March of 1962. Although a copy of North’s original letter does not survive in Rushdoony’s library, Rushdoony’s response, dated 16 March 1962, RJR, does.
17. Rushdoony to North, 16 March 1962, RJR.
18. Rushdoony, ‘The Heresy of Free Trade,’ 1, RJR. Beginning in the late 1970s, Rushdoony wrote a series of economic studies, and continued drafting unfinished chapters through the 1990s. Most of the material was topical and related to current events. Some of it explicitly dealt with Rushdoony’s engagement with Austrian thinkers such as Mises and Sennholz.

19. For more details of Volker's management of the Volker Fund and the changes made by Luhnów see McVicar (2011, 194–198).
20. Tax filings for fiscal year 1963 indicate the Volker Fund paid \$61,250 to the Intercollegiate Society of Individualists (The William Volker Fund Series in Humane Studies flyer, n.d., Box 327, Volker Fund Folder, Group Research, Inc. records, 1955–1996, Rare Book and Manuscript Library, Columbia University, New York, NY; hereafter cited as GRI). The fund gave more to the ISI over the previous decade to support conferences and book distribution efforts.
21. The series published Rothbard's *Man, Economy, and State* (1962) and Mises's *Epistemological Problems of Economics* (1960), *The Free and Prosperous Commonwealth* (1962a), and *The Ultimate Foundation of Economic Science* (1962b). The William Volker Fund Series in Humane Studies flyer, n.d., GRI.
22. A full catalog of the National Book Foundations' flyers is available in Box 1, William Volker Fund Records, 1953–1961, Rare Book, Manuscript, and Special Collections Library, Duke University, Durham, NC.
23. See Phillips-Fein (2009) and Harvey (2005) for reflections on the significance of the Mont Pèlerin Society.
24. 'Table 3: William Volker Fund—Selected Grantees, 1952, 1954 and 1956–1960, Education Category' and 'Table 7: Selected Grant Recipients of the William Volker Fund, Fiscal 1963–1966,' GRI.
25. In response to an inquiry regarding Hayek's tenure at the University of Chicago, D. Gale Johnson, dean of the Division of Social Sciences, responded that Hayek was a tenured professor at the university, but that a significant portion of his salary was initially paid by the Volker Fund: 'Professor Hayek was a full professor with tenure and was listed each year in the Announcements of the University of Chicago. The Volker Fund made a grant to the University of Chicago which covered a major part of the cost of Mr. Hayek's employment for a period of years. In recent years all of the cost of Mr. Hayek's salary was paid from regular funds of the University of Chicago' (D. Gale Johnson to Clay L. Cochran, 12 October 1962, GRI).
26. For an overview of Volker's role in bringing Hayek to the United States see Phillips-Fein (2009, 41–43). See also Van Horn and Mirowski (2009).

27. For a concise summary of Fifield's appeal to the eighth commandment, see Doherty (2007, 271–274).
28. 'Table 5: William Volker Fund—Selected Grantees, 1952, 1954 and 1956–1960, Health and Welfare Category, William Volker Fund, Fiscal 1963–1966,' Box 327, Volker Fund Folder, GRI.
29. James W. Fifield, Jr., to Rushdoony, 1 July 1950, RJR.
30. Ibid.
31. Herbert C. Cornuelle to Rushdoony, 30 August 1950, RJR.
32. Luhnnow to Members and Executive Staff of the William Volker Fund, 15 March, 1962, folder 132, William T. Couch Papers, Southern Historical Collection, Wilson Library, University of North Carolina, Chapel Hill, NC; hereafter cited as WTC. This document is also available in RJR.
33. In his 1948 unpublished memoir, Luhnnow indicated that Volker believed 'the Fund had grown beyond any conception he had for it originally and that he had been debating liquidating the Fund before his death since the Federal Government now had taken over most of the burden of direct relief. His final conclusion was to let the Fund continue, but he made a recommendation that the trustees terminate the Fund about ten years after his death, or sooner if the trustees so decided' (Harold W. Luhnnow, 'Mr. Anonymous of Kansas City, Missouri,' 23, mimeograph typescript, 15 September 1948, folder 67, William Volker and Company Records, Western Historical Manuscript Collection, Kansas City, Mo.). For more details on the termination of the fund, see McVicar (2011).
34. 'Speech by H. W. Luhnnow: Dedication for Research Hospital Addition, Kansas City, Missouri,' 11 August 1963, folder 133, WTC.
35. Ibid.
36. Harold W. Luhnnow to all staff members of the Center for American Studies, 30 July 1963, folder 133, WTC.
37. 'ISI Summer Schools, 1962,' *ISI Campus Report* (Winter 1963–1964), Intercollegiate Studies Institute Library, Intercollegiate Studies Institute, Wilmington, DE.
38. North, according to a 17 March 2007 email to the author, had contacted Baldy Harper in 1961 when the CAS was still formally organized as the Volker Fund, but was not officially hired until the fund restructured into the CAS and I. R. Bierly had replaced Harper at the head of the organization.

39. North to Thomas Braden, 9 November 1963, RJR. In terms of eschatology, North wrote to Rushdoony, ‘Too bad I’m not a post-millennialist’ (North to Rushdoony, 12 March 1964, RJR).
40. On Sennholz’s aspiration to emulate Röpke’s popular writings, see Doherty (2007, 206) and North (2005a).
41. For example, they appeared together at Sennholz’s ‘The Dollar in Crisis’ seminar in 1969 (Rushdoony, *Chalcedon Report*, no. 49, September 1969). Similarly, Rushdoony and Sennholz lectured together on economics at Hillsdale College (flyer for ‘The Second Annual Hillsdale College Summer Institute in Political Economy,’ July 14–20, 1974, RJR). Sennholz was also a frequent guest speaker a Chalcedon Foundation lecture series held in the 1970s and 1980s.
42. In fact, Rushdoony cited Sennholz more than any other economist in *Chalcedon Report* issues written between 1965 and 1980. Likewise, in *The Institutes of Biblical Law*, Rushdoony relied on the works of Sennholz more frequently than Mises, Hayek, or Röpke.
43. Rushdoony, *Chalcedon Report*, no. 155, July 1978.
44. Sennholz, *Three Economic Commandments*, 1–2, quoted in Robbins (2010, 3).
45. Mary Sennholz would later assemble and edit Pew’s biography, *Faith and Freedom* (1975).
46. As a testament to their long-term friendship and mutual respect, at Sennholz’s retirement, Rushdoony (1992) contributed to a Festschrift for the economist. See also John W. Robbins to Rushdoony, 31 May 1991, RJR.
47. Rushdoony, ‘The Strategy of Fabian Socialism,’ c. 3 January 1962, folder 141, WTC, 15.
48. Kenneth Templeton, telephone interview with the author, 20 March 2007.
49. Richard M. Weaver to I. R. Bierly, 23 February 1963, folder 132, WTC.
50. C. J. Miller, ‘Suggested Statement of Purpose and Perspective,’ 28 May 1963, folder 133, WTC.
51. David L. Hoggan, ‘The American Conservative Concept in Relation to the American Studies Program,’ 28 May 1963, folder 133, WTC.
52. William T. Couch to I. R. Bierly, 29 May 1963, folder 133, WTC.
53. Ibid.
54. William Couch believed Rushdoony aspired to take over the operation of the Center with ‘allies and disciples’—David L. Hoggan, C. J. Miller, and Gary North—but, [f]ortunately, Rushdoony became too sure of himself and took positions that others had to oppose or let him run

everything. This brought his separation and that of his allies—through whom he still tried to run the place after he had left’ (William T. Couch to A. N. J. den Hollander, 24 March 1964, folder 138, WTC).

55. Lysander Spooner was a nineteenth-century Massachusetts abolitionist and pamphleteer. Spooner was an anarchist and radical individualist who tried to start a private, free market alternative to the US Postal Service and defended citizens’ rights to create private systems of currency. In the twentieth century, anarchist-tinged American libertarians influenced by Murray Rothbard adopted Spooner as a spiritual predecessor.
56. North, ‘Anarchism: Right and Left,’ *Chalcedon Report*, no. 46, June 1969.
57. See, for example, Doherty’s (2007, 374) vivid description of the event. The description from this paragraph and the one that follows relies on Doherty’s account and North’s record in the *Chalcedon Report*.
58. The exchanges and all direct quotations in this and the following paragraph are from North, ‘Anarchism: Right and Left.’
59. See Iannaccone (1996) and Terrell and Moots (2006) on North’s influence.
60. For a taste of this sentiment, see Ingersoll (2015) and Oppenheimer (2011); North has embraced this line of thinking: See his ‘Tea Party Economist’ website: North [n.d.](#)
61. North to R. J. and Dorothy Rushdoony, 15 October 1963, RJR.
62. North to Rushdoony, 7 November 1963, RJR.
63. North on Van Til’s rambling lectures: North to Rushdoony, 29 December 1963, RJR. North on his lazy fellow students: North to Rushdoony, 18 April 1964, RJR.
64. North to Rushdoony, 7 November 1963, RJR.
65. *Ibid.*
66. North to Rushdoony, 23 July 1964, RJR.
67. North’s column, ‘An Economic Commentary on the Bible,’ first appeared in *Chalcedon Report*, no. 94 (June 1973).
68. North to Dorothy [Rushdoony], 28 August 1964, RJR; North to R. J. Rushdoony, 4 June 1965, RJR; North to R. J. Rushdoony, 5 February 1974, RJR; etc.
69. See also Edmund A. Opitz to Rushdoony, 2 August 1966, RJR.
70. North, ‘Gary North Presents: Racing to the Year 2000-Planning for Personal Stability in the Midst of Change,’ Conference Program,

- Institute for First Amendment Studies Records, 1980–1999, Digital Collections and Archives, Tufts University, Medford, MA.
71. Burgin (1993, 41–42) sketches the scope of some of North’s investments and the way he used them to finance his religious writing. North (2015) claims that in 1979 alone he made \$1.3 million from subscriptions to *Remnant Review*. Later, at the height of the Y2K scare, a website (Lorenz n.d.) claimed that North was sending out about 250,000 pieces of mail a month documenting his scenario of the impending disaster. If any portion of this massive output included subscribers to North’s subscription-only *Remnant Review*—which cost more than \$100 for an annual subscription—he was likely making hundreds of thousands of dollars a year in the late 1990s.
 72. Ron Paul Curriculum: The Story of Liberty, K-12 n.d.
 73. Milton Friedman also recounts the anecdote (Friedman and Friedman 1998, 161).
 74. This hardly exhausts the number of important scholarly works that emphasize the significance of Reconstructionism in American Religious history. Scholars ranging from historians Eric R. Crouse (2013, 47), George Marsden (2006, 248–249) and Daniel K. Williams (2010, 225–226) to political scientist Michael Lienesch (1993, 107–110) and sociologist William C. Martin (1996) have identified North and Rushdoony as critical figures in the development of the Christian Right and singled out their economic writings as an important contribution to the movement.
 75. Rushdoony, *Newsletter* no. 1, October 1965.

Bibliography

- A Statement of Policy*. n.d. Burlingame, CA: The William Volker Fund.
- Bolt, J. 2001. *A Free Church, a Holy Nation: Abraham Kuyper’s American Public Theology*. Grand Rapids, MI: William B. Eerdmans Publishing.
- Burgin, J. E. 1993. *The Use of the Bible in the Christian Reconstruction Movement: A Christian Ethical Analysis* Ph.D. diss. Southwestern Baptist Theological Seminary.
- Cornuelle, H. C. 1951. *Mr. Anonymous: The Story of William Volker*. Caldwell, ID: Caxton Printers.
- Crouse, E. R. 2013. *The Cross and Reaganomics: Conservative Christians Defending Ronald Reagan*. Lanham, MD: Lexington Books.

- Doherty, B. 2007. *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement*. New York: PublicAffairs.
- Eow, G. T. 2007. *Fighting a New Deal: Intellectual Origins of the Reagan Revolution, 1932-1952*. Ph.D. diss. Rice University.
- Friedman, M. F. and Friedman, R. D. 1998. *Two Lucky People*. Chicago: University of Chicago Press.
- Harvey, D. 2005. *A Brief History of Neoliberalism*. New York: Oxford University Press.
- Hayek, F. A. 1944. *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hoplin, N. and Robinson, R. 2008. William Volker and Nephew Harold Luhn. In Hoplin and Robinson *Funding Fathers: The Unsung Heroes of the Conservative Movement*. Washington, DC: Regnery: 15–33.
- Iannaccone, L. R. 1996. Heirs to the Protestant Ethic? The Ethics of American Fundamentalists. In Marty and Appleby (Eds.) *The Fundamentalism Project: Fundamentalisms and the State, Volume 3*. Chicago: University of Chicago Press: 342–366.
- Ingersoll, J. J. 2015. *Building God's Kingdom: Inside the World of Christian Reconstruction*. New York, NY: Oxford University Press.
- Kuyper, A. 1999. *Lectures on Calvinism*. Grand Rapids, MI: Wm. B. Eerdmans Publishing.
- Leeson, Robert. 2013. Introduction. In *Hayek: A Collaborative Biography, Part I, Influences from Mises to Bartley*. Archival Insights into the Evolution of Economics. New York: Palgrave Macmillan: 1–42.
- Leeson, R. 2015. Introduction. In Leeson, R. (Ed.) *Hayek: A Collaborative Biography, Part III, Fraud, Fascism and Free Market Religion*. New York: Palgrave Macmillan: 3–27.
- Libertarian Economist Hans Sennholz Dies at 85. 2007. 2 July. Retrieved 24 June 2015, from <http://humanevents.com/2007/07/02/libertarian-economist-hans-sennholz-dies-at-85/>.
- Lienesch, M. 1993. *Redeeming America: Piety and Politics in the New Christian Right*. Chapel Hill: University of North Carolina Press.
- Lorenz, M. n.d. Wolves in Sheep's Clothing: Gary North, Y2K, and Hidden Agendas. *Sweet Liberty*. Retrieved 24 June 2015, from <http://www.sweetliberty.org/garynorth.htm>. October 4, 2014.
- Marsden, G. M. 2006. *Fundamentalism and American Culture*. New York: Oxford University Press. Second edition
- Martin, W. C. 1996. *With God on Our Side: The Rise of the Religious Right in America*. New York: Broadway Books.

- McVicar, M. J. 2011. Aggressive Philanthropy: Progressivism, Conservatism, and the William Volker Charities Fund. *Missouri Historical Review* 105, July: 191–212.
- McVicar, M. J. 2015. *Christian Reconstruction: R. J. Rushdoony and American Religious Conservatism*. Chapel Hill: University of North Carolina Press.
- Nash, G. H. 1976. *The Conservative Intellectual Movement in America, Since 1945*. New York: Basic Books.
- North, G. 1969. Marx's View of the Division of Labor. *The Freeman* 191.1, January: 28–35.
- North, G. 1970a. Statist Bureaucracy in the Modern Economy. *The Freeman* 201.1, January: 16–28.
- North, G. 1970b. The Theology of the Exponential Curve. *The Freeman* 205.5, May: 293–310.
- North, G. 1971. The Feminist Mistake: The Economics of Women's Liberation. *The Freeman* 211.1, January: 3–14.
- North, G. 1972. The Concept of Property in Puritan New England, 1630–1720. Ph.D. diss. University of California, Riverside.
- North, G. 1974. The Destruction of the Harmony of Interests. *Gary North's Remnant Review* 1.1, May 15. Retrieved 24 June 2015, from <http://www.garynorth.com/RR-1974.pdf>
- North, G. 1978a. Confessions of a Washington Reject. Gary North (Ed.) *Journal of Christian Reconstruction* [Electronic Edition] 5.1, Summer: 73–86. Retrieved 24 June 2015, from <http://chlcdnpubs.s3.amazonaws.com/JCRv05n01%20L.pdf>
- North, G. 1978b. *How You Can Profit From the Coming Price Controls*. Durham, NC: American Bureau of Economic Research.
- North, G. 1987. *Dominion Covenant: Genesis, Volume 1*. Tyler, TX: Institute for Christian Economics. Second edition. PDF e-book retrieved 24 June 2015, from http://www.garynorth.com/freebooks/docs/pdf/the_dominion_covenant.pdf
- North, G. 1990. *Tools of Dominion: The Case Laws of Exodus*. Tyler, TX: Institute for Christian Economics. PDF e-book retrieved 24 June 2015, from http://www.garynorth.com/freebooks/docs/pdf/tools_of_dominion.pdf
- North, G. 1999. My 1999 Recollections of the First Austrian School Conference in South Royalton, Vermont, in 1974 (1 December). Retrieved 24 June 2015, from <http://www.garynorth.com/public/5761.cfm>
- North, G. 2001. Socialism: Illegitimate, Not Just Inefficient [Blog] (15 May). Retrieved 24 June 2015, from <http://www.lewrockwell.com/north/north46.html>

- North, G. 2002. It All Began With Fred Schwarz [Blog] (16 December). Retrieved 30 March 2010, from <http://www.lewrockwell.com/north/north145.html>
- North, G. 2005a, July 30. Legacy Builders, Part 2 [Blog]. Retrieved 30 March 2010, from <http://www.lewrockwell.com/north/north1166.html>
- North, G. 2005b. The Theology of the Welfare State [Blog] (30 July). Retrieved 30 March 2010, from <http://www.lewrockwell.com/north/north397.html>
- North, G. 2009. The Best Investment I Ever Made. *Gary North's Remnant Review* 36.12, 23 December.
- North, G. 2012. Identify Your Legacy (9 July). Retrieved 14 June 2015, from <http://archive.lewrockwell.com/north/north1164.html>
- North G. 2013a. Mises vs. Mises: The Death of Socialism (15 July). *Gary North's Specific Answers*. Retrieved 22 June 2015, from <http://www.garynorth.com/public/11254.cfm>.
- North G. 2013b. F. A. Hayek: ObamaCare's Defender (12 July) *Gary North's Specific Answers*. Retrieved 22 June 2015, <http://www.garynorth.com/public/11243.cfm>.
- North, G. 2013c. Ron Paul Curriculum: Why Your Child Needs It (9 April). Retrieved 22 June 2015, from https://www.youtube.com/watch?v=dei_bt22IIY.
- North, G. 2015. How I Launched My Newsletter Business (25 February). Retrieved 22 June 2015, from <http://www.garynorth.com/public/13492.cfm>.
- North, G. n.d. The Tea Party Economist. Retrieved 24 June 2015, from <http://teapartyeconomist.com>.
- North, G. and DeMar, G. 1991. *Christian Reconstruction: What It Is, What It Isn't*. Tyler, TX: Institute for Christian Economics. Electronic edition retrieved 24 June 2015, from http://www.garynorth.com/freebooks/docs/pdf/christian_reconstruction.pdf.
- Oppenheimer, M. 2011. Voice of Gary North Heard in Anti-Union Movement - Beliefs. *The New York Times* 29 April. Retrieved 24 June 2015, from <http://www.nytimes.com/2011/04/30/us/30beliefs.html>.
- Pew, J. H. 1975. *Faith and Freedom: The Journal of a Great American, J. Howard Pew*. M. H. Sennholz (Ed.) Grove City, PA: Grove City College.
- Phillips-Fein, K. 2009. *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan*. New York: W.W. Norton & Company.
- Robbins, J. W. 2010. The Sine Qua Non of Enduring Freedom. *The Trinity Review* 295, August–July. Retrieved 24 July 2015, from <http://www.trinity-foundation.org/PDF/The%20Trinity%20Review%2000295%20SineQuaNonEnduringFreedom.pdf>.
- Ron Paul Curriculum: The Story of Liberty, K-12. n.d. Retrieved from 24 July 2015, <http://www.ronpaulcurriculum.com>.

- Rothbard, M. N. 1962. *Man, Economy, and State: A Treatise on Economic Principles*, 2 volumes. Princeton, NJ: Van Nostrand.
- Rothbard, M. N. 2007. *Left and Right: A Journal of Libertarian Thought, the Complete Edition, 1965–1968*. Auburn, AL: Ludwig von Mises Institute. Electronic edition retrieved 24 June 2015, from https://mises.org/system/tdf/Left%20and%20Right%20A%20Journal%20of%20Libertarian%20Thought%20%28Complete%2C%201965-1968%29_2.pdf?file=1&type=document.
- Rushdoony, R. J. 1949. Christian Missions and Indian Culture. *Westminster Theological Journal* 121.1, May: 1–12.
- Rushdoony, R. J. 1950. Noncompetitive Life. *Faith and Freedom* 1.7, June: 9–10.
- Rushdoony, R. J. 1954. Life on the Reservation. In *Essays on Liberty, Volume 2*. Irvington-on-Hudson, NY: Foundation for Economic Education.
- Rushdoony, R. J. 1959. *By What Standard? An Analysis of the Philosophy of Cornelius Van Til*. Philadelphia: Presbyterian and Reformed.
- Rushdoony, R. J. 1966. *Preparation for the Future*. Mountain View, CA: Bern's Print Shop.
- Rushdoony, R. J. 1971. *The One and the Many: Studies in the Philosophy of Order and Ultimacy*. Nutley, NJ: Craig Press.
- Rushdoony, R. J. 1973. *The Institutes of Biblical Law: A Chalcedon Study, Volume 1*. Nutley, NJ: Craig Press.
- Rushdoony, R. J. 1980 [1961]. *Intellectual Schizophrenia: Culture, Crisis, and Education*. Phillipsburg, NJ: Presbyterian and Reformed.
- Rushdoony, R. J. 1982. *The Roots of Inflation*. Vallecito, CA: Ross House Books.
- Rushdoony, R. J. 1983. *Salvation and Godly Rule*. Vallecito, CA: Ross House Books.
- Rushdoony, R. J. 1991. *The Roots of Reconstruction*. Vallecito, CA: Ross House Books.
- Rushdoony, R. J. 1992. Christianity and Freedom. In Robbins and Spangler (Eds.) *A Man of Principle: Essays in Honor of Hans F. Sennholz*. Grove City, PA: Grove City College Press: 409–416.
- Rushdoony, R. J. 1999. *The Institutes of Biblical Law: The Intent of the Law, Volume 3*. Vallecito, CA: Ross House Books.
- Skousen, M. 1980. The 100% Gold Standard: Framework for a Stable Economy. Gary North. *Journal of Christian Reconstruction* [Electronic Edition] 7.1, Summer: 73–86. Retrieved 24 June 2015, from <http://chlcdnpubs.s3.amazonaws.com/JCRv07n01%20L.pdf>.

- Skousen, M. 1988. Murray Rothbard as Investment Advisor. In Block and Rockwell (Eds.) *Man, Economy, and Liberty: Essays in Honor of Murray N. Rothbard* pp. 151–174. Auburn, AL: Ludwig von Mises Institute. Electronic edition retrieved 24 June 2015, from https://mises.org/system/tdf/Man%2C%20Economy%2C%20and%20Liberty%20Essays%20in%20Honor%20of%20Murray%20N%20Rothbard_2.pdf?file=1&type=document.
- Skousen, M. 2001. *The Making of Modern Economics: The Lives of the Great Thinkers*. Armonk, NY: M. E. Sharpe.
- Terrell, T. D. and Moots, G. 2006. One Protestant Tradition's Interface with Austrian Economics: Christian Reconstruction as Critic and Ally. *Journal of Markets and Morality* 9.1, Spring: 91–114.
- Toy, E. V. 1970. Spiritual Mobilization: The Failure of an Ultraconservative Ideal in the 1950s. *Pacific Northwest Quarterly* 61, July: 77–86.
- Van Horn, R. and Mirowski, P. 2009. The Rise of the Chicago School of Economics and the Birth of Neoliberalism. In Mirowski and Plehwe (Ed.) *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. Cambridge, MA: Harvard University Press: 139–178.
- Van Til, C. 1946. *The New Modernism: An Appraisal of the Theology of Barth and Brunner*. Philadelphia: The Presbyterian and Reformed Publishing Company.
- Von Mises, L. 1949. *Human Action: A Treatise on Economics*. New Haven, CT: Yale University Press.
- Von Mises, L. 1960. *Epistemological Problems of Economics*. Princeton, NJ: Van Nostrand.
- Von Mises, L. 1962a. *The Free and Prosperous Commonwealth: An Exposition of the Ideas of Classical Liberalism*. Princeton, NJ: Van Nostrand.
- Von Mises, L. 1962b. *The Ultimate Foundation of Economic Science: An Essay on Method*. Princeton, NJ: Van Nostrand.
- Weaver, R. M. 1948. *Ideas Have Consequences*. Chicago: University of Chicago Press.
- Williams, D. K. 2010. *God's Own Party: The Making of the Christian Right*. New York: Oxford University Press.



6

The Genealogy of Jaime Guzmán's Subsidiary State

Renato Cristi

Carlism and subsidiarity

Following the death of King Ferdinand VII, his daughter Isabel was proclaimed Queen of Spain. Don Carlos, Ferdinand's brother, denounced the illegitimacy of this succession and proclaimed himself as the legitimate heir to the throne. After exhausting peaceful means to support his demand, he declared himself in rebellious contempt against the rule of Isabel. This led to the First Carlist War (1833–1840), to a Second (1846–1849), and a Third (1872–1876). After three decisive defeats, the Carlist leaders decided to participate in parliamentary politics, but as Martin Blinkhorn (1975, 38) notes 'a renewal of rebellion never ceased to be the goal of many, perhaps most, of the Carlist rank and file.'

The political definition of Carlism was determined by Don Carlos's hostility toward liberalism, constitutionalism and parliamentarism. He sought fully to restore the influence of the Church and traditional

R. Cristi (✉)

Wilfrid Laurier University, Waterloo, ON, USA

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_6

monarchy, which he modeled after feudal monarchy and its institutions—organic representation, corporate privileges, regional exemptions (the so-called *fueros*), and particularly the Inquisition. The modern state became its main enemy. The state was seen as having altered the natural, spontaneous order of things, as having imposed an artificial social order constrained by liberal and democratic ideals. Carlism was defined by its counterrevolutionary attitude and its legitimist claims against illegitimate governments. It became a conspiratorial movement with a propensity toward military coups d'état, known among its adherents as *pronunciamientos*.

As a political mass movement, Carlism was able to survive due to the support of the landed aristocracy and the clergy, particularly in Navarra and Andalucía. In 1923, Carlism celebrated the military *pronunciamiento* of General Miguel Primo de Rivera. Its political leaders, Juan Vázquez de Mella and Víctor Pradera, collaborated with the dictatorship but soon realized that Primo de Rivera endorsed the liberal program of King Alfonso XIII, their arch enemy. In 1931, the demise of constitutional monarchy and the rise of the Second Republic were celebrated by Carlism as an opportunity to unite all conservative forces on the basis of a counterrevolutionary monarchist program. As Blinkhorn (1975, 3) sees it, 'at a time when Carlism was at its weakest ever, their seemingly tired and absurd prophecy had been suddenly, and surprisingly fulfilled. ... [Carlism] now embarked upon a new phase of counter-revolutionary activism which was to culminate in its playing a crucial role in the destruction of the Second Republic and the creation of the regime that succeeded it.' According to Blinkhorn, the Spanish Civil War should be seen as the Fourth Carlist War.

The first to bring some systematic order to Carlist traditionalism was Juan Vázquez de Mella. In 1889, he wrote about the need to overcome the image of Carlism as 'a kind of crow lurking in the crevices of feudal keeps, disposed to damn every scientific discovery and condemn all the marvels of industry' (cited by Blinkhorn 1975, 21). Inspired by the encyclical *Rerum novarum*, Vázquez produced a political philosophy along corporatist lines which he called 'societal hierarchy' or '*sociedadalismo jerárquico*' (cf. González Cuevas 2000, 201).

Vásquez based his philosophy on the distinction between political and social sovereignty with the aim of denying the state a monopoly over the sources of law. There are natural hierarchical associations (families, guilds, regions) which embody human sociability and safeguard social liberty. The state, as a higher centralized organization, ought not to arrogate to itself functions which may be performed by lower social bodies. Vásquez derived this idea from the encyclical *Rerum novarum*. First introduced by Pope Leo XIII in 1891 this idea was baptized 'subsidiarity' 40 years later. The term was used by Oswald von Nell-Breuning, the Jesuit who redacted Pius IX's *Quadragesimo anno* in 1931.¹

The encyclicals *Mater et magistra*, *Laborem exercens*, and *Centesimus annus* employed the notion of subsidiarity to delimit the Catholic doctrine from the centralization demanded by socialism and welfare state policies. In *Centesimus annus*, John Paul II wrote that 'the principle of subsidiarity must be respected: a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions.' He charged that by 'intervening directly and depriving society of its responsibility, the Social Assistance State leads to a loss of human energies and an inordinate increase in public agencies.' In the hands of conservative Catholics in America, subsidiarity evolved, particularly during the Bush administration and the plea for a more compassionate conservatism, toward devolution. Intermediate associations were seen as bulwarks against government interference. The market spontaneous order should trump government (cf. Vischer 2001, 103–104). John J. DiIulio (1999), a George W. Bush advisor who in 2001 served as head of the White House Office of Faith-Based and Community Initiatives, wrote that 'compassionate conservatism is "subsidiary conservatism" derived from a Judeo-Christian doctrine ... that sets limits to state intervention.' He added: 'subsidiarity teaches that charity begins at home.' He noted that Bush was speaking in the spirit of subsidiarity when he said: 'In every instance where my administration sees a responsibility to help people, we will look first to faith-based organizations, charities and community groups.'²

In Chile, the principle of subsidiarity was embraced by Catholics much earlier. In the 1940s, conservative Catholics applied that principle to oppose the socialist tendencies of the Popular Front government elected in 1938. In 1942, Osvaldo Lira published *Nostalgia de Vásquez de Mella*, in which subsidiarity played a central role. Father Lira had left Chile in 1939, exiled by his congregation for engaging in subversive activities against the Popular Front. He resided in Franco's Spain until 1952. There he forged links with Carlist intellectuals for whom subsidiarity was central to their social and political agenda. When allowed to return to Chile, Lira started teaching philosophy and law at the Catholic University in Valparaiso and, in 1959, he founded the journal *Tizona*, aimed at propagating Carlist ideas among Navy officers.³

During his visits to Santiago, he would celebrate Mass at the house of his cousin Rosario Edwards Matte. Her grandson, Jaime Guzmán, then only seven years old, served him as acolyte when he celebrated mass. Very soon Lira was also privately instructing Guzmán in the principles of his Carlist political philosophy, which revolved around two key notions: legitimacy and subsidiarity. Lira wielded legitimacy to undermine democracy, and subsidiarity to minimize the state and enact devolution.⁴ In the early 1960s, Guzmán, inspired by Lira and Carlism, founded a student movement at the Catholic University of Chile, which he called '*gremialismo*.' In 1967, he campaigned against the agrarian laws enacted by President Frei; and in the 1970 presidential election, he served as political adviser for Jorge Alessandri, the right-wing candidate.

The defeat of Alessandri at the hands of Salvador Allende prompted Guzmán to apply his Lira's Carlist teachings in order to mount a political campaign whose ultimate aim was a military *pronunciamiento*. He challenged the legitimacy of Allende's government and organized a massive movement of opposition which virtually paralyzed the country. This prompted the military coup of Pinochet which, as its first measure, abrogated Chile 1925 Constitution which Guzman denounced as illegitimate. In this manner, Guzmán, at 27 years of age, became the *éminence grise* of the new regime. In 1980, a new Constitution, redacted principally by him, was approved in a spurious plebiscite which received worldwide condemnation.

Hayek in Chile

In 1947, a group of economists, philosophers and politicians met in Switzerland to launch an organization aimed at promoting capitalism and at extolling the virtues of monetarism, supply-side economics, privatization and minimal government (cf. Mirowski and Plehwe 2009). This marked the birth of the Mont Pèlerin Society (MPS). Friedrich Hayek and Milton Friedman were among its founders. The genealogy of this neoliberal agenda derived from ancestral roots in classical liberalism. There were undoubtedly many similarities between these two currents of thought. But there was also one 'crucial difference' that made it difficult to attain the total assimilation sought by Hayek (cf. Hoffman 2008, 77). Classical liberalism affirmed liberty, but it also affirmed equality. The historical context of thinkers like Hobbes, Locke and Kant indicates that their main adversaries were the oppressive hierarchies of the feudal system which postulated that inequality was a natural given. In contrast, the historical adversary of neoliberalism was socialism. In *The Mirage of Social Justice*, Hayek (1976, 85) opposed the notion of equality of opportunity because that would mean placing in the hand of the state an unlimited controlling power over all the circumstances that determine the welfare of individuals. 'Attractive as the phrase equality of opportunity at first sounds, once the idea is extended beyond the facilities which for other reason have to be provided by government, it becomes a wholly illusory ideal, and any attempt to realize it is apt to produce a nightmare.'

MPS members became key officials in Margaret Thatcher's government. In 1980 Ronald Reagan won the United States presidential election: 22 of the economic advisers of his 1980 campaign staff were MPS members. Their economic policies were modeled after Hayek's anti-egalitarianism. His advocacy of freedom of choice implied a minimal state. To safeguard freedom of choice the state ought not to interfere with the spontaneous order generated within society. For Thatcher this meant, among other things, affirming the right to be unequal. On October 10, 1975, in a programmatic speech to the Conservative Party Conference at the Winter Gardens in Blackpool, Thatcher said: 'We are all unequal. No one, thank heavens, is like anyone else, however much the Socialists may

pretend otherwise. We believe that everyone has the right to be unequal but to us every human being is equally important.’

Hayek visited Chile in April 1981 in his capacity as Honorary President of the MPS. On April 24, he attended a planning session for a regional meeting of the MPS that would take place in Viña del Mar later that year. His attendance may have given the final seal of approval for the choice of Viña de Mar (cf. Caldwell and Montes 2015). Earlier, on April 20, he met with the leading members of Centro de Estudios Públicos (CEP) and officially accepted becoming Honorary President of that think-tank. Armen Alchian, Ernst Mestmäcker, Chiaki Nishiyama and Theodore Schultz were also in attendance. Two days later, CEP organized a conference titled *Foundations of a Free Social System* at the Sheraton Hotel in Santiago that marked the inauguration of CEP (Cristi and Ruiz 1981; Caldwell and Montes 2015). The conference was attended by distinguished guests that included Pinochet’s ministers, members of the judiciary, university professors and armed forced officers. Jaime Guzmán was also present.

Hayek and subsidiarity

Pinochet’s dictatorship has become a case study for understanding ‘the role of neoliberal ideas in economic and social engineering.’ According to Theodore Schultz, a Chicago economist, Chile was a laboratory for neoliberal economic policies (Fischer 2009, 307). Members of the MPS were active in Chile since the late 1950s. An agreement signed between the University of Chicago and the Catholic University allowed hundreds of business and economics students to pursue graduate studies at Chicago. In 1970, a number of these Chicago graduates participated as economic advisers in Jorge Alessandri’s campaign staff. When they clashed with those who opposed opening the economy to foreign competition, Guzmán successfully mediated between the radical neoliberal faction and the more traditional economists. Karin Fischer (2009, 317) observes that Guzmán had already mounted a defense of capitalism in his early writings, a defense that ‘was coupled with strong antistatism rooted in a traditional Catholicism.’ Fischer adds: ‘[Guzmán] strongly invoked the principle of subsidiarity ... to protect society against the state.’⁵

Hayek visited Chile in 1977 personally to meet with Pinochet. In an interview with *El Mercurio* Hayek (April 19, 1981) declared: 'a dictatorship may impose limits on itself, and a dictatorship that imposes such limits may be more liberal in its policies than a democratic assembly that knows of no such limits.' The aim of his visit was to defend the legitimacy of Pinochet's economic policies and his democratic intentions. During Hayek's 1981 visit he agreed to meet personally with Guzmán. In a long, detailed interview conducted by Guzmán, and then published in *Realidad*, Hayek (1981, 28) re-affirmed his support for Pinochet whom he described as an 'honorable general.' He also re-affirmed the idea that inequality was an indispensable incentive for capitalist productivity. 'As I have maintained before, if redistribution were egalitarian there would be less to redistribute, for it is precisely income inequality what permits the present level of production.' I can only image the surprise and satisfaction felt by Guzmán on hearing Hayek say that he was aware of the principle of subsidiarity. This principle, together with the associated distinction between political and social sovereignty, was the lynchpin of Pinochet's dictatorship which Guzmán consecrated in the Constitution of 1980.

In *The Mirage of Social Justice*, Hayek (1976, 7) reinforced the idea that the state serves only as a pre-condition for the success of the spontaneous order generated within society.⁶ The government may offer its services to promote collective social good, but those services merely supplementary of subsidiary:

The services which the government can render beyond the enforcement of rules of just conduct are not only supplementary or subsidiary to the basic needs which the spontaneous order provides for. ... [T]hey are services which must be fitted into that more comprehensive order of private efforts which government neither does nor can determine.

In a footnote, Hayek (1976, 154, n6) referred to the principle of subsidiarity and acknowledged that this principle was 'much stressed in the social doctrines of the Roman Catholic Church.' But it is not clear to me how can Hayek maintain that his view of subsidiarity is equivalent to the Catholic version. If those subsidiary or supplementary services must be fitted, as Hayek determines, into the 'more comprehensive order of

private efforts,' and those private efforts cannot be interfered or meddled with by the government, this leaves very little room for those services to be rendered. For Hayek, the spontaneous order of the market is self-sufficient which does not coincide with what the Catholic understanding of the principle of subsidiarity which it balances with the principle of solidarity. Catholic subsidiarity seeks to limit government intervention but it leaves enough room for the possibility of the exercise of solidarity. As opposed to Hayek, the Church has always acknowledged the social nature of human beings.

Jaime Guzmán and subsidiarity

An editorial published anonymously by Guzmán (1982) titled 'Institucionalidad Universitaria: Avances Sustantivos entre Contradicciones,' appeals to the principle of subsidiarity to justify the educational reforms enacted by the military junta a year earlier. These reforms allowed the creation of private higher education institutions and established a new funding system that would apply equally to public and private universities. With exceptional clarity and articulation, Guzmán justifies this project and the ideological grounds that support it. This justification has two aspects: one of a conceptual nature and the other strictly political, both of them related to subsidiarity.

First, the principle that theoretically sustains his whole argument is the idea of a subsidiary state. Guzmán (1982, 8) attributes to the state the duty to 'contribute to the funding of educational initiatives that emanate from the national community.' This is so because the state has the obligation to 'restore the resources extracted' from the national community. The notion of subsidiarity implies that public universities may exist only in the case that private initiative cannot fully satisfy the requirements demanded by higher education. The state, therefore, is responsible for stimulating private initiative. Its aim is basically to ensure that 'the direct exercise of the educational task of universities be discharged mainly by private concerns.' Guzmán recognizes that indirect public funding is a 'shrewd device' to favor the ultimate aim of the reform, namely, to contribute 'to the gradual privatization of the structure of our higher education.'

The norm is then the subordination of higher education to the logic of the market, and the exception is public higher education. The principle of subsidiarity requires that an instrumental state assumes momentarily functions that it must give up when the logic of the market may be operative on its own. The subsidiary state proposed by Guzmán (1982, 8) is presented as opposed to a plundering state that unduly 'extracts' resources, and which it should be forced to 'restitute' to its rightful owners.

With this Guzmán breaks ranks with the Church's social teachings. It is true that the pontifical encyclicals proposed a subsidiary role for the state, but it equally emphasized the principle of solidarity. In this way, the Church rendered legitimate capacity of the state to identify, defend, articulate and promote collective interests. By upsetting the balance the Church struck between solidarity and subsidiarity. Guzmán, faithful to his Carlist and neoliberal roots, unilaterally underscored the logic of the market. But markets by themselves are not conducive to the enhancement of civic virtues and patriotism. When profits become the supreme good, capitalism lacks the capacity to impose ethical restrictions on its agents.

Guzmán thereby distanced himself from the republican tradition which in Chile could be traced back to the moment of its Independence. This tradition envisaged universities and public education as institutions that imparted civic education, just as it was done historically with military institutions. These were not subsidiary institutions, but places where the solidarity among young Chileans of diverse social origins, diverse religious backgrounds and different ethnic communities were taught. Civic education was not taught and transmitted in the form of lectures and courses, but was inculcated through the practice of mutual responsibility, the loyalty to their institutions and the disposition to sacrifice private aims for the sake of the common good (cf. Sandel 2009).

Second, aside from this theoretical appeal to subsidiarity Guzmán (1982, 9) advanced political reason to justify the need to dismantle public higher education. In his opinion, the monopoly that the state maintained over higher education made of universities 'centres of political power and agitation.' This concern was motivated by what he experienced as a university student at the Catholic University of Chile. Guzmán noted that the university reform, enacted in 1967 during the presidency of Eduardo Frei, introduced democracy as a form of government which he thought

seriously challenged the autonomy of those institutions and did away with their traditional hierarchical order. This experience, which clashed with his own political convictions, led him to assume the leadership of the ‘*gremialista*’ movement at a university level. Later, during Jorge Alessandri’s 1970 presidential campaign he was able to deploy *gremialismo* at a national level. In 1981, the military government was able to successfully reverse the politicization of students and give back to the true ‘managers or owners’ of universities the high responsibility they owned and their function as the ‘natural source of legal authority.’ This, in Guzmán’s (1982, 10, 11) opinion, would prevent ‘adopting the formulas that define the democratic electioneering for the sake of the masses ... a tendency that inevitable politicizes[sic] university affairs.’

Guzmán’s editorial article shows that the overall structure of Chile’s educational system for the last 35 years has been defined by the neoliberal policies imposed by Pinochet’s military government. During their tenure in office, the four governments of the Concertación (1990–2010) were unable to alter the educational structure put in place in 1981, which was defined by the principle of subsidiarity as interpreted by Guzmán. All attempts at reforming the system run against an unassailable obstacle—the subsidiary state entrenched in the 1980 Constitution. In 2011, a vast, country-wide student mobilization demanded drastic changes to the educational system and demanded specifically the abrogation of the 1980 Constitution to facilitate the overhaul of the subsidiary educational system. In January 2014, Congress approved the first three partial reforms of the system which promise to reverse the privatization of educational institutions in Chile. Beyond this, the government of President Bachelet has announced the promulgation of a new constitution which promises to dismantle the subsidiary state as defined by Guzmán, the *Kronjurist* of Pinochet’s dictatorship.

Notes

1. According to Martin O’Malley (2008, 32–34), the principle of subsidiarity, key to *Quadragesimo anno*, was introduced to the Catholic world by Wilhelm von Ketteler (1811–1877). As a student of Friedrich Karl von

- Savigny, founder of the historicist school of thought, Ketteler made contact with Romantic jurisprudence which privileges localism, rejects the rationalism of *Begriffsjurisprudenz* and opposes state centralization.
2. In 2012, Republican Congressman Paul Ryan (2012) wrote: ‘We need a better approach to restore the balance, and the House-passed budget offers one by reintroducing subsidiarity, which the Holy Father has called “the most effective antidote against any form of all-encompassing welfare state.”’
 3. An important link between the Carlist movement and neoliberalism was Carlos F. Cáceres, a disciple and close friend of Lira. He was one of members of *Tizona*'s editorial board and was involved in the organization of Hayek's two visits to Chile in 1977 and 1981 (Caldwell and Montes 2015). In 1973, Cáceres (1973) wrote an article for *Tizona* extolling the virtues of a market economy. In 1978, he wrote a letter to Hayek thanking him for his lectures in Valparaíso and informing him that ‘in several occasions, the President of the Republic [Pinochet] ... made public statements acknowledging your [Hayek's] comments about the Chilean economy’ (Caldwell and Montes 2015, 280 n71). During the dictatorship, Cáceres would become President of the Central Bank and also Finance and Interior Minister.
 4. This minimization of the state does not mean that Lira (1942, 73) sought to weaken the state. He clarifies this point in his *Nostalgia de Vásquez de Mella*, where he distinguishes between two meanings of sovereignty: political and social. He defines political sovereignty as ‘a strong, vigorous power able to imprint clear aims on society,’ and social sovereignty as ‘an equally vigorous limitation, which in restraining and resisting political sovereignty, leaves society wide freedom of action within its own domains.’ Lira (1942 134, 135) follows Vásquez and ‘concentrates political sovereignty in the hands of a monarch,’ who, in opposition to Montesquieu, gives the monarch ‘the three functions that inhere in all power: legislative, administrative y judicial.’ The monarch's sovereignty is not without its limits. It is limited by ‘social sovereignty, that is, the set of rights belonging to subordinate associations brought together by national unity.’
 5. Fischer (2009, 317) rightly observes that ‘in the social doctrine formulated by Pope John XXIII, Guzmán perceived private property rights and private enterprise as timeless and permanent values.’ In this respect, one should observe that the principal redactor of Pope John XXIII's encyclical *Mater et magistra* was Monsignor Pietro Pavan. Luca Sandonà (2011) has observed the intellectual affinity and close professional collaboration

between Pavan and the Italian economist Francesco Vito. During the 1930s, Vito was a student of Hayek at the London School of Economics and of Frank Knight at the University of Chicago (cf. Guidi 2002).

6. Hayek (1960, 400) agrees with a number of conservative thinkers, among them the Spanish Carlist political philosopher Juan Donoso Cortés, with respect to their appreciation of spontaneous orders: 'However reactionary in politics such figures as Coleridge, Bonald, De Maistre, Justus Möser or Donoso Cortés may have been, they did show an understanding of the meaning of spontaneously grown institutions such as language, law, morals and conventions that anticipated modern scientific approaches and from which the liberals might have profited.' Guzmán's intellectual formation owes a lot to Donoso Cortés's social and political philosophy.

References

- Blinkhorn, M. 1975. *Carlism and Crisis in Spain: 1931–1939*. Cambridge: Cambridge University Press.
- Cáceres, C. 1973. Economía de mercado: una alternativa para Chile. *Tizona* November 47: 12–19
- Caldwell, B. and Montes, L. 2015. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics* 28.3, September: 261–309.
- Cristi, Renato and Carlos Ruiz. 1981. Hacia una moral de mercado. *Revista Mensaje* 30: 241–244
- Dilulio, J. 1999. Compassionate Conservatism: The Right Course, the Right Time. *Orlando Sentinel* 26 September.
- Fischer, K. 2009. The Influence of Neoliberals in Chile before, during and after Pinochet. In Mirowski, P. and Plehwe, D. (Eds.) *The Road from Mont Pelerin, The Making of the Neoliberal Thought Collective*. Cambridge, Mass.: Harvard University Press: 308–346.
- González Cuevas, P. E. 2000. *Historia de las derechas españolas de la Ilustración a nuestros días*. Madrid: Biblioteca Nueva.
- Guidi, M. E. L. 2002. Corporative Economics and the Italian Tradition of Economic Thought: A Survey. *Storia del pensiero economico* 40: 31–58.
- Guzmán, J. 1982. Institucionalidad Universitaria: Avances Sustantivos entre Contradicciones. *Revista Realidad* 32: 6–10.
- Hayek, F. 1960. *The Constitution of Liberty*. Chicago: Regnery, 1972.
- Hayek, F. 1976. *Law, Legislation and Liberty, Volume 2 The Mirage of Social Justice*. Chicago: University of Chicago Press.

- Hayek, F. 1981. La fuerza de la libertad: entrevista efectuada en Santiago, 24 de abril de 1981. *Realidad* (mayo) 24: 27–35.
- Hoffman, J. 2008. *John Gray and the Problem of Utopia*. Cardiff: University of Wales Press.
- Lira, Osvaldo. 1942. *Nostalgia de Vásquez de Mella*, Santiago: Difusión
- Mirowski, P. and Plehwe, D. (Eds.) 2009. *The Road from Mont Pelerin. The Making of the Neoliberal Thought Collective*. Cambridge, Mass.: Harvard University Press.
- O'Malley, M. 2008. Currents in Nineteenth-Century German Law, and Subsidiarity's Emergence as a Social Principle in the Writings of Wilhelm Ketteler. *Journal of Law, Philosophy and Culture* II: 23–53.
- Ryan, P. 2012. Applying Our Enduring Truths to Our Defining Challenge. *National Catholic Register* 25 April.
- Sandel, M. 2009. *Justice. What's the Right Thing to Do?* New York: Farrar, Straus & Gigoux.
- Sandonà, L. 2011. Communitarian Personalism and Social Economics. The Contribution of Cardinal Pietro Pavan and Francesco Vito to the Development of Catholic Social Doctrine in the Sixties. *Subsidiary and Institutional Polyarchy* Milan: Centri Studi.
- Vischer, R. K. 2001. Subsidiarity as a Principle of Governance: Beyond Devolution. *Indiana Law Journal* 35: 103–142.



7

Hayek, Thatcher, and the Muddle of the Middle

Andrew Farrant and Edward McPhail

I am too much aware of my limited knowledge of political possibilities to presume to advise her [Margaret Thatcher] on particular decisions' (F. A. Hayek—16 March 1981a).

Introduction¹

Paul Krugman (2011) noted that aspects of F. A. Hayek's early 1930s business cycle theory prefigure much of the contemporary austerity

debate in Europe, in which everyone declares that fiscal irresponsibility is the core issue ... [and predicts] that deficits ... [will] drive up interest rates despite high unemployment.

A. Farrant (✉)
Dickinson College, Carlisle, PA, USA

E. McPhail (✉)
Dickinson College, Carlisle, CA, USA

As Hayek—together with T. E. Gregory, Arnold Plant, and Lionel Robbins—had argued in a letter to *The Times* (19 October 1932:

many of the troubles of the world at the present time are due to imprudent borrowing and spending on the part of the public authorities ... At best they mortgage the Budgets of the future, and they tend to drive up the rate of interest ... If the Government wish to help revival ... [they need] to abolish those restrictions on trade and the free movement of capital (including restrictions on new issues) which are at present impeding even the beginning of recovery.

Rather similar pro-austerity sentiments are readily apparent in the letters that Hayek regularly sent to the British press (in particular, *The Times* and *The Daily Telegraph*) in the mid-late 1970s and early 1980s. Hayek's repeated calls for far-tighter fiscal and monetary policy generated much controversy. In the late 1970s, Hayek generated similar controversy when he argued that authoritarian regimes (e.g., the Pinochet junta in Chile or Salazar's regime in Portugal) had their merits.² Hayek's defense of Pinochet's dictatorship elicited a number of rather caustic rebukes. As Nicholas Kaldor (1978) noted,

Chile is a dictatorship equipped with secret police, detention camps, etc. where strikes are ruled out and the organization of workers in trade unions is prohibited ... if we take Professor Hayek literally, a fascist dictatorship of some kind should be regarded as the necessary pre-condition ... of a 'free society.'

Although much has been written on Hayek's early 1930s business cycle theory and his debate with Keynes, this chapter provides a detailed examination of one of Hayek's rather less well-known forays into macro-economic controversy. In particular, we examine the policy advice which Hayek gave to Margaret Thatcher in early 1982. Hayek urged Thatcher to pay much heed to the way in which the Pinochet junta had speedily restructured the Chilean economy in the 1970s and early 1980s. Unsurprisingly, there is much speculation (usually rather lurid) about what particular aspects of Chilean social and economic policy Hayek may have urged Thatcher to adopt in Britain. This chapter addresses this aspect of Hayek and Thatcher's early-1980s correspondence.

Hayek and the FAZ

In mid-February 1982, Margaret Thatcher wrote to Hayek to explicitly disavow the aspects of Chilean policy that Hayek had urged she adopt in Britain. According to Hayek's long-time secretary, Charlotte Cubitt (2006, 19), Thatcher was responding to an early February 1982 letter from Hayek in which he had bitterly complained about an anti-Pinochet cartoon that had appeared in the *Frankfurter Allgemeine Zeitung* (FAZ) in late December 1981. Hayek's umbrage at the FAZ's supposed anti-Pinochet slur was merely the latest installment in his spat with the FAZ: during the late 1970s Hayek frequently berated Juergen Eick (editor of the FAZ) and the FAZ for its supposedly abject failure to adequately defend individual liberty.

Hayek (5 January 1979) informed Eick that he was severing all ties with the FAZ (Cubitt 2006, 31). As Hayek explained in his letter, there 'was a time when' Hayek and the FAZ 'fought for freedom together. But your swing to the left is too far for me.'

The FAZ had annoyed Hayek over the preceding two to three years: by praising Democratic Party Senator Hubert Humphrey,³ and by publishing an article noting its outrage at the way in which 'builders' had engaged in price-gouging behavior after an 'earthquake in the Swabian Alb' (Cubitt 2006, 31).⁴ Nevertheless, the primary cause of Hayek's decision to break with the FAZ was Eick's late 1977 refusal to publish what Hayek (to Eick 5 January 1979) very misleadingly refers to as a

'truthful report on Chile'—which I sent you after a visit to that country—even as a letter to the editor. (Cited by Farrant et al. 2012)⁵

As Eick (14 December 1977) had explained to Hayek, the FAZ had primarily rejected Hayek's draft article—titled 'International Calumny: A Personal Statement'—because the FAZ did not want to see Hayek's 'enemies brand you as a second Chile-Strauss' (cited by Farrant et al. 2012). Eick was alluding to the furor that had been generated in West Germany by Franz Josef Strauss's late 1977 visit to Chile which led to Chancellor Helmut Schmidt (1974–1982) publicly condemning Strauss's praise for the Pinochet regime.⁶ In reply to Eick, Hayek (17 December 1977)

stated that he was unsure what Eick had meant to imply by alluding to ‘Chile-Strauss’—‘I do not know what happened surrounding ... Strauss’ (cited by Farrant et al. 2012).

Strauss had repeatedly insisted that the Pinochet regime was ‘authoritarian ... not totalitarian, and much less brutal than other military regimes throughout the world’ (Hofman 1977). As a result, the Chilean media devoted many pages to Strauss’s views and defense of Pinochet’s junta.⁷ Hayek (17 December 1977) told Eick that he had ‘briefly’ met ‘Strauss ... during a reception in Chile,’ adding that if Strauss was ‘attacked for his support for Chile, he deserves to be congratulated for his courage ... [courage] which the *FAZ* apparently does not have’ (cited by Farrant et al. 2012).⁸

Hayek had met Strauss while Hayek was visiting Chile in November 1977. Hayek had similarly briefly met with Pinochet and shortly thereafter told

reporters that he talked to Pinochet about the issue of limited democracy and representative government ... [Hayek] said that in his writings he showed that unlimited democracy does not work because it creates forces that in the end destroy democracy ... [Hayek] said that the head of state listened carefully and that he had asked him to provide him with the documents he had written on this issue. (*El Mercurio* 18 November 1977)⁹

In 1981, Hayek told *El Mercurio* (1981) that ‘I prefer a liberal dictator [for instance, Oliver Cromwell or Pinochet] to democratic government lacking liberalism.’¹⁰ While Hayek did not advocate dictatorship *per se*, his clear defense of ‘temporary’ dictatorship has generated much negative commentary (see, e.g., Grandin 2006; Fischer 2009; Boettke 2013).

Hayek’s defense of transitional dictatorship—he had initially suggested that a dictatorial regime may be able to facilitate a transition to stable limited democracy when he gave a virtually unknown BBC radio broadcast in late 1960 (see Farrant and McPhail 2014)—is beyond the scope of this chapter. However, Hayek told *El Mercurio* (1981) that Pinochet’s ‘temporary’ dictatorship was preferable to the de-facto totalitarianism of Salvador Allende’s ‘democratic government lacking in liberalism.’¹¹ As Hayek explained, the supposed logic of unlimited majoritarian democ-

racy would ultimately assure that a democratic government inevitably found itself forced to

decide how many pigs have to be bred and how many buses should run, or the prices at which shoes have to be sold ... [and] government is not able to apply pre-established principles ... each successive government's point of view that will end up deciding ... [which of] the most important and priority interests it needs to attend to. And this point of view will arbitrarily turn into the general law of this country. (Cited by *El Mercurio* 1981)¹²

Although Hayek was much angered by the *FAZ's* late 1977 assessment of the Chilean junta, his capacity to take umbrage at the *FAZ's* purportedly anti-Chile bias was far from exhausted. Indeed, in late 1981 Hayek vehemently protested when the *FAZ* published the cartoon (Hallo, Kollege) reproduced below.¹³



Hallo, Kollege

Hayek's outrage is surprising. For one thing, Hayek's rejected *FAZ* article (written in Brazil on 30 November 1977 and immediately submitted to the *FAZ*) had argued that the international media (the *FAZ* included) had a clear penchant for condemning the crimes of the Pinochet junta while supposedly ignoring human rights abuses in other countries (e.g., the USSR and Uganda). As Hayek self-described his article in an early 1978 letter to Arthur Seldon: the *FAZ* had

rejected an article I sent them from South America in protest against the international treatment of Chile and South Africa. (Farrant et al. 2012)

Yet Fritz Behrendt—creator of 'Hallo, Kollege'—was particularly known for regularly subjecting a wide variety of dictatorial regimes (whether 'left' or 'right') to trial by artwork. Behrendt was born in Berlin in 1925 and moved to the Netherlands in 1937 when his family fled Hitler's Germany. Behrendt subsequently enrolled at the Amsterdam Arts and Craft College in 1943 and was imprisoned by the not deemed necessary (SS) in 1945 after he became involved in the Dutch Resistance movement. Although Behrendt was apparently facing a death sentence, he was released when Holland was liberated by the Allied forces. Shortly thereafter, Behrendt founded the left-wing Dutch Youth Association and subsequently went to Yugoslavia with the Gerrit Jan van der Veen youth brigade to help build a railway. Behrendt was working in East Germany at the time of the ultimate Stalin-Tito split and because he was known to be favorable to Titoism he was immediately arrested by the Stasi and spent six months or so in solitary confinement. Word of his arrest eventually reached the Dutch Embassy and he was finally released in 1950.¹⁴

As DER TAGESSPIEGEL (2008) explained in Behrendt's obituary notice:

Behrendt called himself a socialist ... [he] loathed ... dogmatic positions and ... [had a] view of the world ... [that was] anti-totalitarian, humanistic ... [and vehemently opposed to] injustice and falsehood ... [Indeed, as] befits a good cartoonist, Behrendt had some high-ranking enemies: De Gaulle, Franco, and Strauss ... [all objected to his cartoons] ... [and] Indonesia and China similarly announced their displeasure.¹⁵

We scarcely imagine that Hayek—seemingly increasingly taken with Strauss after their initial 1977 meeting in Chile—would have found Behrendt’s frequent lampooning of Strauss’s political ambitions amusing. Indeed, in 1980 Hayek had apparently ‘wanted to help ... Strauss, the then President of Bavaria, to become the Chancellor of Germany’ (Cubitt 2006, 47).¹⁶ But Hayek (1982a) was especially outraged by ‘Hallo, Kollege’: as he stated in a letter of complaint (written on 30 December 1981 and published by the *FAZ* on 6 January 1982), the way in which the *FAZ* had implied that the regimes of Generals Pinochet and Jaruzelski had much in common could only be ‘explained by the *FAZ*’s complete ignorance of the facts’ or by its long-standing proclivity to readily indulge in ‘systematic [and] socialistic defamation of ... Chile.’ According to Hayek, the

Mont Pèlerin Society ... [had met] a few weeks ago [late-November 1981] in Chile—[and the attendees would all] agree with me that you owe a humble apology to the government of Chile for such a distortion of the facts.

Hayek (1982a) added: ‘Every Pole who had the good fortune to escape to Chile would count himself lucky.’¹⁷

Hayek sent copies of the supposedly objectionable *FAZ* cartoon and his 6 January letter of complaint to Pedro Ojeda Ibáñez,¹⁸ and Carlos Cáceres (subsequently to hold various ministerial posts under Pinochet).¹⁹ Hayek also wrote to Margaret Thatcher to ‘protest’ about Behrendt’s anti-Pinochet cartoon (Cubitt 2006, 19).²⁰

Hayek, Thatcher, and the Muddle of the Middle

After Hayek wrote to Margaret Thatcher to register his annoyance with the *FAZ*, Thatcher (17 February 1982) responded to thank him for his 5 February letter—seemingly the letter in which Hayek had complained about the *FAZ* (Cubitt 2006, 19)—and to also note that she had been much gratified that Hayek had been able to attend a dinner (organized

by the banker Walter Salomon) that had taken place in London on 2 February 1982.²¹ She told him that she had taken much pleasure in being able to informally chat with Hayek: she found his views ‘instructive.’ While she acknowledged that the way in which Chile had transitioned from ‘Allende’s Socialism to the ... capitalist economy’ of the early 1980s provided a truly ‘striking example of economic reform from which we can learn many lessons,’ she also noted that she was sure that Hayek would himself agree that ‘some of the measures adopted in Chile’ would prove ‘quite unacceptable’ in Britain and manifestly incompatible with ‘our democratic institutions and the need for a high degree of consent’:

Our reform must be in line with our traditions and our Constitution. At times the process may seem painfully slow. But I am certain we shall achieve our reforms in our own way and in our own time. Then they will endure. (Cited by Ebenstein 2001, 295–296)

According to Cubitt (2006, 19), Thatcher’s letter of

rebuff must have been painful for [Hayek] ... he did not show me her letter until a fortnight after he had received it, and even asked me whether he needed to reply to it. I said I thought not because I could not imagine what he could possibly say to her.

There has been much lurid speculation about whatever specific ‘measures adopted in Chile’ Hayek may have enthusiastically recommended to Thatcher. A copy of Hayek’s 5 February 1982 letter to Thatcher cannot be found in either the Hayek or the Thatcher Archives (there is a copy of Thatcher’s letter of rebuff in the Hayek Archives)²²: we conjecture, however, that Hayek was ‘urging Thatcher to outlaw strikes or severely curtail union activity’ (Farrant et al. 2012).²³

Having revisited Cubitt’s account of Hayek’s early 1982 spat with the *FAZ*, we further conclude that our earlier speculations have merit. Accordingly, we now make use of archival evidence and Hayek’s published assessments of the early 1980s health of the British economy to buttress our earlier conjecture about what Hayek may have said to Thatcher in early 1982. The evidence strongly suggests that Hayek (1977a) was urging

Thatcher to take immediate action to seek a mandate to abolish the various ‘special privileges’—e.g., immunity from prosecution for any tortious acts—that the Trades Disputes Act of 1906 had ‘granted to the trade unions.’ As Hayek (1977b) told *The Times*, it was ‘high time that somebody had the courage to eradicate’ the ‘cancer’ that was eating away at the ‘British economy.’

Although Hayek wrote to Thatcher to complain about the *FAZ* cartoon in 1982, he had long been warning her against timidity when it came to adequately tackling Britain’s economic problems. For example, Hayek (24 April 1980) wrote to her to urge that she adopt a highly contractionary monetary policy that would speedily terminate inflation. As Hayek put it, the Bank of England ought to be immediately charged with the sole task of stabilizing the purchasing power of money. He urged her to read Arthur Burns’s 1979 Per Jacobson lecture ‘The Anguish of Central Banking,’ and emphasized that Burns had told his audience that the Federal Reserve Board had the capability to severely restrict the ‘money supply and ... [create] sufficient strains in financial and industrial markets to terminate inflation with little delay.’²⁴

Hayek (24 April 1980) told Thatcher that trade union reform was the necessary prerequisite to any monetary policy that would terminate inflation and he urged that she immediately hold a referendum that would authorize Parliament to deprive the trade unions of their special privileges. In reply, Thatcher (13 May 1980) noted that she had read Burns’s lecture and had also discussed it with Burns himself when he visited London in September 1979.²⁵ Her government, she explained, had already published its Medium-Term Financial Strategy—the strategy for reducing the Public Sector Borrowing Requirement (PSBR) and gradually reducing the growth rate of £M3 (see Moore 2013)—and while she noted that she readily understood the logic of Hayek’s disavowal of gradualism (his view that it may have been ‘easier politically’ to have reduced the PSBR and cut the rate of money growth rather more ‘rapidly’), she also argued that the short-run ‘social and economic disruption’ that would have inevitably accompanied Hayek’s suggested disinflationary strategy would have made it all-but politically infeasible. She added that her government planned to address trade union reform in the coming months, but ‘may well need to do more.’

Two months earlier, Hayek (1980a) had outlined his preferred strategy for tackling inflation—‘inflation must be stopped’—in a letter to *The Times*: ‘If we want to stop inflation we must do it here and now.’ Hayek insisted that it ‘can be done’:

After World War One the United States brought prices down in six months (August 1920—February 1921) by one third ... The suffering was great but another six months later a new boom was underway.

Hayek (1980a) explained that his ‘difference from Friedman makes me take an even more radical view than he and most of my friends take.’ Hayek (1980b) argued much the same when he shortly thereafter gave a lecture—‘The Muddle of the Middle’—to the Monday Club (an unsavory group associated with the Conservative Party) on 26 March 1980: The ‘chief practical issue’ of the day was ‘how fast inflation can and ought to be stopped.’²⁶ Hayek repeated his disavowal of Friedman’s gradualist disinflationary strategy and he argued that any decrease in the rate of inflation would inevitably

produce temporary conditions of extensive failures and unemployment. No inflation has yet been terminated without a ‘stabilization crisis.’ To advocate that inflation should be slowed down gradually over a period of years is to advocate a long period of protracted misery. No government could stand such a course.²⁷

Although Hayek agreed with Friedman that ‘there was no such thing as a cost-push inflation,’ he was adamant that trade unions could ‘push up wages’ and thus make it ‘politically necessary’ for the government of the day to expand the money supply. Accordingly, and much as he had told Thatcher in his 24 April 1980 letter, trade union reform was a vital prerequisite of any genuine effort at ‘monetary reform.’

Hayek (1980c) warned against gradualism—‘it cannot help’—in ‘both fields.’ As he explained, unless the ‘power of the trade unions is curbed’ the ‘urgently needed termination of inflation’ simply could not succeed. Accordingly, Hayek thought that Britain was trapped in a highly

inflationary 'bad' political equilibrium which only speedy and drastic steps on the part of Thatcher's government could seemingly hope to break.

As Hayek noted, however, the theorist—'particularly if he lives abroad'—must 'hesitate to give advice on what must be a political decision.' Nevertheless, he added that if Thatcher—subject to the vagaries of electoral politics—is to 'achieve the salvation of Britain' then she must speedily adopt a 'radical procedure.' Hayek urged that a 'referendum' on whether to 'rescind' all union 'special privileges' be urgently held.²⁸ A victory in such a referendum would allow for the immediate termination of inflation. Hayek (1980c) also characteristically warned: 'It is not too late ... but it may be soon.'

In a remarkable late-November 1980 interview, Hayek (1980d) expressed his disappointment at the way in which Friedman's gradualist approach seemingly held much-weight with Thatcher:

It is not gentle action that is needed now, but drastic action ... I'm afraid Mrs. Thatcher is following the advice of Milton Friedman ... we agree on almost everything except monetary policy ... [Friedman] does not really see that inflation leads to unemployment because of the distortion of the structure of relative prices.

Hayek (1980d, 12) asserted that one could 'cure inflation suddenly or gradually. Politically it is impossible to do it gradually': 'I would say that it is possible to cause 20 per cent unemployment for six months if you can hold out a hope that things will be better after that.' By contrast, Hayek insisted that it was not possible 'to have 10 per cent unemployment for three years. Yet that is what the Government's present course asks for and I don't think it can hold out.' Hayek insisted that it was necessary to remove the various legal immunities enjoyed by the unions if monetary reform was to succeed. Any failure to speedily take 'drastic action' would inevitably assure a return to 'price control and incomes policy, which lead straight to the planned economy.'

A few months later, Hayek made much the same argument when he and Friedman were asked by the BBC to provide a 'half-term report on Mrs. Thatcher's progress' (Dimpleby 1981). According to Friedman,

shock therapy was necessary when a country (e.g., Chile) was experiencing ‘inflation rates of 100, 200 or 1000 per cent,’ but he did not believe that the

kind of shock policy that some people [e.g., Hayek] propose is desirable or necessary [in Britain] ... in Britain’s position I think a gradualist policy was the right thing. (Dimbleby 1981, 331)

Hayek objected to Friedman’s timidity:

Unemployment is the necessary effect of stopping inflation dead. *I would take any amount of unemployment which is necessary for this purpose* [emphasis added], because that is the only way of bringing Britain back on a self-maintaining order and standard where it can in future begin a new growth. (Dimbleby 1981, 331)

A transitory spike in unemployment is an

inevitable pain which you have to go through, but no political body can stand this for a very long period ... people will stand for over 20 per cent unemployment for six months but will not stand for ten per cent for three years ... my proposal [‘It is not enough to reduce inflation. Inflation must be stopped dead’] is politically more possible than Friedman’s. (Dimbleby 1981, 331)²⁹

Hayek repeated his negative assessment of the timidity with which the Thatcher government had sought to address ‘Trade union reform’ and argued that the sundry ‘privileges ... granted by law to the trade unions’ over a 75 year ‘period must be rescinded.’ He was ‘greatly alarmed. Time is running short ... [and] in this very crucial direction very little advance has been made’ (Dimbleby 1981, 331).

Hayek’s negative assessment of the early 1980s health of the British economy—and his stark warnings about the way in which any failure to adequately tackle inflation would assure that Britain headed ever-further down the supposed road to serfdom—was obviously much-informed by his Austrian capital-theoretic analysis of the way in which inflation-induced changes in relative prices and the term structure of interest rates

would inevitably distort the capital structure (see, e.g., Hayek 1933, 1935, 1975). Hayek (1981c) informed readers of *The Times* that inflation could only ‘stimulate’ economic activity ‘so long as it accelerates ... as soon as inflation slows down the harm it has done will manifest itself.’ As Hayek (1981b) had earlier noted, any given but ultimately unsustainable ‘structure of employment’ could only be maintained by ever-accelerating inflation. Consequently, ‘Only after inflation had been brought to a full stop can the market be expected to guide workers to jobs which can be maintained without accelerating inflation ... [any] who plead for ‘mild’ inflation ... [are inevitably] preparing the ground for a later depression.’³⁰ As Hayek (1981c) later noted, any gradualist approach to disinflation would ‘probably be impossible politically to last through ... since while it continues extensive unemployment is unavoidable’; ever-accelerating inflation could only ‘postpone the inevitable evil day when we will have to pay for our sins.’

According to Hayek (1982b), it was Margaret Thatcher’s

great merit that she has broken with the Keynesian immorality of ‘in the long run we are all dead’ and ... [had] concentrated on the long run future of the country irrespective of possible effects on the electors.

Hayek’s repeated calls for an immediate halt to inflation generated heated controversy in the British press. For instance, Nicholas Kaldor (3 September 1981)—himself frequently engaged in exchanges with Hayek in the British press—argued that Hayek’s core analytical logic—a ‘basic fallacy ... to which ... [Hayek had] held tenaciously for over 50 years’—was ‘complete nonsense and ... not supported by any economist but himself (Mrs Thatcher’s other protagonists, the monetarists and ‘rational expectationalists’ assert something quite different).’³¹

Conclusion

There has been much speculation over the specific ‘measures adopted in Chile’ that Hayek may have recommended to Thatcher in early 1982. While we are unaware of any evidence to suggest that Hayek

approved of torture and murder, he did mount a very public defense of the Pinochet junta and noted that he had ‘not been able to find a single person even in much maligned Chile who did not agree that personal freedom was much greater under Pinochet than it had been under Allende’ (Hayek 1978b). Hayek’s paean to Pinochet elicited the response that it was

hard to believe that ... [Hayek] ... does not well understand that such absolute unanimity only exists when those who disagree have been imprisoned, expelled, terrified into silence, or destroyed. (Cohen 1978)

Cubitt (2006, 19) noted that Hayek’s ‘visit to Chile was from the beginning a very controversial affair.’ As Hayek explained shortly after his 1977 visit to Chile, while in California earlier that year (summer 1977) he had received a large number of anti-Pinochet

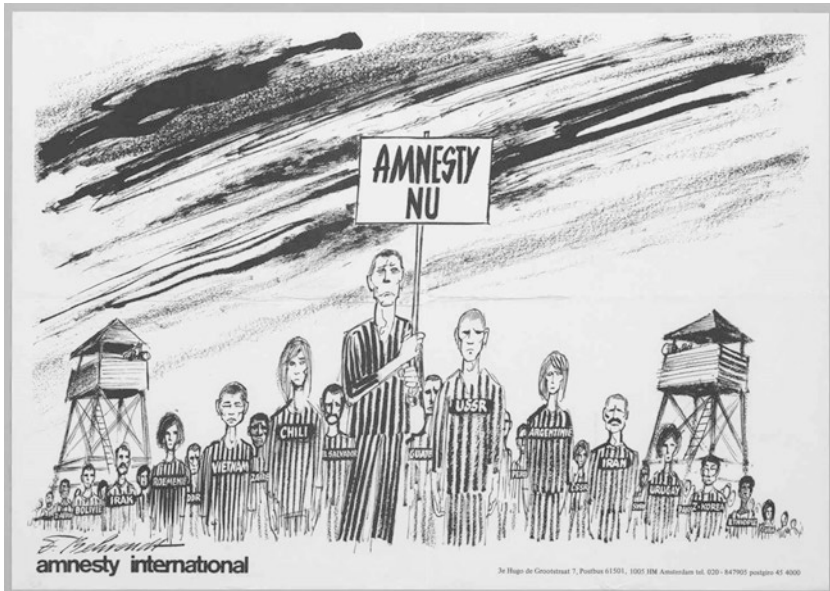
letters ... telephone calls ... [and] documents ... [these various missives came] partly from well-intentioned people I did not know, but also from organizations like ‘Amnesty International’ ... [and these letters] did not shy away from threats about how much such a visit would damage my reputation. (Cited by Farrant and McPhail 2014)

Indeed, many ‘people ... [were] unhappy’ about Hayek’s planned visit to Chile, and ‘some of his friends ... [urged] restraint ... [and other friends sent Hayek] letters of protest’ (Cubitt 2006, 19). For example, one of Hayek’s former Doctoral students at the University of Chicago, Ralph Raico (June 1977) reported to Hayek that he had arranged for Gerald O’Driscoll to provide him with some anti-Pinochet documentary evidence produced by Amnesty International (Farrant and McPhail 2014). As O’Driscoll recently explained:

I recall being asked by a friend to approach Professor Hayek with information about human rights violations by the Pinochet regime. I recall the friend provided some documents, probably from Amnesty International. I did make the case to Professor Hayek about the allegations. I may have handed him the documents; I don’t have a firm memory of that. Professor

Hayek did listen respectfully to me. He dismissed the allegations. I recall him saying that ‘they are a bunch of leftists,’ or something to that effect.³²

Hayek’s (1978b) dismissive attitude toward Amnesty International is congruent with his public denial of the Pinochet regime’s abysmal human rights record. Hayek was incensed by the way in which the international media—e.g., the *FAZ*—maligned the Pinochet junta while supposedly ignoring human rights abuses elsewhere during the late 1970s and early 1980s. Similarly, Hayek was no less enamored by the anti-Pinochet views of the supposed ‘bunch of leftists’ at Amnesty International. Accordingly, we think it all the more noteworthy that Hayek would find Fritz Behrendt’s *FAZ* cartoon so highly offensive. After all, Behrendt produced some truly striking and brilliant artwork on behalf of Amnesty International and was in no way bashful when it came to scathingly subjecting dictatorial regimes of whatever political stripe to well-deserved trial by artwork.³³



<http://disseminate.objectrepository.org/file/level2/10622/30051001019790>

Notes

1. We thank seminar participants at University of Missouri Kansas City (March 2012), the University of Bremen (June 2013), New York University (December 2013), and Robert Leeson for helpful comments and discussion.
2. For example, '[A]n unlimited democracy is probably worse than any other form of unlimited government ... free choice can at least exist under a dictatorship that can limit itself but not under the government of an unlimited democracy which cannot' (Hayek 1978a, 15)
3. See Hayek's 16 January 1978 letter of complaint to Eick.
4. All quotes from Hayek's correspondence with Eick are reproduced from Farrant, McPhail, and Berger 2012.
5. According to Karin Fischer (2009, 339), Hayek wrote an article – 'True Reports on Chile' – that purportedly was a 'defense of economic and social policies under Pinochet.' As explained by Farrant et al. (2012), however, Hayek's article—titled 'International Calumny: A Personal Statement' rather than 'True Reports on Chile'—did not provide a defense of the policies adopted by Pinochet's junta. Instead, Hayek's article castigated the international media for what Hayek viewed as its unjustified anti-Chile biases.
6. A 'group of clergymen and university professors requested the judiciary branch of the Government to start legal action against ... Strauss on charges of "aiding and abetting a terrorist organization"—the ruling military junta in Chile' (Hofmann 1977). Pridham (1980, 325) notes that Strauss's view of the Pinochet regime much offended the Christian Democratic Parties who were allied with Strauss's Christian Social Union in the European People's Party (an umbrella organization for Western European Christian Democratic parties). For example, the Belgian Christian Democrats published a statement in *FAZ* objecting to Strauss's remarks.
7. See, e.g., *Que Pasa* November 30 1977, 6–7.
8. According to Hayek's itinerary, he met Strauss on 18 November 1977. The reception was to honor Strauss and began at 8 p.m. (Hayek Archives Box 54, Folder 23). Hayek's rejected *FAZ* article was eventually published in 1978 by the Hanns-Seidel Foundation (itself intimately associated with Strauss' Christian Social Union).

9. According to Hayek's schedule, he was slated to meet with Pinochet at noon on 17 November 1977. This meeting was scheduled to be followed by a 1:30 p.m. lunch at the Central Bank. Hayek Archives. Box 54, Folder 23.
 10. 'It is at least conceivable, though unlikely, that an autocratic government will exercise self-restraint; but an omnipotent democratic government simply cannot do so' (Hayek 1979, 99).
 11. 'I must frankly admit that *if* democracy is taken to mean government by the unrestricted will of the majority I am not a democrat, and even regard such government as pernicious and in the long-run unworkable [emphasis in original]' (Hayek 1979, 39). As Hayek (1994 [1944], 91) had earlier argued, when government has de facto 'unlimited powers, the most arbitrary rule can be made legal; and in this way a democracy may set up the most complete despotism imaginable'
 12. As Hayek (1979, 102) argued, the 'word [arbitrary] ... [initially] meant "rule-less" or determined by particular will rather than according to recognized rules. In this true sense [of the word] even the decision of an autocratic ruler may be lawful, and the decision of a democratic majority entirely arbitrary.'
 13. General Jaruzelski declared martial law in Poland on 13 December 1981.
 14. Also see: <http://www.fritzbehrendt.nl/biografie.html> and http://www.lambiek.net/artists/b/behrendt_fritz.htm
 15. Behrendt was a scathing critic of Pinochet. A selection of his anti-Pinochet cartoons can be found at: [http://search.socialhistory.org/Search/Results?lookfor=Pinochet+Ugarte%2C+Augusto.&type=AllFields&filter\[\]=authorStr%3A%22Behrendt%2C+Fritz%2C%22](http://search.socialhistory.org/Search/Results?lookfor=Pinochet+Ugarte%2C+Augusto.&type=AllFields&filter[]=authorStr%3A%22Behrendt%2C+Fritz%2C%22)
- A selection of Behrendt's anti-Jaruzelski cartoons can be found at: [http://search.socialhistory.org/Search/Results?join=AND&bool0\[\]=AND&lookfor0\[\]=Jaruzelski&type0\[\]=AllFields&lookfor0\[\]=behrendt&type0\[\]=AllFields&submit=Find&daterange\[\]=publishDate&publishDatefrom=&publishDateto=](http://search.socialhistory.org/Search/Results?join=AND&bool0[]=AND&lookfor0[]=Jaruzelski&type0[]=AllFields&lookfor0[]=behrendt&type0[]=AllFields&submit=Find&daterange[]=publishDate&publishDatefrom=&publishDateto=)
16. A selection of Behrendt's anti-Strauss cartoons can be found at: [http://search.socialhistory.org/Search/Results?join=AND&bool0\[\]=AND&lookfor0\[\]=strauss&type0\[\]=AllFields&lookfor0\[\]=behrendt&type0\[\]=Author&lookfor0\[\]=&type0\[\]=AllFields&submit=Find&daterange\[\]=publishDate&publishDatefrom=&publishDateto=](http://search.socialhistory.org/Search/Results?join=AND&bool0[]=AND&lookfor0[]=strauss&type0[]=AllFields&lookfor0[]=behrendt&type0[]=Author&lookfor0[]=&type0[]=AllFields&submit=Find&daterange[]=publishDate&publishDatefrom=&publishDateto=)
 17. Cubitt (2006, 19) notes that when Hayek visited Chile in April 1981 he 'took time off from his official commitments to walk around and see for himself whether people were cheerful and content. He told me that it

- was the sight of many sturdy and healthy children that had convinced him.’ As David Levy has noted (personal communication), Hayek is implicitly adopting Adam Smith’s welfare metric (see also Levy 2001, 229–233).
18. Hayek Archives. Box 63, Folder 8.
 19. In late 1977, Hayek asked Cubitt (2006, 19) to send a copy of his draft model constitution to Pinochet and also asked her to send a copy to Ibáñez—a ‘Chilean Senator and member of the Mont Pèlerin Society.’ On Cáceres, see Huneus (2007, 200, 209, 339, 364.). Cáceres (12 February 1982) wrote to thank Hayek for courageously defending Chile and to concur with Hayek’s statement that the average Pole would be more than happy to be able to escape to Chile (Hayek Archives. Box 54, Folder 23). As Huneus explains, the Council of State spent some twenty months discussing the draft constitution that was presented to Pinochet in July 1980. According to the Minutes of the Council of State (27 March 1979), Cáceres argued that the events of 1973 had occurred because democracy had been understood as “‘an end in itself and not as a means to achieve good government,’ ... ‘everything was submitted to a vote’ ... [with candidates offering] ‘utopias ... [and] illusions’” (Cáceres quoted in Huneus 2007, 157). Cáceres argued for the establishment of ‘political regime based on “principles issuing from natural law, and therefore, not subjected to citizens’ wills’” (Cáceres quoted in Huneus 2007, 173). Similarly, the Minutes report that Pedro Ibáñez argued that political power ought to ‘be the result of a system that operates from the top down and not in the opposite direction’ (Ibáñez quoted in Huneus 2007, 157). In contrast, G. G. Videla—President of Chile from 1946 to 1952—denounced the proposals made by Cáceres and Ibáñez as ‘totalitarian and fascist ideas that will be exploited not only in Chile but worldwide’ (Videla quoted by Huneus 207, 158). As it was, Ibáñez and Cáceres wrote a minority opinion outlining their objections to universal suffrage: ‘Their proposal was rejected by a vote of fifteen to two’ (Huneus 2007, 158).
 20. Hayek also sent copies of ‘Hallo, Kollege’ and his letter of complaint to Hernán Cortés Douglas—a Chilean economist and the first director of the Centro de Estudios Públicos—and Miguel Kast (Kast became the Minister of Labour in 1980 and was appointed Governor of the Central Bank of Chile in 1982). Hayek Archives. Box 63, Folder 8.
 21. <http://www.margarethatthatcher.org/document/124730>

22. Hayek Archives. Box 101, Folder 26. Also see: <http://www.margaretthatcher.org/document/123776>
23. In August 1979, Hayek had sent Thatcher a 'PERSONAL & CONFIDENTIAL' letter in which he noted that he would never presume to advise her on policy issues but urged that trade union policy was of such importance that it justified a referendum on the issue. <http://www.margaretthatcher.org/document/117148>.
24. Hayek Archives. Box 101 Folder 26. Hayek (1980c) similarly invoked Burns in a letter to *The Times*.
25. Thatcher (13 May 1980) to Hayek. Hayek Archives, Box 101, Folder 26. On Thatcher's meeting with Burns: <http://www.margaretthatcher.org/document/112921>
26. *The Times* reprinted a lengthy extract from Hayek's (1980b) 26 March lecture. Alfred Sherman—a very colorful figure (a one-time Communist who fought in the Spanish Civil War and eventually became a speechwriter-adviser to Thatcher) who had seemingly attended Hayek's 26 March lecture highly recommended Hayek's Monday Club lecture to Thatcher: <http://www.margaretthatcher.org/document/119482> (<http://www.telegraph.co.uk/news/obituaries/1527400/Sir-Alfred-Sherman.html>)
Hayek sent Thatcher an advance copy of his lecture on 11 March 1980: <http://www.margaretthatcher.org/document/117159>
27. See also Hayek (1980a).
28. Hayek (1977a) had long argued that 'there is no salvation for Britain until the special privileges granted to the trade unions by the Trade Disputes Act of 1906 are revoked.'
29. Hayek (1983b) shortly thereafter much chided the Thatcher Government for 'going too slowly about ... [it's disinflationary] job ... a very high unemployment [rate] will be borne for a short period if it leads in a few months to a condition of monetary stability.' During his 1977 visit to Chile, Hayek reportedly told *El Mercurio* that whatever 'social costs' (e.g., decreases in living standards and increases in unemployment) were incurred during Chile's transition period were 'a necessarily evil that will be outdone' (Hayek quoted by *El Mercurio* 18 November 1977). Consequently, Hayek implicitly viewed Chile's 'transition' process as akin to a non-convex optimization problem. As David Levy (1992, 249) has noted, institutional change—'We fall off a utility cliff when we bear the costs of a move from one institution to another—is a paradigmatic

- non-convexity. As Levy has persuasively argued, however, while non-convex optimization problems have ‘historically drawn the attention of moralists,’ the proof that it is ‘rational’ to accept short-term pain—Hayek’s ‘necessary evil’ (1977)—in exchange for an unspecified long-run gain—the evil will be ‘outdone’ (Hayek quoted in *El Mercurio* 1977)—‘requires an infinite horizon and zero time preference to go through.’
30. As Hayek (1981c) explained, any return to the ‘unprincipled muddle of the middle’ that had so entranced prior Conservative Governments’ (e.g., Macmillan’s Government or Heath’s) would necessitate that Britain would have to inevitably undergo a far ‘worse and painful period of adaptation in five or six years’ time.’
 31. Kaldor—at one time an acolyte of Hayek’s theory of the trade cycle and familiar with Hayek’s reasoning—had translated Hayek’s (1933) *Monetary Theory and the Trade Cycle*.
 32. We thank Dr. O’Driscoll for very helpful email correspondence (21 November 2013; 20 May 2014) about Hayek’s negative view of Amnesty International. Hayek’s assessment of Amnesty International sharply and unfavorably contrasts with Don Lavoie’s seven-page defense of Amnesty’s work. As Lavoie (1978) noted, ‘libertarians should support this humane and effective human rights organization. It is precisely the kind of international, principled, strategically sophisticated, and widely respected group with which libertarians can enthusiastically involve themselves.’
 33. [http://search.socialhistory.org/Search/Results?lookfor=amnesty+international&type=AllFields&filter\[\]=format%3A%22Visual+documents%22&filter\[\]=authorStr%3A%22Behrendt%2C+Fritz%2C%22](http://search.socialhistory.org/Search/Results?lookfor=amnesty+international&type=AllFields&filter[]=format%3A%22Visual+documents%22&filter[]=authorStr%3A%22Behrendt%2C+Fritz%2C%22)
<http://www.librarything.com/work/3797927>

References

- Boettke, P. 2013. Liberalism Is a Guiding End Democracy Is Merely a Means. <http://www.coordinationproblem.org/2013/06/liberalism-is-a-guiding-end-democracy-is-merely-a-means.html>
- Cohen, R. 1978. Freedom of Choice. Letter to *The Times* 7 August: 13.
- Cubitt, C. E. 2006. *A Life of Friedrich August von Hayek*. Bedfordshire: Authors OnLine Ltd.
- Dimbleby, D. 1981. The Monetarist Experiment. *The Listener* 12 March: 330–332.

- Fritz Behrendt Obituary. *Der Tagesspiegel*. 2008. <http://www.tagesspiegel.de/berlin/nachrufe/fritz-behrendt-geb-1925/1400084.html>
- Ebenstein, A. 2001. *Friedrich Hayek*. New York: Palgrave.
- El Mercurio 1977. Premio Nobel Friedrich von Hayek. 18 November: 27–28.
- El Mercurio 1981. Friedrich von Hayek: Lider y Maestro del Liberalismo Economico. 12 April. D: 8–9.
- Farrant, A., McPhail E, and Berger, S. 2012. Preventing the ‘Abuses’ of Democracy: Hayek, the ‘Military Usurper’ and Transitional Dictatorship in Chile? *American Journal of Economics and Sociology* 71 (3): 513-538.
- Farrant, A. and McPhail E. 2014. Can a Dictator Turn a Constitution into a Can-Opener? F.A. Hayek and the Alchemy of Transitional Dictatorship in Chile. *Review of Political Economy* 26.3: 331–348. <http://www.tandfonline.com/doi/full/10.1080/09538259.2014.932063?src=recsys&>
- Fischer, K. 2009. The Influence of Neoliberals in Chile Before, During, and After Pinochet. In Mirowski, P. and Plehwe, D. (Eds.) *The Road From Mont Pelerin*. Harvard University Press: Boston: 305-346.
- Grandin, G. 2006. *Empire’s Workshop*. New York: Metropolitan Books.
- Hayek, F. A, et al. (T. E. Gregory, Arnold Plant, and Lionel Robbins). 1932. Spending and Saving. Letter to *The Times* 19 October: 10.
- Hayek, F. A. 1933. *Monetary Theory and the Trade Cycle*. London: Routledge.
- Hayek, F. A. 1935 [1931]. *Prices and Production*. London: Routledge. Second edition.
- Hayek, F. A. 1975. *Full Employment at Any Price?* London: Institute of Economic Affairs.
- Hayek, F. A. 1977a. Trade Union Immunity Under the Law. Letter to *The Times* 21 July: 15.
- Hayek, F. A. 1977b. Trade Union Privileges. Letter to *The Times* 2 August: 11.
- Hayek, F. A., 1978a. The Dangers to Personal Liberty. Letter to *The Times* 11 July: 15.
- Hayek, F. A., 1978b. Freedom of Choice. Letter to *The Times* 3 August: 15.
- Hayek, F. A. 1979. *Law, Legislation and Liberty: The Political Order of a Free People*. Chicago: University of Chicago Press.
- Hayek, F. A. 1980a. Monetarism and Hyper-Inflation. Letter to *The Times* 5 March: 17.
- Hayek, F. A. 1980b. How to Deal with Inflation. Letter to *The Times* 27 March: 16.
- Hayek, F. 1980c. A Testing Time for Monetarism. Letter to *The Times* 13 June: 15.
- Hayek, F. 1980d. The Hayek Cure: Bigger and Better Bankruptcies. Letter to *The Times* 21 November: 12.
- Hayek, F. A. 1981a. Advice and Consent. Letter to *The Times* 16 March: 13.

- Hayek, F. A. 1981b. Beating Inflation Key to Recovery. Letter to *The Times* 4 April: 13.
- Hayek, F. A. 1981c. Pressure to Reflate the Economy. Letter to *The Times* 24 August: 9.
- Hayek, F. A. 1982a. Scharfster Protest. *Frankfurter Allgemeine Zeitung* 6 January.
- Hayek, F. A. 1982b. Thatcher's Economics. Letter to *The Times* 1 July: 13.
- Hayek, F. A., 1994 [1944]. *The Road to Serfdom*. Chicago: University of Chicago Press.
- Hofmann, P., 1977. Strauss Again Becomes Center of Political Controversy in Bonn. *New York Times* 28 November: 4.
- Huneus, C. 2007. *The Pinochet Regime*. Boulder Colorado: Lynne Rienner.
- Kaldor, N. 1978. Chicago Boys in Chile. Letter to *The Times* 18 October: 17.
- Kaldor, N. 1981. Attack on reflation. Letter to *The Times* 3 September: 11.
- Krugman, P. 2011. Friedrich Hayek, Zombie. <http://krugman.blogs.nytimes.com/2011/03/29/friedrich-hayek-zombie/>
- Lavoie, D. 1978. Amnesty International: Enemy of the State? *The Libertarian Review* September: 10–16. <http://www.unz.org/Pub/LibertarianRev-1978sep-00010?View=PDF>
- Levy, D. M. 1992. *The Economic Ideas of Ordinary People: From Preferences to Trade*. London: Routledge.
- Levy, D. M. 2001. *How the Dismal Science Got Its Name: Classical Economics and the Ur-Text of Racial Politics*. University of Michigan Press: Ann Arbor.
- Moore, C. 2013. *Margaret Thatcher: From Grantham to the Falklands*. New York: Knopf.
- Pridham, G. 1980. The European Policy of Franz Josef Strauss and Its Implication for the Community. *Journal of Common Market Studies* 18, 4: 313–332.
- QUE Pasa. 1977. 30 November: 6–7.



8

Economics and Religion, What Is the Relationship?: A Case Study of Nordic Social Democracy

Robert H. Nelson

This chapter draws on my twenty-five years of study and writing about ‘economic religion’ and its more formal statements as ‘economic theology.’ This has included three books which have included explorations of the different economic religions and their theological foundations, as well as environmentalism which is a non-economic religion (Nelson 1991, 2001, 2010). When referring to an economic religion, I mean a secular form of religion that is officially grounded in economic assumptions, reasoning, and arguments. This public face of an economic religion, however, should not be taken as representing the full essence of the religion. Underlying an economic religion is almost always a set of implicit beliefs that are left unstated or may even be held unconsciously by many true believers. Much of my writing as an ‘economic theologian’ over the years has been to reveal explicitly and then analyze the facts and logic behind such implicit beliefs. This chapter will illustrate this analytical approach by examining a specific example of an economic religion, the case of

R.H. Nelson (✉)

School of Public Policy, University of Maryland College Park,
Maryland 20742, USA

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_8

social democracy in the Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden) which I argue is a secularized Lutheranism.

Until the twentieth century, the Nordic countries had long existed in relative poverty and isolation to the extent that large parts of their populations emigrated to the United States at the end of the nineteenth century and early in the twentieth century (including my own great grandparents and grandparents from Finland and Sweden). The economic transitions of the Nordic countries later in the twentieth century, however, surpassed almost any other nations, leaving them at the end of the century with some of the highest standards of living in the world. Much of this extraordinary Nordic economic advance was overseen under the political leadership of social democrats who dominated Nordic governments from the 1930s to the 1980s.

There is no agreement on a definition of religion but the leading definitions from distinguished figures such as Emile Durkheim, William James, and Paul Tillich do not require a God (Nelson 2011). Indeed, there has been a growing acceptance among students of religion in recent years that the category of ‘secular religion’ should be accepted as a full and legitimate subset within the broader range of all religion itself, even while it has no explicit God. One reason is that the implicit beliefs of secular religion are commonly derived from Judeo-Christianity—to the extent that, as I have argued elsewhere, secular religions can typically be characterized as new forms of ‘Christianity in disguise’ (Nelson 2015a).

Holy Capitalism

The 2016 University of Helsinki symposium on ‘Holy Money’ was not the first time that economic ideas and money have been seen as having an underlying ‘holy’ content.¹ Indeed, almost a century before Walter Benjamin (1996 [1921]) proclaimed that ‘one must see capitalism as a religion’—a terrible religion in his view, much as its original religious source, the Calvinism of the sixteenth and seventeenth centuries, had pessimistically portrayed human existence as depraved and corrupt. Seeing capitalism as a new form of ‘essentially religious phenomenon,’

and influenced by the writings of Max Weber, Benjamin declared that 'Christianity, at the time of the Reformation, did not favour the establishment of capitalism, it transformed itself into capitalism.' Examining Benjamin's thinking, Michael Lowy (2009, 62) wrote:

What is it that permits one to assimilate these economic capitalist practices to a religious 'cult'? Benjamin does not explain it, but he uses, a few lines later, the word 'adorer'; we may therefore suppose that, for him, the capitalist cult includes some divinities which are the object of adoration. For instance: 'Comparison between the images of saints in different religions and the banknotes of different states'. Money, in the form of paper notes, would therefore be the object of a cult similar to the one of saints in 'ordinary' religions. It is interesting to note that, in a passage from *One-Way Street* (1928), Benjamin compares the banknotes with the 'façade-architecture of Hell [*Fassaden-architektur der Hölle*]' which manifests 'the holy spirit of seriousness' of capitalism.

The prominent Harvard theologian Harvey Cox (1999) wrote similarly about what he saw as the holy character of the religious messages conveyed in the American marketplace, as he had recently discovered them by studying it in close detail. As he explained, from his perspective as a theologian his explorations of US market behavior and culture had revealed that 'the lexicon of *The Wall Street Journal* and the business sections of *Time* and *Newsweek* ... bear a striking resemblance to *Genesis*, the *Epistle to the Romans*, and *Saint Augustine's City of God*. Behind descriptions of market reforms, monetary policy, and the convolutions of the Dow [Jones industrial average of stocks], I gradually made out the pieces of a grand narrative about the inner meaning of human history, why things had gone wrong, and how to put them right'—in other words, he had discovered a new religion of 'The Market' adapted from original Christian sources. But it now offered 'salvation through the advent of free markets' in place of the longstanding Christian message of salvation by God.

Indeed, Cox (1999) considered that 'there lies embedded in the business pages an entire theology, which is comparable in scope if not in profundity to that of *Thomas Aquinas* or *Karl Barth*. It needed only to be systematized for a whole new *Summa* to take shape.' While my ambitions

have been less grand, exploring economic theology is indeed a task I have been undertaking in my own way in my writings since 1991 about ‘economic theology.’

Benjamin and Cox regard the religion of capitalism and the religion of the American market negatively. Cox (1999) sees market religion as a grave threat to core human values as they have long been advanced by the main historic religions of the world. As he writes, ‘I am beginning to think that for all the religions of the world, however much they may differ from one another, the religion of The Market has become the most formidable rival, the more so because it is rarely recognized as a religion.’ As he is saying, because its religious character is disguised, market religion can be unreservedly proselytized in public settings where a similar explicit proselytizing of a traditional religion such as Christianity would face strong resistance in principle. As a supposed ‘secular’ religion, market religion can present itself in scientific terms that serve to mask the underlying traditional religious content.

Be a Hyena

A more recent example of such thinking is offered by the prominent American journalist Bill Moyers (2016)—who in his early years was a Baptist pastor and then became a top staffer in the Lyndon Johnson White House of the 1960s. In September 2016, he wrote that ‘the “dismal science of economics” became a miracle of faith. Wall Street glistened as the new Promised Land, while few noticed that those angels dancing on the head of a pin were really witchdoctors with MBAs brewing voodoo magic.’ In 2009 in the midst of the Great Recession, Moyers reports, ‘one of the high priests of this faith, Lloyd Blankfein, CEO of Goldman Sachs, looking in wonder on all that his company had wrought, pronounced it “God’s work”.’ Moyers writes about the religion of another Wall Street superstar Ray Dalio—worth more than \$10 billion—who publicly advertised his ‘philosophy,’ as Moyers characterizes it as, ‘Be a hyena.’

As Dalio himself develops such a message, ‘when a pack of hyenas takes down a young wildebeest, is this good or bad? At face value, this

seems terrible; the poor wildebeest suffers and dies. Some people might even say that the hyenas are evil.’ But this reflects, Dalio thinks, a failure of scientific understanding because ‘this type of apparently evil behavior exists throughout nature.’ As a scientific matter, in reality it ‘is good for both the hyenas, who are operating in their self-interest, and the interests of the greater [natural] system, which includes the wildebeest, because killing and eating the wildebeest fosters evolution, i.e., the natural process of improvement’ of the world including the human species. From a Darwinist perspective that sees human beings as another kind—if having a far higher level of intelligence—of animal, they are governed by the same rules: ‘Like the hyenas attacking the wildebeest, successful people might not even know if or how their pursuit of self-interest helps [natural human and non-human] evolution, but it typically does.’ Dalio concludes: ‘How much money people have earned is a rough measure of how much they gave society what it wanted’ (cited by Moyers 2016).

Dalio is a contemporary Wall Street follower in the economic religion of social Darwinism, as originally developed and preached in the second half of the nineteenth century by Herbert Spencer. Social Darwinism, as has often been observed since, draws heavily on Calvinist theology. In the original Calvinism, the saved—those already predestined at birth—will be among a limited minority of all people. As Max Weber argued, for later true believers after Calvin there could be no guarantees but success in a calling was nonetheless a good indication of being among the chosen, those few who will be among the elect. This Calvinist way of thinking was secularized by Spencer, and has been reflected within social Darwinism since then; the chosen are no longer selected by God but by a new divinity of the competitive market. The most successful in the market are the few who are making the greatest contribution to the economic progress of the world—in economic religion, those who are advancing the secular path of human salvation. A leading American theologian, Martin Marty explains that the social Darwinist version of capitalism in the United States (and elsewhere in the Anglo-American world) ‘individualized the old Puritan-evangelical ideas about “election,” ideas which were previously seen in the context of a covenanted community, and used them to justify personal economic competition’ (cited by Lee 1993, 202).

The various critics of market religion such as Benjamin, Cox, and Moyers offer, however, a limited view of twentieth-century economic religion. The religion of ‘The Market,’ as they describe it, is far from the only secular economic religion of the modern era. Indeed, the rise of secular religion dates to the Enlightenment when traditional Christian religion began to lose its dominant position in European civilization and to be superseded by what would become a host of secular religions, the majority of them grounded in the idea of economic progress as the salvation of the world. Marxism, for example, no less than capitalism, is a remapping of Christianity into economic language, in this case offering a prophetic view of the world as following along in an economic path that at the end of history is predestined to culminate in the arrival of a new communist heaven on earth. If capitalism and Marxism are thus both secular economic religions, saying that they are modern religions—however accurately—does little in itself to resolve the substantive differences between them. What will be needed is a detailed analysis of the contents and relative merits of the theologies of these two economic religions. Does economic progress, for example, have the power to save the world, and what is the most rapid path of economic progress? Examining such matters would be an exercise in what I have called more broadly ‘economic theology’ (Nelson 2004).

Besides social Darwinism with its roots in early Calvinism, other important economic religions such as Marxism have roots in other Christian sources, religions that in earlier times were often in significant conflict with Calvinism (see, in particular, Nelson 1991). This chapter explores a ‘Lutheran ethic’—much different from the ‘Calvinist ethic’—which provided the secular religious foundations for Nordic social democracy. Nordic social democracy is thus well characterized, not as a ‘secularized Calvinism’ as has been so influential in the Anglo-American world, but as a ‘secularized Lutheranism.’

The Problem of Evil, or Sin, in the World

Most economists find it difficult today to believe that economics could be a religion—or more precisely, that there could be a whole set of economic religions each grounded in its own economic theology that

explains how to understand the world. Economists typically describe their field as a 'social science,' belonging with the natural sciences in the broader overall category of 'science.' Economics takes on a theological character, however, when it offers a solution—usually more implicit than explicit—to the problem of evil in the world. It is easy enough to see that lying, cheating, and killing are still prevalent in the world, what Luther or Calvin would have described as the pervasively depraved condition of human existence. The widespread presence of such sinfulness was traditionally explained in Christianity as a consequence of original sin in the Garden of Eden, and later elaborated in visions of the world as the devil's playground.

From the Enlightenment onward, however, such traditional Christian understandings were increasingly regarded as mythological. In terms of providing authoritative truths of the world, science was more and more regarded as more reliable than past Christian claims with respect to the word of God. The new Enlightenment explanation instead was that human beings are shaped by their surrounding physical and social environment, especially the economic environment. As a consequence of such thinking, it is often said that money (or its lack) is the 'root of all evil'—human sinfulness is a result of the chronic past historic condition of very severe poverty. So the pervasive historic condition of human corruption and depravity actually has an economic explanation. But it then directly follows that with the help of economic science we can save the world—abolish sin—now in the modern era by abolishing economic scarcity, and eventually all material poverty. Such a basic tenet of belief is found in all economic religions, in some cases more explicitly but in other cases—probably the majority—as an assumption present only in implicit forms. Economics thus becomes a religious subject; economic knowledge newly provides the modern keys to the secular salvation of the world.

There are numerous examples of economic religion in the modern era. Indeed, the most influential modern political and economic understandings of the world have typically been forms of economic religion (a leading example of a non-economic religion of the twentieth century would be Freudianism). Marxism, for example, was predicated on the assumption that past rapid economic advance will continue for the fore-

seeable future, thus ending economic conflict (the class struggle) and human alienation (the Marxist version of original sin) that had resulted from economic causes. Capitalism, which had produced such remarkable increases in economic productivity, could thus even be seen by Marx as a critical—if eventually dispensable—step on the way to the abolishing of material scarcity in the world. In the end, after a time of cataclysmic change (the Marxist version of the Book of Revelation), economic scarcity would be ended and a new heaven on earth would arrive. This was the economic religion that officially inspired Soviet communism from 1917 to 1991 and was otherwise central to so much of the history of the twentieth century.

There are many other modern examples of economic religions, including:

- Capitalism (although it can take a wide variety of forms and the term is often used indiscriminately)
- Saint Simon and French positivist socialism (1820–1850)
- The American progressive ‘gospel of efficiency’ (1890–1920)
- Herbert Spencer and British and American social Darwinism (1880–1930)
- European Non-Marxist socialism (1900–1980)
- Nordic social democracy (1945–1980)
- Anglo-American scientific management of the progressive advance of the national and world economy (1945–?)—I add the question mark because the very idea of economic progress saving the world has come under growing challenge from environmentalists and other groups since the 1960s.

Five books explore in their own ways such aspects of religious thought and experience in the world today (Nelson 1991, 2001, 2010, 2015b, 2017). Some common themes and arguments that inform all these books include:

- The most important modern religions do not call themselves religions.

- Secular religions—or ‘implicit religions’—are actual religions.
- The leading modern secular religions are forms of economic religion.
- Religion does not disappear; rather, it changes its form, often in the modern age changing from a traditional to a newly implicit form. In western civilization, the actual roots of ‘modern’ secular religions lie in Judeo-Christianity (Nelson 2014).
- We should study modern religions with old-fashioned methods of theological analysis—now as subjects of ‘economic theology’ and other forms of ‘secular religious theology.’

Recognizing that economic religion has various ‘denominations’; economic religion as a whole has been the leading religion of the modern age—certainly in terms of political and economic influence if not always logical coherence and empirical support. This raises the question: how should we regard this fundamental religious development of the modern age within the much longer history of religion in western civilization. The three main alternatives that I can see are:

- Modern—secular, implicit, however, labeled—economic religions represent a brand new type of religion, a fourth Abrahamic religion now following in the path of Judaism, Christianity, and Islam.
- Or, the modern religions of economic progress should be seen as themselves a new development within Christian religion itself, following in the path of Protestantism, which also asserted its own new theology within Christianity, even as it seceded from the previously dominant Roman Catholic Church of its time.
- Or, for some devout Christians today, modern economic (and other secular) religions are an enormous new worldwide Christian heresy.

In my view, contemporary theology does not fulfill its responsibilities to society when it fails to address such fundamental questions as a central matter of theological inquiry. The subject matter of theology, as I think, needs to expand to include secular religion—and especially economic religion—within the scope of its theological investigations.

A Case Study: Nordic Social Democracy as Secularized Lutheranism

I arrived at the University of Helsinki Collegium for Advanced Studies in early February 2014 to spend seven months there as part of my sabbatical year at the University of Maryland

Given my previous intellectual and writing interests in economic theology, as I have been describing them, it should not be surprising that I soon decided to explore the place of economic religion in the Nordic countries in the twentieth century. My starting hypothesis was the following: Social democracy in the Nordic countries in the twentieth century is grounded in a secularized Lutheranism, much as the United States has been greatly influenced by a secularized Calvinism (within a much more pluralistic religious setting). That is to say, as I began to explore in depth, Nordic social democratic governance should be understood as a secularized product of a 'Lutheran ethic' that in previous centuries had been expressed more traditionally and had been the foundation for the Lutheran state churches that dated to the sixteenth century in the Nordic world.²

Changing Times: A Growing Nordic Scholarly Recognition of the Significance of Religion

Religion was in general neglected in the study of history and the social sciences of the twentieth century. The Nordic countries themselves were no exception. As I discovered, however, the publication in 1997 of *The Cultural Construction of Norden* represented something of a Nordic intellectual breakthrough. The edited book included a chapter by the Finnish historian Henrik Stenius titled 'The Good Life is a Life of Conformity: The Impact of Lutheran Tradition on Nordic Political Culture.' The editors Oystein Sorensen and Bo Strath (1997, 13, 5) wrote that 'it is not particularly difficult to imagine the social democrats as a secularized Lutheran movement;' indeed, 'social democracy [is] a continuation/transformation of Lutheranism.'

Two other Finnish contributions to this reassessment of Nordic social democratic history followed soon after. University of Helsinki sociologist Risto Alapuro (1998, 337) wrote that in the twentieth century ‘the role of the Lutheran tradition in the development of the welfare state’ took new forms. The Nordic countries experienced the development of ‘a new “secularized Lutheranism” in the form of the social democratic parties [that] continued the Lutheran tradition in the construction of the [Nordic] welfare state.’ The Finnish social historian Pirjo Markkola (2000, 113) (now of the University of Jyväskylä) explored ‘the ways in which urban middle-class women in the Lutheran context of Finland redefined women’s rights and responsibilities’ in a key formative period from 1860 to 1920.

This literature examining the large Lutheran influence in the development of Nordic social democracy has since continued to grow. In 2009 and 2010, two volumes appeared on ‘Welfare and Religion in a European Perspective: A Comparative Study of the Role of Churches as Agents of Welfare within the Social Economy (WREP),’ organized by the Center for the Study of Religion and Society at Uppsala University in Sweden. The study observed that ‘the Lutheran countries of Northern Europe, including Germany, were the first to develop systems of welfare and social insurance’ in Europe, providing further evidence of the powerful original Lutheran influence. WREP concluded that ‘religion is important as an independent, as well as dependent variable, in the evolution of welfare in Europe.’ More broadly, ‘our results confirm the view that modernity does not necessarily entail the displacement of religion, but is more likely to mean a change in its form, function and content. “Religious change” is therefore a more helpful label than “secularization”’ (Backstrom and Davie 2009, 5, 6).

By 2011, a Dane, Uffe Ostergard (2011, 93) of the Copenhagen Business School, wrote in ‘Lutheranism, Nationalism and the Universal Welfare State,’ that ‘the Danish welfare state is a result of secularized Lutheranism in national garment, rather than [of] international socialism,’ as most if its earlier students had claimed was the leading original influence. Much as Swedish social democracy in the 1930s left behind the messages of social division and revolutionary class struggle to become ‘the Peoples Home’ for all Swedes, Ostergard explains that in Denmark the social democratic platform of 1934 similarly set the principles and policy

agenda of a new ‘Denmark for the People’ that would secularize the old Danish Lutheran state church as a new social democratic state church—and legitimate parliamentary change, as opposed to political revolution, as appropriately guiding the economic path of Danish national salvation. There is thus a growing Nordic scholarly literature explaining Nordic social democracy as a form of ‘economic religion’ that can be studied in terms of having its own ‘economic theology’ (see also Arnason and Wittrock 2012; Naumann and Markkola 2014).

But to a surprising extent, knowledge of all this is still limited mostly to a specialist group of historians and other Nordic scholars. The broad Nordic public still today sees social democracy in the more traditional understanding as a twentieth-century product of the universal truths of science and secularism. If anything, as it is often thought, the old traditional Lutheranism was something to be overcome, not the actual foundation of the social democratic state. The idea of doing economic theology remains a novel concept for most current Nordic historians and other scholars.

Two Protestant Ethics

As already mentioned, in one of the most important works of sociology of the twentieth century, Max Weber wrote about the ‘Protestant Ethic’ as a key source of ‘The Spirit of Capitalism.’ But, as is generally acknowledged, he really meant the ‘Calvinist ethic.’ There is, however, also a ‘Lutheran ethic’ about which Weber said almost nothing. As Weber examined in detail, and many other scholars have since agreed (if not always for exactly the same reasons), Calvinism was strongly supportive of the development of capitalism. In comparison, the Lutheran ethic—although far less studied than the Calvinist ethic examined by Weber—was more supportive of the development of Nordic social democracy.

Luther, for example, in contrast to Calvin, condemned the self-interested pursuit of profit, even as Adam Smith from Calvinist Scotland would later endorse it. In *Theology and Economic Ethics*, Sean Doherty (2014, 67) writes that for Luther ‘self-interest is always wrong. Luther eschews all syntheses of self-love and neighbor-love.’ He condemns ‘many economic practices’ as masking immoral ‘vested interests and avarice.’ He

believes that those who write about 'financial matters tend to be *deliberately* obscure, and this opacity is a camouflage for duplicity' (as some think today about contemporary economics). For Luther, 'trust in the gospel may appear naïve, but true naivety would be an uncritical acceptance of economic claims' as put forth by those who rationalize the existing economic system.

The Lutheran Calling

While a Calvinist calling is often to be found in business activities, a Lutheran calling is instead to be found in obeying the Golden Rule (do unto others as you would have them do unto you), and thus in serving the whole community. Pirjo Markkola (2000, 115, 121, 122) writes that in the late nineteenth century in Finland the application of the Lutheran 'concept of "woman's calling" became central in women's organizations and new female occupations.' For Cecilia Bloomquist, 'her work was vocation, a calling given by God ... However weak she might have felt herself, the calling led her to a remarkable career in the service not only of Christian social work but also health care in Finland.' Markkola explains that 'according to the Lutheran concept of calling everybody was called to serve in his or her daily life' the needs of the society. This is the Lutheran basis of the strong sense of social solidarity which has been a defining feature of the Nordic countries.

The Harvard University sociologist Aage Sorensen (1998, 364) wrote that late eighteenth-century Lutheran Pietism 'created an emphasis on education, and support for the poor, orphaned and infirm that is quite consistent with the objectives and concerns of the modern welfare state.' Indeed, this established a 'model for the relationship between king and subject that was to become the model for the relationship between state and citizen in the modern Scandinavian welfare state.' It is 'a relationship of obedience and respect for the good intentions of the ruler and his agents, who want to help.' Then it was the Lutheran state church, now it is the social democratic state church. The authority of the king has been replaced by the authority of professional experts (who preach the new divine revelations of 'Science').

Lutheran Salvation by Good Works

As explained by Weber, later Calvinists said that good works were a promising sign of salvation, even if they could be no guarantee. Luther similarly said that those who obeyed the First Commandment—those who had true faith—would automatically obey the other Nine. It followed logically that those who did not obey the other Nine Commandments could therefore automatically be ruled out for salvation. Those who did obey them at least might be among the saved. As in Calvinism, in Lutheranism as well, good works could therefore be a promising sign, creating a powerful internal psychological motivation among Lutherans, as with Calvinists, for doing good works. As noted above, however, there are considerable differences between the Calvinist and Lutheran concepts of a calling, and thus of the specific means of doing of good works in the world.

As in Calvinism, all Lutherans must serve the highest obligations of a calling, not just a religious elite as in Catholicism. This is the Protestant concept of a priesthood of all believers.

Every Lutheran in their ordinary life should therefore serve God with a religious zeal. For Lutherans, this means hard work is to be routinely expected of all members of society. Again, it has also been a main part of the twentieth-century ethic of Nordic social democracy

Nordic Economic Progress in Place of the Lutheran God of Old

Social democracy from the 1930s to 1980 is yet another form of ‘economic religion.’ It is the steady ongoing elimination of economic scarcity—eventually of all material shortages—that will lead to a new ‘heaven on earth’ in the Nordic countries. Nordic economists and other social scientists are the new priesthood—they are the experts who know the twentieth-century Nordic path of economic salvation. The Nobel Prize for Economic Science was first given in 1969, reflecting this newly exalted status of economists and economics in the Nordic world.

In 2011 Norwegian historian Francis Sejersted's magisterial *The Age of Social Democracy: Norway and Sweden in the Twentieth Century* appeared in English translation. According to Sejersted (2011, 2), social democracy in the Nordic world has been a 'liberation project'—as Christianity has held out the possibility that mankind can be liberated from the consequences of original sin. The processes of liberation, however, are now to be 'closely linked to scientific rationality, or the demythologizing of the world'—abandoning old Christian myths in particular. Sejersted writes that social democracy represented a 'struggle to build the ideal society,' based on 'technical and economic progress.' By abolishing economic scarcity in the Nordic countries, economic progress would free people 'from poverty and the oppressiveness of work,' establishing the material basis for a new and better self (a Nordic version of the 'new man' that Marxists expected to follow after the Marxist apocalypse).

In Sweden, as Sejersted (2011, 45–47) further explains, 'it is striking to see how much the social democrats were preoccupied with production problems at the expense' of 'the traditional preoccupation of the Socialists with problems of redistribution' and social equality. The implementation of social democracy was characterized by a deep 'concern for industrial efficiency.' For Swedish social democrats, the 'engineer became in a special sense the representative of modern society.' It was not only production engineers but social scientists as well because they would assume the role of the engineers of the whole social order. Sejersted explains that 'the man who expressed this new social political ideology [of social democracy] most clearly was the Swedish economist Gunnar Myrdal' in the 1930s and later years.

Nordic Social Democracy as the Salvation of the World

In 2013, three Norwegian political scientists, Nik Brandal, Oivind Bratberg, and Dag Einar Thorsen, published a history of social democracy, *The Nordic Model of Social Democracy*. For Brandal et al. (2013, 107, 180), Nordic social democratic thinking in the early twentieth century

offered a 'socialist utopianism' in which heaven on earth was not to be far off. It would not be long, however, before twentieth-century history would demonstrate otherwise.

But it was still the case that 'the economy, by historical necessity, constitutes the driving force behind societal developments' under social democracy. Rather than violent political struggle, Brandal et al. (2013, 188, 122–123) explain that 'democratically elected parliaments could and should [now] regulate the economy, in order to create an improved society and a better world.' Rather than a social revolution, Nordic social democrats should 'work systematically for a better world in gradual steps, thinking through how the world works at the moment, and how it could be improved and better organized.' They should advance 'basic values ... The repeated insistence on democracy and decent living conditions for all regardless of status and background' is paramount. Brandal et al. write that 'war, dictatorship, poverty and hunger are evils which will continue to be sources of human misery for the foreseeable future. But the struggle against these evils has merely just begun.' The saving forces of economic progress will still prevail, just much more slowly than once optimistically expected.

For Brandal et al. (2013, 109), Nordic social democracy is 'an *international* movement because it believes that its most basic ideas and demands are of a universal nature'—that they should guide the future of the entire world. Not only Nordic solidarity but much wider 'solidarity across borders, and between different people and cultures, is a necessary precondition for the development of a better and more peaceful world' everywhere on earth. Nationalism was the source of many twentieth-century evils but Nordic social democrats have had to accept 'the nation state as a useful and indeed necessary arena for the exercise of democracy in the modern world.' But this is a short-run tactic; in the long run, the goal remains 'supranational and intergovernmental cooperation' based on universal social democratic values and ideals. The implementation of social democracy in the Nordic countries has thus been setting an example for the whole world to follow.

In Summary: Nordic Social Democracy as Secularized Lutheranism

Some of the key ways in which traditional Nordic Lutheranism has been secularized to become the value foundation of Nordic social democracy can be summarized as follows.

- Nordic economic progress saves the world. The new secular god of economic progress replaces the old Christian and Lutheran God.
- Nordic full social equality. The social democratic emphasis on equality reflects the Christian and Lutheran belief that all people are made equally ‘in the image of God.’
- Nordic equal democratic rights for all. The social democratic emphasis on political equality reflects the Protestant and Lutheran principle of a ‘priesthood of all believers’—in contrast to Catholic governance by a religious elite.
- Strong Nordic trust in others. The unusual degree of Nordic mutual trust puts into practice the Lutheran emphasis in its understanding of a suitable calling that it requires the obeying the golden rule (do unto others as you would have them do unto you) and taking care of your neighbor.
- A Nordic society of respect for the law. This social democratic principle follows after the Christian and Lutheran requirement to obey the Ten Commandments.
- Hard work is required of all members of Nordic society. This social democratic expectation of all people in a Nordic country follows after the Protestant and Lutheran message that each person must pursue his or her calling in the service of God in every area of society. The religious zeal expressed in pursuing a calling extends of all of life.
- Nordic freedom of individual conscience. The most powerful historic statement of freedom of religious conscience is that of Martin Luther at Worms, ‘Here I stand, I can do no other’ (even if he may not actually have said precisely that).
- Nordic equal rights to a good education. This follows after the Protestant and Lutheran demand that each person must learn to read

and understand the Bible—in contrast to Catholicism which for centuries strongly discouraged reading the Bible by ordinary people.

- Nordic care for the destitute and those others unable to care for themselves. This reflects numerous statements in the Christian Bible and later Lutheran teaching of the necessity to help the poor—for example, ‘If you want to be perfect, go, sell your possessions and give to the poor, and you will have treasure in heaven.’ Matthew 19:21
- Nordic equality of men and women. Again, this follows after the Christian and Lutheran message that each person, man or woman alike, is made equally in the image of God. It was given further emphasis by Martin Luther himself who saw his marriage as one of his two callings in life (the other was to spread the Gospel), and by the high degree of equality he demonstrated to others in the conduct of his own marriage.

Notes

1. This chapter had initially been a presentation to a symposium on ‘Holy Money,’ University of Helsinki Collegium for Advanced Studies and University of Helsinki’s theology department, Helsinki, Finland, September 15, 2016.
2. I also, as I might note, had some personal motives. My parents were both born about 1920 in the United States but my mother’s parents came from Finland about 1910 and my father’s grandparents came from Sweden in the late nineteenth century. I have many relatives and other acquaintances in the Nordic countries, particularly Finland. I thus liked the idea of exploring my own personal roots as well as undertaking a historical and theological inquiry.

Bibliography

- Alapuro, R. 1998. Comments on Sorensen’s ‘On King’s, Pietism and Rent-Seeking in Scandinavian Welfare States.’ *Acta Sociologica* 41.
- Arnason, J. P. and Wittrock, B. (Eds.) 2012. *Nordic Paths to Modernity*. Oxford: Berghahn Books.

- Backstrom, A. and Davie, G. 2009. The WREP Project: Genesis, Structure and Scope. In Backstrom, A. and Davie, G. (with Edgardh, N. and Pettersson, P). (Eds.) *Welfare and Religion in 21st Century Europe: Volume 1, Configuring the Connections*. Burlington, VT: Ashgate.
- Benjamin, W. 1996 [1921]. Capitalism as Religion. Reprinted in Benjamin, W. *Selected Writings, Volume 1, 1913–1926*. Cambridge, MA: Harvard University Press.
- Brandal, N., Bratberg, O. and Thorsen, D. E. 2013. *The Nordic Model of Social Democracy*. New York: Palgrave Macmillan.
- Cox, H. 1999. The Market as God. *The Atlantic March*.
- Doherty, S. 2014. *Theology and Economic Ethics: Martin Luther and Arthur Rich in Dialogue*. Oxford, UK: Oxford University Press.
- Naumann, I. K. and Markkola, P. (Eds.) 2014. Special Issue on 'Lutheranism and the Nordic Welfare States.' *Journal of Church and State* 56.1.
- Lee, P. 1993. *Against the Protestant Gnostics*. Oxford: Oxford University Press.
- Lowy, M. 2009. Capitalism as Religion: Walter Benjamin and Max Weber. *Historical Materialism* 17.
- Markkola, P. 2000. The Calling of Women: Gender, Religion and Social Reform in Finland, 1860–1920. In Markkola, P. (Ed.) *Gender and Vocation: Women, Religion and Social Change in the Nordic Countries, 1830–1940*. Helsinki: SKS.FLS.
- Moyers, B. 2016. We, the Plutocrats vs. We, the People: Saving the Soul of Democracy. *Common Dreams: Breaking News and Views for the Progressive Community* 12 September. <http://billmoyers.com/stories/>
- Nelson, R. H. 1991. *Reaching for Heaven on Earth: The Theological Meaning of Economics*. Lanham, MD: Rowman & Littlefield;
- Nelson, R. H. 2001. *Economics as Religion: From Samuelson to Chicago and Beyond*. University Park, PA: Pennsylvania State University Press.
- Nelson, R. H. 2004. What is Economic Theology? *The Princeton Seminary Bulletin* 25.1, February.
- Nelson, R. H. 2010. *The New Holy Wars: Economic versus Environmental Religion in Contemporary America*. University Park, PA: Pennsylvania State University Press.
- Nelson, R. H. 2011. Rethinking Church and State: The Case of Environmental Religion. *Pace Environmental Law Review* Fall.
- Nelson, R. H. 2014. Calvinism Without God: American Environmentalism as Implicit Religion. *Implicit Religion* 17.3.
- Nelson, R. H. 2015a. The Secularization Myth Revisited: Secularism as Christianity in Disguise. *Journal of Markets and Morality* Fall.

- Nelson, R. H. 2015b. *God? Very Probably: Five Rational Ways to Think about the Question of a God*. Eugene, Oregon: Cascade Books.
- Nelson, R. H. 2017. *Lutheranism and the Nordic Spirit of Social Democracy: A Different Protestant Ethic*. Aarhus, Denmark: Arhus University Press.
- Ostergard, U. 2011. Lutheranism, Nationalism, and the Universal Welfare State. In Kunter, K. and Schjorring, J. H. (Eds.) *European and Global Christianity: Challenges and Transformations in the Twentieth Century*. Gottingen: Vandenhoeck & Ruprecht.
- Sejersted, F. 2011. *The Age of Social Democracy: Norway and Sweden in the Twentieth Century*. Princeton, NJ: Princeton University Press. Translated by Richard Daly.
- Sorensen, A. B. 1998. On Kings, Pietism, and Rent-Seeking in Scandinavian Welfare States. *Acta Sociologica* 41.
- Sorensen O. and Strath, B. 1997. Introduction: The Cultural Construction of Norden. In Sorensen and Strath (Eds.) *The Cultural Construction of Norden*. Oslo: Scandinavian University Press.



9

Clerical Fascism: Chile and Austria

Robert Leeson

Through terror and deception, the Americas were initially conquered by ‘God and Gold’ conquistadors, primarily subjects of King Charles V of Spain (1516–1556), the Habsburg Holy Roman Emperor (1519–1556). Otto the Habsburg Pretender revealed that the Fascist dictator, General Francisco Franco, had invited him to ‘resume’ the Spanish Crown: Franco was ‘a dictator of the South American type ... not totalitarian like Hitler or Stalin.’ Otto was full of hope: ‘There is an extraordinary revival of religion in France ... I never would have thought one could dare to say in France what Sarkozy is saying—that the separation of church and state in France is wrong’ (cited by Watters 2005). According to Llewelyn Rockwell Jr, the co-founder of the Ludwig von Mises Institute, in ‘European history, the Habsburg monarchy was a famed guardian of Western civilization. But even those of us devoted to the old [pre-1861?] American republic are aware of the warm and long relationship between the Austrian school and the House of Habsburg’ (cited by Palmer 1997).

R. Leeson (✉)

Department of Economics, Stanford University, Stanford, CA, USA

Madrid and Vienna were both pivotal to the Habsburg Empire. Augusto Pinochet (1982, 33, 45, 54, 55, 56, 99–100, 102, 60–61, 150), who became a commissioned officer in 1936, as Franco began his assault on the Second Spanish Republic (1931–1939), saw the world as a ‘heroic struggle’ and a religious battle against those who sought to undermine the dominance of ascribed status. Salvador Allende, who he alleged was protected by ‘roughnecks of dubious reputation ... had exploited for his own benefit the *native simplicity* of a considerable portion of the Chilean population ... Propaganda took no rest in its mission of sowing hatred among those *simple* workers and their families [emphases added].’ Hayek (1978) was less diplomatic—referring to post-Habsburg democracy as ‘a republic of peasants and workers.’¹ As was Mises’ (2007 [1958], 11), who (referring to *Atlas Shrugged*) told Ayn Rand ‘You have the courage to tell the masses what no politician told them: you are inferior and all the improvements in your conditions which you simply take for granted you owe to the effort of men who are better than you.’

Before the end their ‘Great’ War, the Habsburgs and the Hohenzollerns had driven ‘their’ subjects back to a state of serfdom: those who objected were often sent to ‘the front,’ where firing squads maintained discipline. At the end of 1914, the Germans declared the anti-war ‘Spartacus Letters’ (*Spartakusbriefe*) illegal, and Karl Liebknecht, the co-founder of the Spartacus League, was arrested and sent to the Eastern Front—despite his immunity as a Member of Parliament.

By early 1917, nearly 5% (one million) of French males had been killed in fighting—many in enforced suicidal ‘advances’: 27,000 French soldiers deserted in 1917 alone. The failure of the Nivelle Offensive led the French 2nd Division to refuse to follow orders (3 May 1917). In June 1917, mass arrests were followed by mass trials: 3427 courts-martial resulted in 2878 sentences of hard labour and 629 death sentences (43 executions were carried out).

In *Socialism*, Mises (1951 [1922], 385) argued that monopoly was exceedingly rare: ‘Perhaps the nearest approach to such a monopoly was the power to administer grace to believers, exercised by the medieval Church. Excommunication and interdict were no less terrible than death from thirst or suffocation.’ This producer sovereignty—initially provided by the Roman Empire—had been eroded by heresy, the ‘Great

Schism' (1054), the Reformation (1517–), science and the enlightenment, and then by the separation of Church and State: 'Congress shall make no law respecting an establishment of religion.' In 'The Heart of a Fighter,' Rockwell (2005, 1998), the devout Roman Catholic author of 'To Restore the Church Smash the State,' appeared to see a salvation in a second Jewish-born child: 'I often think back to a photograph of Mises when he was a young boy of perhaps 12, standing with his father ... you sense that there is something in Mises's eyes, a certain determination and intellectual fire, even at such a young age. His eyes seem knowing, as if he were already preparing himself for what he might face.'

In the 1877 Satsuma Rebellion, Saigō Takamori (Takanaga), 'the last true samurai,' went 'honourably' to his death in defence of the inherited privileges of his Japanese warrior class. According to Guido Hülsmann (2007, 267–269), 'von' Mises was a decorated war hero: 'he received another medal for outstanding performance before the enemy.' But within weeks of the outbreak of the 'Great' War, Mises tried to escape:

If Mises could have gotten away earlier, in any honourable manner, he would have welcomed the opportunity. He tried, in the fall of 1914, to use his *Kammer* [Chamber of Commerce and Industry] affiliation to be transferred to some other duty ... After the Northern Front had calmed down, Mises was finally considered suitable for bureaucratic employment, and the *Kammer* connections now proved to be effective. During his Christmas holidays in Vienna, on December 22, 1915 he received orders from the War Ministry to join its department no.13 in Vienna.

In 1917, Lenin left neutral Switzerland for what he thought was certain imprisonment in Russia (Crankshaw 1954); while in 1940, *The Last Knight of Liberalism* left neutral Switzerland for neutral America (via neutral Portugal) in a 'terrible state of mind. As calm and composed as he seemed, he was not made for adventures and uncertainties of this kind. I needed all my courage to help him overcome his desolation' (Margit Mises 1976, 58).

In a taped interview, the morality-promoting Hayek—who had what in military circles is described as a 'Lack of Moral Fibre'—allegedly told Kurt Leube (2003, 12) that he 'never doubted that there are things in

life worth fighting for and risking one's own life for.' Leube added that Hayek had been born into an 'aristocratic family that could not only lay claim to a long academic tradition but also to a long and dutiful service to the Empire ... he was anxious to be sent as an artillery sergeant cadet to the intensely embattled Italian front ... much to his dislike he missed by a few days the Battle of Caporetto in October/November 1917 that left many dead and wounded.'

Hitler 'probably ... left Vienna to escape military service' (Shirer 1960, 44); and while conscripts were routinely executed for trying to 'clear out,' the aristocratic Hayek (1978) wanted to 'get honorably out of the fighting':

We all felt the war would go on indefinitely, and I wanted to get out of the army, but I didn't want to be a coward. So I decided, in the end, to volunteer for the air force in order to prove that I wasn't a coward. But it gave me the opportunity to study for what I expected to be the entrance examination for the diplomatic academy, and if I had lived through six months as an air fighter, I thought I would be entitled to clear out. Now, all that collapsed because of the end of the war. [tape recorder turned off] In fact, I got as far as having my orders to join the flying school, which I *never did in the end* [emphasis added]. And of course Hungary collapsed, the diplomatic academy disappeared, and the motivation, which had been really to get honorably out of the fighting, lapsed. [laughter]²

Many of Hayek's (1978) formative influences were theatrical: 'Of course, I started writing plays myself, though I didn't get very far with it.'³ Hayek (1994, 153), who attempted to dictate his 'Against the Stream' biography to William Warren Bartley III, appeared to flip in and out of fantasy: 'In a sense *I* am fearless, physically, *I* mean. It's not courage. It is just that *I* have never really been afraid. *I* noticed it in the war.' Bartley asked: 'You must have been fearless to go on those airplane expeditions in the Great War where you were acting as an artillery spotter.' Hayek replied: 'Excitement, in a sense; but not a matter of fear. Once the Italians practically caught us. One in front, firing through the propeller. When they started firing, *my* pilot, a Czech, spiralled down. *I* unbelted myself, climbed on the rail. *My* pilot succeeded in correcting the spin just above the ground. It was exciting ... *I* lack nerves. *I* believe this is a thing *I* inherited from *my* mother [emphases added].'⁴

When Earlene Craver asked ‘what were your dreams? your fantasies of what you might do with your career?’ Hayek (1978) replied: ‘Well, at that time I really wanted a job in which I could do scientific work on the side.’⁵ His intellectual interests were a form of ‘play’: ‘my interests very rapidly moved, then, to some extent already toward evolution, and for a while I played with paleontology;⁶ I played for a time with this idea in the hope of resolving the conflict between nationalities in the Austro-Hungarian Empire ... in a way I played with constitutional reform at the beginning and the end of my career.’⁷

Austrian business cycle theory had been debunked by Pierro Sraffa (1932a, b) before Hayek (1933) had delivered his Inaugural Professorial Lecture.⁸ Afterwards, Hayek (1941) published *The Pure Theory of Capital*: but primarily, he ‘played’ with constitutional reform and ‘knowledge’ for the last six decades of his career. Hayek (1978) reflected about his own life: ‘It is my general view of life that we are playing a game of luck, and on the whole I have been lucky in this game;⁹ I was extremely lucky. In fact, I owe my career very largely to a fortunate accident;¹⁰ it’s absolutely essential that individuals are making use of luck, and if it’s no longer worthwhile to pursue pure luck, very desirable things will be left out.’¹¹ He also reflected about the ‘luck’ that was required to get a ‘good dictator’ after the establishment of an ‘elective dictatorship with practically unlimited powers. Then it will depend, from country to country, whether they are lucky or unlucky in the kind of person who gets in power. After all, there have been good dictators in the past; it’s very unlikely that it will ever arise. But there may be one or two experiments where a dictator restores [emphasis added] freedom, individual freedom.’¹²

Hayek (1978) marketed himself to his ‘secondhand dealers in opinions’ as an *Olde Worlde* aristocrat.¹³ Journalists assisted him despite being aware of the deception: the *Washington Post* reported that he ‘is everything you want an 83-year-old Viennese conservative economist to be. Tall and rumped. A pearl stickpin in his tie. A watch chain across his vest, even though he wears a digital on his wrist. An accent which melds German Z’s with British O’s.’ With ‘lovely aristocratic ease,’ he became a ‘favorite of conservative economists from Irving Kristol to William Buckley.’ While Hayek described the ‘spontaneous formation of an order’ as ‘extremely complex structures’ and the market as ‘an exo-somatic sense organ,’ the staff of the Heritage Foundation ‘hover around him with

a combination of delight and awe that makes them seem like small boys around a football hero' (Allen 1982).

The premier (post-Roche III) Hayekian fundraiser reported in *The Washington Post* that 'Hayek himself disdained having his ideas attached to either party' (Caldwell 2010).¹⁴ As the carpet bombing of Southeast Asia accelerated, Mises (1963, 282; 1966, 282)—during a Democratic administration—lobbied for the Warfare State: 'He who in our age opposes armaments and conscription is, perhaps unbeknown to himself, an abettor of those aiming at the enslavement of all.'

Those members of Rose Friedman's family who had not emigrated 'all died in the Holocaust. We have never learned where or how.' In 1950, while Milton worked on the Schuman Plan, Rose experienced trauma: it was very difficult for her to let their two children 'run freely as they were accustomed to do at home because always there was the nagging fear that they might suddenly disappear. Of course I knew that they would no Nazis in the park that somehow there was always in my subconsciousness those terrible stories about what happened to Jewish children during the Nazi era. That trip to Germany haunted me for many years' (Friedman and Friedman 1998, 3, 180). When in June 1974, Rothbard, Walter Block, Sudha Shenoy, Richard Fink, Gary North, Richard Ebeling (1974) et al. initiated the Institute of Humane Studies Austrian revival, one of the conference highlights was baiting the Friedmans in person with the accusation that their son detected 'latent fascist tendencies' in his father. Shenoy (2003) recalled that 'Murray Rothbard made the whole affair fun.' Ebeling is the 'BB&T [Branch Banking and Trust Company] Distinguished Professor of Ethics and Free Enterprise Leadership' at The Citadel Military College (2014–), offering courses in 'Entrepreneurial Leadership and Capitalist Ethics' and 'Ethical Entrepreneurship and Profit-Making.'¹⁵ The 'mission' of the Citadel School of Business involves the promotion of 'Integrity, diversity, and respect for others.'¹⁶

In 1967, 'Ayn Rand's writings brought about an ethical and practical revolution' in Ebeling's (2016) adolescent thinking: 'From now on I did not have to feel guilty when I saw some bum in the gutter—he had no moral claim on the product of my mind and effort.' Over 57,000 American soldiers died in the Vietnam War; many were tortured in the 'Hanoi Hilton'; and many committed suicide on their return home.

Those who suffered from post-traumatic stress disorder and were unable to adjust to civilian life often became homeless. In ‘Right-Wing Populism: A Strategy for the Paleo Movement,’ Rothbard (1992) prescribed a ‘Vienna Hilton’ final solution for these victims of the warfare state: ‘Take Back the Streets: Get Rid of the Bums. Again: unleash the cops to clear the streets of bums and vagrants. Where will they go? Who cares? Hopefully, they will disappear, that is, move from the ranks of the petted and cosseted bum class to the ranks of the productive members of society.’

As Stalin airbrushed Trotsky out of Bolshevik history, so in ‘The Transmission of the Ideals of Economic Freedom,’ Hayek (2012 [1951]) continued to airbrush-out-of-history the Austrian School approval of Fascism:

Thirty years ago liberalism may still have had some influence among public men, but it had well-nigh disappeared as a spiritual movement. Today its practical influence may be scant, but its problems have once more become a living body of thought. We may feel justified in looking forward with renewed faith to the future of liberalism ... At the end of the First World War the spiritual tradition of liberalism was all but dead ... It could be said with some justification that [Edwin] Cannan really prepared the ground, in England, for the reception of the ideas of a much younger Austrian who has been working since the early ’twenties on the reconstruction of a solid edifice of liberal thought in a more determined, systematic and successful way than anyone else. This is Ludwig von Mises ...

James Buchanan (1992, 130) observed that within the Mont Pelerin Society there was ‘too much deference accorded to Hayek, and especially to Ludwig von Mises who seemed to demand sycophancy’; and according to the Misesian, Robert Anderson (1999), similar characteristics were required for academics to avoid dismissal at Hillsdale College: ‘One hundred percent approval and agreement were required.’ The devout Presuppositionalist, Peter Boettke (2010)—who is ‘very involved’ with the Foundation for Economic Education, which Hayek identified as a ‘propaganda’ set-up (Chap. 1, above)—identified Ebeling, FEE’s fund-raising president, Mont Pelerin Society member and Hillsdale College Ludwig von Mises Professor of Economics (1988–2003), as one of the world’s premier interpreters of Mises.¹⁷ Ebeling (SHOE 20 December 2015)

was ‘shocked’ by the evidence about Mises that had been presented to the Society for the History of Economics (SHOE):

Mises was also a strong proponent of free movement of people—that is, ‘open immigration.’ In December 1935, Mises penned an article on ‘The Freedom to Move as an International Problem,’ criticizing countries like Australia that limited non-whites from migrating and settling there.

Yet in *Human Action*—a ‘comprehensive treatise on economics’ written between ‘the fall of 1934 until the summer of 1940’—Mises (1998 [1949], Foreword, 821) insisted: ‘As conditions are today, the Americas and Australia in admitting German, Italian, and Japanese immigrants would merely open their doors to the vanguards of hostile armies.’ The editors of *Human Action Scholars Edition* reported that Percy Greaves ‘suggested amending this passage’ about immigration but ‘no change was made in the second edition’ (Herbener et al. 1998, xx). Having declared in second edition that there were irreconcilable antagonisms:

For the third edition, the passage is eliminated altogether and replaced with an additional paragraph calling for a philosophy of mutual cooperation to replace the view that there are ‘irreconcilable antagonisms’ between groups in society. (Herbener et al. 1998, xx)

Ebeling (SHOE 22 May 2014) also asserted that ‘anyone familiar with Mises’ writings knows that he opposed war.’ In *Mein Kampf*, Hitler (1939 [1925], 142) described his planned route to power: ‘Every form of force that is not supported by spiritual backing will always be wavering and uncertain.’ Two years later, Mises (1985 [1927], 45, 50) explained that Classical Liberalism would provide that spiritual backing:

To be sure, it should not and need not be denied that there is one situation in which the temptation to deviate from the democratic principles of liberalism becomes very great indeed. If judicious men see their nation, or all the nations of the world, on the road to destruction, and if they find it impossible to induce their fellow citizens to heed their counsel, they may be inclined to think it only fair and just to resort to any means whatever, in so far as it is feasible and will lead to the desired goal, in order to save

everyone from disaster. Then the idea of a dictatorship of the elite, of a government by the minority maintained in power by force and ruling in the interests of all, may arise and find supporters.

Mises tried to persuade Fascists that he could assist their path to power:

What happens, however, when one's opponent, similarly animated by the will to be victorious, acts just as violently? The result must be a battle, a civil war. The ultimate victor to emerge from such conflicts will be the faction strongest in number. In the long run, a minority—even if it is composed of the most capable and energetic—cannot succeed in resisting the majority. The decisive question, therefore, always remains: How does one obtain a majority for one's own party? This, however, is a purely intellectual matter. It is a victory that can be won only with the weapons of the intellect, never by force.

According to Mises (2009a [1978 (1940)], 59–60), in Austria 'I was helped by few, and distrusted by all political parties. And yet all secretaries and party leaders sought my advice and wanted to hear my opinion. I never attempted to force my views upon them, nor did I ever seek out a statesman or politician. On no occasion did I appear in the lobby of Parliament or a government department without having first received a formal invitation. Secretaries and party leaders visited my office more often than I visited theirs ... I was the economist of the land.' The delusional Mises (1985 [1927], 45, 49, 50) assumed that he would become 'the economist of the land' where 'Germans and Italians,' 'Fascists,' 'Ludendorff and Hitler' ruled: 'If it [Fascism] wanted really to combat socialism, it would have to oppose it with ideas. There is, however, only one idea that can be effectively opposed to socialism, viz., that of liberalism.'

In so far as the Austrians and Germans had common military objectives, Lieutenant Mises and the teenage 'Lieutenant' Hayek were in the chain of command between the de facto wartime dictator, General Erich Ludendorff, and the lower ranks, including Corporal Hitler.¹⁸ Mises (1985 [1927], 43–44, 49, 45) expressed ambivalence about the *method* by which 'Ludendorff and Hitler' had sought power in 1923: 'If every group that believes itself capable of imposing its rule on the rest is to be

entitled to undertake the attempt, we must be prepared for an uninterrupted series of civil wars.’ Implausibly, Mises stated: ‘The only consideration that can be decisive is one that bases itself on the fundamental argument in favor of democracy.’

Hayek told a Paris press conference that the ‘principles of democracy continue to be just, but it is necessary to try them in a different way ... Democracy is not an end in itself’ (cited by Han 1982, 91). According to Pinochet, as dictator he had ‘always acted in a democratic way.’¹⁹ Hayek (1978) approved of ‘democratic principles’ but opposed systems which were ‘democratically organised.’²⁰ In Chile, he stated: ‘Although I am an eminently democratic person, I think that the democratic system cannot be unlimited, as it needs protections to avoid the influence of power and interest groups’ (cited by Caldwell and Montes 2014a, 23; b; 2015, 280).

Hayek’s Mont Pelerin Society was funded by power-seeking interest groups and ideologues. According to Bruce Caldwell and Leonidas Montes (2014a, 52; b; 2015, 305), ‘Hayek always insisted that he was a supporter of democracy, but that democracy had to be limited.’ But Hayek (1978) was very specific—his ‘democratic principles’ collapse into a singular merit: ‘I believe in democracy as a system of peaceful change of government; but that’s all its whole advantage is, no other. It just makes it possible to get rid of what government *we* [emphasis added] dislike.’²¹

The Global Financial Crisis edition of *Tiger by the Tail* repeated Hayek’s assertion that those who disagreed with him were a ‘grave menace to *our* [emphasis added] civilisation’ (Salerno 2009, xviii). Who are the Austrian ‘we’? And what are the ‘different’ ways of getting rid of governments *they* dislike? In Chile, this involved a military coup. Rothbard’s (1994a) ‘we’ included ‘Redneck’ militia groups:

A second necessary task is informational: we can’t hope to provide any guidance to this marvellous new movement until we, and the various parts of the movement, find out what is going on. To help, we will feature a monthly report on ‘The Masses in Motion.’ After the movement finds itself and discovers its dimensions, there will be other tasks: to help the movement find more coherence, and fulfil its magnificent potential for overthrowing the malignant elites that rule over us.

Pinochet (1982, 18–19) found that although amongst the Chilean military elite, ‘Knowledge of history was exchanged—some officers were real historians—and comments on the world situation, always from the angle of war,’ they lived in ‘near-total ignorance of the play of ideological tendencies.’ After the 1939 Chilean earthquake, Pinochet decided that socialists were ‘petty thieves.’ But he was horrified that the military were ‘cloistered in their barracks ... Worse still, the officers knew practically nothing of all the political activity going on in the country ... dissociated from any political leanings.’ When asked about politics, the officers replied ‘Sorry, we are apolitical and don’t like to discuss such matters.’

At this time, Pinochet (1991, 78) learnt the art of deceiving politicians or those curious about the intentions of the military: ‘We would appear ignorant when we had to discuss these matters with politicians.’ In reality, within the Chilean military, ‘There was a sort of contempt for politicians, whom we blamed for all the recent evils.’

Hayek’s Mont Pelerin Society was funded by the neo-feudal United Fruit Company (Leeson 2017). Just before the start of the cold war, Gabriel González Videla was elected president of Chile (1946–1952) with the support of his own Radical Party and the Communist Party. Allende’s Socialist Party declined to support Videla, and the Chilean worker’s union then split into a communist and a socialist wing. In 1948, US Assistant Secretary of State, Spruille Braden, threatened President Videla with a credit freeze unless the Communist Party was banned (Guardiola-Rivera 2013, 61): the result was the 1948 ‘Law of Permanent Defense of the Democracy’ (the Communist Party remained illegal until 1958). In his Arlington House memoirs, Braden (1971, 50, 441), formerly a paid lobbyist for United Fruit, who complained that Allende posed a threat to US interests and ‘threatens his own country’s capitalists,’ also noted that Chile had been governed by an oligarchy, more or less, of the so-called ‘forty families.’

Pinochet (1982, 21–23) reported that fear of torture had cured communist tantrums: previously, they had ‘shown their arrogance in front of the Army’; now they ‘either said no word or else wept and screamed for mercy, begging not to be taken away’ to internment at Pisagua. The 1948 ‘Law of Emergency Powers’ which banned the Communist Party led to ‘great happiness’ throughout Chile; he participated in the arrest of

‘communist agitators’: ‘I still remember vividly the surprise of those who believed themselves owners of the country ... Today, after so many years have passed, I can appreciate the speed at which the course the country was changed. It was a night we should remember as a milestone in the history of Chile.’²²

In 1948, the poet Pablo Neruda was interned in the Pisagua concentration camp (Guardiola-Rivera 2013, 62). Pinochet (1982, 26–27) asserted that in Pisagua he had been—whilst armed only with a pistol—cornered in the kitchen by a mutiny of unarmed prisoners: ‘The circle was closing in on me. I confess I thought my end had come’—until a prisoner, Angel Veas, the former Interdente of **Tarapacá**, raised his voice: ‘The shouts managed to stop these men who seemed ready for anything. I should say that everyone of them, with no exception, obeyed, and not a single objection or complaint was voiced ...’ Pinochet (1982, 27–28, 49) interpreted this in a sinister light: communists had ‘quasi military discipline.’ Worse still, the concentration camp had been turned into a ‘Marxist Leninist university, where people were trained who would later act as agitators.’ They used ‘thousands of tricks’ to avoid having their Russian literature removed from them. These experiences led him to conclude that they would ‘not hesitate to resort to all manner of immoral acts, excesses, and crimes in order to impose their ideology on the nation, and finally that unless the population bowed to their wishes, the entire country would suffer the tragedy of a bloodbath.’ Allende (then a Socialist Party Senator) and others arrived at Pisagua to ‘find out the condition of the prisoners.’ Pinochet inferred that they had come to ‘agitate’ and told them that they would be shot if they tried to enter the camp: ‘Hearing such a firm answer, they turned back to the interior.’

Like Hitler, Pinochet’s (1991, 18, 31, 34) father was a customs official; and like Stalin, Pinochet, from age six, was educated in a seminary. Heinrich Himmler justified the final solution by explaining that they lived in an ‘iron time’ and had therefore to sweep with ‘iron brooms’ (cited by Patterson 2002, 122). Stalin’s father was a violent drunk; and Hitler told his secretary that his father ‘had tantrums and immediately became physically violent’ (cited by Hamann 2010, 18). For having ‘tantrums,’ Pinochet (1991, 23–24) was beaten by his mother with a broom stick. Public beatings were accompanied by the threat: ‘If you keep on crying I will pull your pants down and you will get it right here in the

street’—which, he reported, cured him of his ‘tantrums.’ Pinochet (1982, 63, 14) also reported that Allende’s 1970 election victory had embarrassed him: ‘the spectacle we showed the world was a highly disconcerting one.’

Those who promote religion see the world as a battle between God and the Devil; Hayek (1978) saw the social universe as a battle between superstitions: ‘You know, I’m frankly trying to destroy the superstitious belief in our particular conception of democracy which we have now, which is certainly ultimately ideologically determined, but which has created without our knowing it an omnipotent government with really completely unlimited powers, and to recover the old tradition, which was only defeated by the modern superstitious democracy, that government needs limitations.’²³ On his Austrian side, the ‘gold standard has irrevocably been destroyed, because, in part, I admit, it depended on certain superstitions which you cannot restore.’²⁴ In his September 1984 closing address to the Mont Pelerin Society, Hayek put ‘superstition’ into a ‘more effective form’:

we owe our [emphases added] civilization to beliefs which I have sometimes have offended some people by calling ‘superstitions’ and which I now prefer to call ‘symbolic truths.’ (Cited by Leeson 2013, 197)

The superstition-promoting Hayek wore his illegal ‘von Hayek’ coat of arms on his signet ring (Ebenstein 2003, 75, 298), and the intensely superstitious Pinochet wore a ruby ring with his astrological sign (Sagittarius) engraved on it—although he may have been excommunicated by the Catholic Church for ordering torture (O’Shaughnessy 2000, 77). Given the psychologizing that Hayek and Pinochet promoted, it seems reasonable to ask whether the family violence inflicted on Pinochet was a contributory factor in creating a psychopathic or fascistic personality. Did it inspire his presidential torture-them-naked policy and the associated rapes?

According to Mises (1951 [1922], 100–101):

The radical wing of Feminism ... overlooks the fact that the expansion of woman’s powers and abilities is inhibited not by marriage, nor by being bound to a man, children, and household, but by the more absorbing form

in which the sexual function affects the female body ... the fact remains that when she becomes a mother, with or without marriage, she is prevented from leading her life as freely and independently as man. Extraordinarily gifted women may achieve fine things in spite of motherhood; but because the functions of sex have first claim upon woman, genius and the greatest achievements have been denied her.

According to Rothbard (1970), 'at the hard inner core of the Women's Liberation Movement lies a bitter, extremely neurotic if not psychotic, man-hating lesbianism. The quintessence of the New Feminism is revealed.' Rothbard motivated Austrian economists by getting them to sing 'old World War I anthems' (Cwik 2010) and by orchestrating their chant of 'We Want Externalities!' (Blundel 2014, 100, n7). Rothbard (2002 [1971], 52) explained why they must oppose the Pigouvian externality analysis which underpins carbon taxes and subsidized education: 'whether Women's Libbers like it or not, many men obtain a great deal of enjoyment from watching girls in mini-skirts; yet, these men are not paying for this enjoyment. Here is another neighborhood effect remaining uncorrected! Shouldn't the men of this country be taxed in order to subsidize girls to wear mini-skirts?'

Pinochet was Danton to Rothbard's Robespierre: trouser-wearing women were banned from the Presidential Palace that had taken by force (O'Shaughnessy 2000, 120). According to Pinochet (1982, 148), the 'profound moral and economic corruption' had gone unnoticed under Allende: his coup was undertaken to 'maintain internal order and the physical and moral safety of all citizens.' In pursuit of 'liberty,' Pinochet's White Terror squads took women by force: the threat of repeated rape and endless incarceration forced some left-wing idealists to become informers. Family members—including children—were also targeted. In between rapes, Luz Arce (1994, 177) was allowed to see her six-year-old son, Rafael. After one meeting, 'I looked at my hand. It had stroked my little son's head just a while before, and now it seemed like I could touch the emptiness in them, an emptiness that permeated my entire being.'

The Australian-born, Oxford-educated doctor, Sheila Cassidy (1992 [1977], 173, 192), tried unsuccessfully to avoid electrical torture by declaring—truthfully—to her DINA (*Dirección de Inteligencia*

Nacional—Chilean secret police) interrogators: ‘I’m going to be a nun.’ Seeing her naked and tied-up, her interrogators became ‘sexually excited’; but unlike others (including, the previous week, a nun) she escaped rape.

In 1970, an advertising agency ran an anti-Allende ‘terror’ campaign (financed by the Anaconda copper mining corporation, Bank of America, the First National City Bank and *El Mercurio*): one prominent image was of a weeping Virgin Mary captioned ‘Queen and Patron of Chile, Deliver Us From Communism’ (Guardiola-Rivera 2013, 152–153). After Allende’s victory, Pinochet (1982, 41; 1991, 27–28, 40, 116, 157, 168) was horrified that posters of Che Guevara and Fidel Castro had replaced earlier Roman Catholic icons. But when in 1980, the essentially non-practising Christian Ronald Reagan defeated the devout Baptist Jimmy Carter, Pinochet credited the Virgin Mary for his change in international good fortune (Guardiola-Rivera 2013, 393).

As a four-year-old boy with military aspirations, doctors recommended the amputation of Pinochet’s (1982, 41; 1991, 27–28, 40, 116, 157, 168) leg after he had been run over by a horse-drawn cart. His ‘devout’ convent-educated mother offered a statue of ‘Nuestra Señora del Perpetuo Socorro’ (the ‘Virgin Mary’ or ‘Our Lady of Perpetual Help’) a deal: if her son did not lose his leg and was accepted into military school, they would both wear brown-coloured clothes (for fifteen years for the mother, and either ten years for the son—as a civilian—or two if he was able to join the military). The ‘Mother of God’ ‘rewarded’ these prayers and sent a German doctor, who provided him with ‘a miraculous cure.’ In January 1937, Pinochet placed a plaque in a church to thank the ‘Nuestra Señora del Perpetuo Socorro’ for ‘the miracle she had worked on me.’ The Pinochet family continued to benefit from inter-generational miracles: when his son was born with a stomach fever, ‘by what seemed a miracle,’ he was cured by a vaccine. When his family were on a train that crashed, he offered a prayer: ‘Thanks God they had taken one of the last cars which had not turned over.’ When he failed to board a plane that crashed he realized that ‘fate had again saved me from death.’

In her 19 January 1976 ‘Iron Lady’ speech, Mrs Thatcher stated that the ‘Conservative Party has the vital task of shaking the British public out of a long sleep. Sedatives have been prescribed by people, in and

out of Government, telling us that there is no external threat to Britain, that all is sweetness and light in Moscow, and that a squadron of fighter planes or a company of marine commandos is less important than some new subsidy.²⁵ The speech was drafted by Robert Moss (Campbell 2007, 353), the Hayekian author of the pro-Pinochet *Chile's Marxist Experiment* (1973).

Pinochet (1982, 146, 48, 17), who referred to his coup as an 'amputation' and complained that Allende used a 'sedative' on the Chilean people, recalled that since 'I was a child I had the idea that the goal of my life should be to become an Army officer and to devote my life to the career of arms ... My father would talk to me at length about the virtues of the medical profession and the beauty of its mission, while my mother used to support and encourage my ambition to wear my country's uniform and devote myself wholly to the noble office of arms.' According to a family friend, Pinochet's mother was 'very, very authoritarian ... she was fixated on military life' (cited by O'Shaughnessy 2000, 12). According to Charlotte Cubitt (2006, 89, 111, 168, 174, 188, 284, 328), Hayek's formidable mother was known in the family as the 'iron aunt.' Hayek's (1994, 37–39) mother came from a 'younger' family, that had been 'ennobled over a generation later' and who were 'definitely upper-class bourgeoisie and wealthier by far' with a 'nice fortune' and an '*appropriate* [emphasis added] standard of life.'

Latin American aristocrats—*latifundistas*—owned vast tracts of agricultural land, much of it uncultivated. In Chile in the 1960s, the top 3% of agricultural landowners received 37% of that sector's income, while the bottom 71% received 33% (Sandford 1975, 54). Pinochet's (1991, 20, 17) mother's ancestors arrived in 'our country in the early years of the seventeenth century. She descended from many illustrious conquistadors of Chile, whose traits were reflected in various gestures towards her children.' His father was the 'seventh generation through direct male line of the family founder,' a 'direct descendant of Guillaume de Pinochet' who came to Chile in the eighteenth century as a merchant.

Hayek (1994, 37–39) traced his paternal family back five generations: Laurenz Hayek 'served one of the great aristocratic landowners of Moravia,' and his son, Josef (1750–1830),

followed the landowner to Vienna as secretary when he was appointed to high government office, and after returning with him to Moravia became steward of the estate. In this capacity Josef Hayek developed two new textile factories in Moravia and Lower Austria, which in turn led to two new villages. He eventually also became a partner in these factories and acquired a substantial fortune. This was a significant achievement in the Austria of 1789, and it was this that led Kaiser Josef II to ennoble him.

Hayek's (1994, 37–39) family could have gone from clogs-to-clogs (rapid upward and equally rapid downward social mobility) in three generations. Josef's son, Heinrich, acquired a civil service job where he 'probably had to work for only two or three hours each morning; and spent a long dignified and comfortable life as a gentleman'—before losing the 'fortune on which the family's comfortable existence depended.' Heinrich then disinherited his son Gustav (Hayek's grandfather). Worse still, Gustav's expectations of inheriting from two 'maiden aunts' failed to materialize: he was thus obliged to live in 'modest circumstances.'

Hayek's (1994, 38–39) paternal grandparents were 'proud' of their 'gentility and ancestry'—but had to be rescued by private-fortune-financed human capital formation: Gustav was 'first educated by private tutors and later attended an elegant and fashionable school in Vienna the *Theresianum*, at that time still reserved for members of the nobility.' After his downward social mobility (the collapse of 'great expectations'), he was obliged to abandon his 'flashy' life as a naval 'dandy' and return to study so as to become a schoolteacher.²⁶

Education (often tax-funded) and the 'career open to the talents' (and the consequent upward social mobility) is a challenge to ascribed status. In feudal terms, 'achieved' aristocratic status (however acquired) provides 'ascribed' entitlements to subsequent generations: 'very sharp ... class distinctions' that are 'accepted as part of the natural order' (Hayek 1978).²⁷ It was the 'liberty' of this government-chosen elite that 'von' Hayek and 'von' Mises sought to defend.

One of Pinochet's (1982, 146–147) statements to the international press appears to reveal that it was Allende's 'conductive' policies that had provoked his opponents to launch a civil war: 'On many occasions *señor* Allende stated his desire to maintain peace and quiet but without altering

his policy conducive to civil war. And yet he declared he wished to avoid civil war at all costs, that he was the first enemy of civil war.’ In line with his organic theory of the state, Pinochet (1982, 150) emphasized that his coup was designed to ‘amputate’ ‘the new Messiahs who,’ he asserted, ‘disseminate hate and rancor among the Chilean people.’

In the *Rothbard Rockwell Report*, Michael Levin (1995, 9) insisted that it was not the job of ‘white doctors and public health officials’ to care for ‘black children.’²⁸ During the October 1972 attempt to destabilize the *Unidad Popular* government, Sheila Cassidy (1992 [1977], 44) ‘worked to help maintain the general medical services.’ In August 1973—in the run-up to Pinochet’s coup—she ‘again saw doctors leave their patients in an effort to bring down the government ... The children’s hospital was situated in a densely populated poor area and the vast majority of its doctors were opposed to Allende’s government. Wards which had hitherto required ten doctors were left without medical supervision and only the emergency team, already grossly overworked, was available in case of urgent need.’

How do medical doctors end up dying in a bombed-out Presidential Palace (Allende), getting tortured by electrodes (Cassidy), or becoming president after her father was tortured to death (Michelle Bachelet)? The Argentinian medical doctor, Che Guevara, was in Guatemala when the CIA bombed Guatemala City and Árbenz was overthrown: after the coup, he told his mother, ‘I left the path of reason.’ Over the next four decades, hundreds of thousands of people—200,000 in Guatemala alone—were killed in Red and White Terror operations across Latin America (Kurtz-Phelan 2008): Guevara was executed as a guerrilla in Bolivia.

Hayek (1978) described the British National Health Service (1948–) as ‘particularly bad because while most people in Britain dislike it, everybody agrees it can *never be reversed* [emphasis added].’²⁹ The Hayekian Brian Crozier (1979, 23) asked about ‘full socialism’:

suppose a Labour government did these things but clung to the illusion that they were compatible with democracy, and therefore allowed a further free general election. Supposing this election were won by the Conservatives with an overwhelming majority and a mandate in favour of fundamental change. Would the Socialists allow the Tories to reverse the ‘reversible’? Could this be done at all without a grave social crisis, and perhaps a violent confrontation?³⁰

According to Austrians, universal health care is an irreversible stepping stone on the road to communism and must, therefore, be stopped. In ‘Liberty and its Antithesis,’ a review of Hayek’s *Constitution of Liberty*, Mises (1961) criticized the author for suggesting that the Welfare State is ‘under certain conditions compatible with liberty. In fact the Welfare State is merely a method for transforming the market economy step by step into socialism’ as had been demonstrated by Bismarck, the ‘American New Deal and British Fabian Socialism ... What separates the Communists from the advocates of the Welfare State is not the ultimate goal of their endeavours, but the method by means of which they want to attain a goal that is common to both of them.’

Rothbard (2007 [1995], Chap. 20) concurred:

One of Ludwig von Mises’s keenest insights was on the cumulative tendency of government intervention. The government, in its wisdom, perceives a problem (and Lord knows, there are always problems!). The government then intervenes to ‘solve’ that problem. But lo and behold! instead of solving the initial problem, the intervention creates two or three further problems, which the government feels it must intervene to heal, and so on toward socialism. No industry provides a more dramatic illustration of this malignant process than medical care. We stand at the seemingly inexorable brink of fully socialized medicine, or what is euphemistically called ‘national health insurance’ ... socialized medicine could easily bring us to the vaunted medical status of the Soviet Union: everyone has the right to free medical care, but there is, in effect, no medicine and no care.

According to Mises (2009b [1958], 35), government is the ‘opposite of liberty. It is beating, imprisoning, hanging. Whatever a government does it is ultimately supported by the actions of armed constables. If the government operates a school or a hospital, the funds required are collected by taxes, i.e., by payments exacted from the citizens.’ Moss (1973, iv) issued a threat:

The lesson, and the warning, can hardly be neglected by those countries that could one day find themselves confronted by a similar set of circumstances. It is profoundly to be hoped that Chile’s tragedy, resulting in the temporary death of democracy, will not be repeated. But it must not be

forgotten who was primarily responsible for it ... there must be no confusion about where the responsibility lies. It lies with Dr Allende and his fellow-Marxists, who pursued their plans for the seizure of total power to the point where the opposition despaired of restraining them by constitutional means.

The neo-feudal hierarchy was undermined by Fabian socialists such as the founders of the London School of Economics (LSE), Sidney and Beatrice Webb, who promoted improved sanitation, publicly provided water, education and health care. Lenin denounced such municipal socialism:

The bourgeois intelligentsia of the West, like the English Fabians, elevate municipal socialism to a special 'trend' precisely because it dreams of social peace, of class conciliation, and seeks to divert public attention away from the fundamental questions of the economic system as a whole, and of the state structure as a whole, to minor questions of local self-government. In the sphere of questions in the first category, the class antagonisms stand out most sharply; that is the sphere which, as we have shown, affects the very foundations of the class rule of the bourgeoisie. Hence it is in that sphere that the philistine, reactionary utopia of bringing about socialism piecemeal is particularly hopeless.³¹

Four years after the Ludendorff–Hitler *Putsch*, Mises (1985 [1927], 51) declared: 'It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilization.' Seventeen years later, Mises (2010 [1944], 178)—whose Austro-Fascist membership card may have been held in storage by the Soviets—associated Fascism with the LSE:

the success of the Lenin clique encouraged the Mussolini gang and the Hitler troops. Both Italian Fascism and German Nazism adopted the political methods of Soviet Russia ... Few people realize that the economic program of Italian Fascism, the *stato corporativo*, did not differ from the program of British Guild Socialism as propagated during the first World War and in the following years by the most eminent British and by some

continental socialists. The most brilliant exposition of this doctrine is the book of Sidney and Beatrice Webb (Lord and Lady Passfield), *A Constitution for the Socialist Commonwealth of Great Britain*, published in 1920.

Importing slaves into the United States was legal until 1808; and slavery remained part of the ‘spontaneous’ order of ex-Confederate South until 1865. To forestall a slave rebellion following Lincoln’s 1863 Emancipation Proclamation, the ‘Twenty Nigger Law’ (or the ‘Twenty Slave Law’) exempted from Confederate military service one white male for every twenty slaves owned. For poorer white Confederate males, this fuelled the perception that they were fighting and dying in ‘a rich man’s war, but a poor man’s fight.’

In 1896, the Supreme Court of the United States declared that ‘separate but equal’ was constitutionally valid, but, in 1954, *Brown v. Board of Education* overturned that decision. In 1957, when Governor George Wallace of Alabama ‘stood in the schoolhouse door’ in an effort to preserve the ‘spontaneous’ segregated order, President Dwight Eisenhower sent troops to enforce de-segregation.

Mises (1985 [1927], 115) ‘stood in the schoolhouse door’: ‘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.’ Hayek (2011 [1960], 502) related this argument to *Brown v. Board of Education*: ‘there may be circumstances in which the case for authority’s providing a common cultural background for all citizens becomes very strong. Yet we must remember that it is the provision of education by government which creates such problems as segregation of Negroes in the United States—difficult problems of ethnic and religious minorities which are bound to arise when governments take control of the chief instruments of transmitting culture.’

The Habsburg Empire was a ‘spontaneous’ order until its victims objected—by assassinating Franz Ferdinand and then through desertions in the ‘Great’ War that followed. Hayek (2011 [1960], 502) continued: ‘In multinational states the problem of who is to control the school system tends to become the chief source of friction between nationalities.

To one who was seen this happen in countries like the old Austro-Hungary, there is much force in the argument that it may be better even that some children should go without formal education than that they should be killed in fighting over who is to control that education.'

In what may, in part, have been a post-Hitler determination (misguided or otherwise) to protect democracy, Austria (1945–1966) and West Germany (1966–1969) employed 'grand coalitions' between Christian Democrats and Social Democrats. Hayek (1978) appeared to interpret this compromise as involving Dickensian deference from the lower orders:

and all you needed to do in Germany if a trade union ever asked too much was to raise a finger, be careful, you will cause unemployment, and the trade union leaders would collapse; you just had to raise your finger—'If you ask for more, you will have inflation'—and they would give in. (See Leeson 2015a, Chap. 2)³²

Pinochet (1991, 221) complained that while the Frei government (1964–1970) was 'pushing the country towards communism and the destruction of democracy, nobody moved a finger.' Pinochet (1982, 21–23, 55, 15, 60, 102, 56) referred to interned communists as 'those who believed themselves owners of the country.' According to Pinochet, international visitors observed that 'everything was going marvelously and Chile was to be the new paradise of the proletariat.' Those on the Left 'went about like lords of the manor.' Where *latifundistas* once ruled, '*Comandante Pepe* lorded it over the Panguipulli area and trained paramilitary groups of lumber workers.' In Santiago, those who maintained order in the slums of 'jobless migrants from rural areas' were 'lords of the manor who imposed their violent will on the weak'—Pinochet appeared to be obsessed by 'visions of the slaughter that those people might start at any moment.'

As president, the kleptocratic Pinochet acquired 'an illicit fortune ... estimated at \$28 million or more' (Rohter 2006). Jon Anderson (1998) reported that in keeping with 'family tradition,' Pinochet's youngest son had been named after a Roman ruler. When a scandal erupted in 1990 over the revelation that Pinochet's elder son, Augusto, Jr., had received

nearly \$3 million from the Army after it bought a gun factory he partially owned, Pinochet sent troops into the streets of Santiago to 'express his displeasure. The investigation was quashed, but when it was reopened three years later he sent out the troops again.'

Anderson (1998) heard Marco Antonio Pinochet and a friend discuss whether or not they would bet on a racing 'tip' given to them by a horse trainer. The friend spoke about receiving a carved stone frieze 'plundered' from Angkor Wat as a 'gift' and then, fearful of being caught smuggling it out of Cambodia, arranged to have it shipped out. Marco Antonio noted that many Latin-American governments were 'nearly as corrupt' as those in Asia.

'What Latin America needs is authoritarian democracies,' he said. 'Corrupt democracies are no good.' He lapsed into thought for a moment, and then added, 'But corrupt dictatorships are no good, either.'

While driving with an 'affluent Chilean woman,' Anderson (1998) took a wrong turn, and unintentionally entered an 'unkempt area of low-income housing and hardscrabble *cayampas*.' As they got deeper into the '*población*,' his passenger became

very nervous. Concealing her Louis Vuitton handbag beneath her legs and making sure the car doors were locked and the windows up, she exclaimed, 'We should turn around! This is where all the thieves and muggers, the murderers, rapists, and *terroristas* come from!'

For Pinochet (1991, 282, 16, 15; 1982, 81), 'working class districts' were synonymous with 'the slum area.' The Chilean upper classes had a plentiful supply of servants: in addition to 'the servants' quarters,' there was 'at the back' of Pinochet's childhood home, a 'storeroom and another room for a servant.' The main entrance of their house on Plaza O'Higgins faced the square: 'The thick heavy twin doors were opened by the servants early in the morning.'

As a child, Pinochet (1991, 16) discovered 'big boxes containing lovely books on botany an [*sic*] zoology with coloured plates of animals and plants ... That is how I leant about Darwin's theory; the corresponding

pages showed pictures of monkey faces with their features very much like humans. I was deeply impressed.’ Hayek’s (1994, 40) father, August Hayek (1871–1928), was an Honorary Professor, or *Privatdozent*, at the University of Vienna: ‘During the last years of his life, my father had become a kind of social center for the botanists of Vienna ... His remarkable memory enabled him to acquire a quite exceptional knowledge of plants, and he himself used to remark, rather regretfully, that he was more or less the last botanist who regarded it as his business to recognise most plants on inspection.’

As mayor of Vienna (1895–1910), the anti-Semitic Karl Lueger promoted the Austrian version of municipal socialism under the slogan ‘the little man must be helped’ (Zweig 1943, Chap. 2). In Linz, Hitler’s Jewish doctor, Eduard Bloch, was (according to Ernst Koref, the town’s future mayor) ‘held in high regard, particularly among the lower and indigent social classes.’ Bloch observed that as a teenager, Hitler was well-mannered, always thanked the doctor politely, and bowed before leaving. After *Anschluss*, Hitler protected him by providing a feudal title: ‘a noble Jew’ (Hamann 2010, 11, 20, 36).

Hayek’s (1994, 39–40; 1978) father was employed as an *Armenarzt*: a ‘municipal physician for the poor, the lowest rank of the Medical Officer of Health’; the family ‘was moved around Vienna. So we were living, in my childhood, in four different districts of Vienna.’³³ Had the ‘little man’ Hitler needed health care in Vienna, he would have received it from Hayek’s father or one of his colleagues. Lueger and prominent families like the von Hayeks co-created the anti-Semitic environment which Hitler (1939 [1925], 67) easily absorbed:

I had no idea at all that organized hostility against the Jews existed.
And so I arrived in Vienna.

In their Institute of Economic Affairs *The Consequences of Mr. Keynes: an Analysis of the Misuse of Economic Theory for Political Profiteering, with Proposals for Constitutional Disciplines*, Buchanan et al. (1978) stated: ‘Keynes was an elitist, and he operated under what his biographer,’ Roy Harrod, called the ‘presuppositions of Harvey Road.’ Hayek (1995 [1952], 227) reflected about Harrod’s (1951) *Life of J.M. Keynes*: ‘Written

by one of his closest friends and most fervent admirer, it gives a sympathetic, yet unsparingly honest, picture of one of the most influential and colourful minds of his generation. It is based on a thorough examination of the great mass of private and official documents which are available and gives a vivid picture of the background against which the career of Keynes must be seen.'

Keynes' and Hayek's elitism was rooted, respectively, in the British and Austrian neoclassical traditions. The first sought to supplement ascribed status by facilitating achieved status (through publicly funded education); the second sought to preserve a version of the Habsburg inter-generational entitlement programme. Hayek must have known that the 'great mass' of archival evidence at the Hoover Institution would reveal the presuppositions of his family's proto-Nazi Vienna.

Hayek's (1994, 39–40; 1978) father's salary was initially equal to the 'income from my mother's small fortune,' and so he neglected to build up a private practice or rise up the hierarchy of the ministry of health, hoping instead to abandon medicine in favour of a 'full university chair in botany; my determination to become a scholar was certainly affected by the unsatisfied ambition of my father' to acquire the title of full professor:

I grew up with the idea that there was nothing higher in life than becoming a university professor, without any clear conception of which subject I wanted to do ... my interests started wandering from biology to general questions of evolution, like paleontology. I got more and more interested in man rather than, in general, nature. At one stage I even thought of becoming a psychiatrist;³⁴ it seems that it was through psychiatry that I somehow got to the problems of political order.³⁵

Pinochet (1991, 125, 176, 22–25) was proud of becoming 'Professor of Geopolitics' at the Military Academy (War College). His maternal grandfather disappeared between 1916 and 1921, causing 'distress' to his family. In July 1916, he told Pinochet's father that he had 'decided to go to France, his fatherland, upon receiving news of the war ... he also asked him to keep the news secret until he had departed, and to take good care of my grandmother ... only afterwards, when he was already in France, did he write to his wife telling her of his decision and informing of his whereabouts.'

In August 1973, Allende confronted Pinochet about his forthcoming coup: but his naïvety led him to *not* to sack him as Commander in Chief. Pinochet (1991, 276; 1982, 106) projected the image of a ‘square military man’ who had ‘thoughts only for his institution and war activities’—while boasting that Allende took his lies at face value: ‘Pinochet is an old guy who only thinks of military matters. That man is incapable of deceiving even his own wife.’ In 1949, Hayek disappeared and then wrote to his family from the United States telling them he was going to marry his cousin (Leeson 2015b, Chap. 6).

Hayek (1978), the co-leader of the fourth-generation Austrian School, reflected about Friedrich von Wieser (1851–1926), the co-leader of the second generation: a ‘most impressive teacher, a very distinguished man whom I came to admire very much, I think it’s the only instance where, as very young men do, I fell for a particular teacher. He was the great admired figure, sort of a grandfather figure of the two generations between us ... who usually, I would say, floated high above the students as a sort of God.’³⁶ Wieser (1983 [1926], 226) reflected on the consequences of the Great War: ‘When the dynastic keystone dropped out of the monarchical edifice, things were not over and done with. The moral effect spread out across the entire society witnessing this unheard-of event. Shaken was the structure not only of the political but also of the entire social edifice, which fundamentally was held together not by the external resources of power but by forces of the soul. By far the most important disintegrating effect occurred in Russia.’

According to Leube (2003, 12), Hayek was ‘consciously devoted to the vision and splendour of the Habsburg Empire.’ Hayek (1978), whose military experiences began in the year of the overthrow of both the Romanov Empire and the fledgling First Russian Republic, ‘fought for a year in Italy, and watching the dissolution of the Austro-Hungarian Empire turned my interest to politics and political problems.’³⁷ He was contemptuous of the First Austrian Republic (1919–1934)—in contrast to which stood

the whole traditional concept of aristocracy, of which I have a certain conception—have moved, to some extent, in aristocratic circles, and I like their style of life;³⁸ my latest development [is] the insight that we largely

had learned certain practices which were efficient without really understanding why we did it; so that it was wrong to interpret the economic system on the basis of rational action. It was probably much truer that we had learned certain rules of conduct which were traditional in our society. As for why we did, there was a problem of selective evolution rather than rational construction.³⁹

Pinochet (1991, 235, 249) was horrified that the democratically elected president had declared that Chile now has in ‘Government a new political force whose social function is not to support the traditional dominant class but the great majorities.’ Allende had promised to ‘carry out his duties faithfully and to respect the constitution.’ From this perspective, Pinochet was ‘Judas’; but from Pinochet’s (1991, 253; 1982, 15) ‘Christian’ perspective, Chile was the

first country which voluntarily accepted the Marxist yoke. Thus we started a calvary which would last three years ... albeit gradually, we were advancing towards the ‘Dictatorship of the Proletariat’; ... a new ‘communist paradise.’

According to Pinochet (1982, 66), ‘As though obeying some Satanic plan, everything led to destruction. The goal was to leave the population defenceless in the face of the forces organised by the government. To this end, step by step, they brought about the demoralisation of spirits, the disintegration of customs, and social decomposition.’

Hayek (1978) added ‘tradition’ to Mises’ prejudice about ascribed status: ‘once you put it out that the market society does not satisfy our instincts, and once people become aware of this and are not from childhood taught that these rules of the market are essential, of course we revolt against it.’⁴⁰ Pinochet (1982, 54) complained that under Allende, the ‘traditional courtesy and friendliness of the Chilean people had changed to aggressivity and rudeness. Vulgarity reigned everywhere.’

In 1978, midway through the genocidal Guatemalan Civil War (1960–1996), José Efraín Ríos Montt left the Roman Catholic Church and became a minister in the California-based Evangelical/Pentecostal Church of the Word. In 2012, he was indicted for genocide and crimes

against humanity. In 1980, seven Bishops from six Chilean Sees issued decrees of excommunication against Pinochet's torturers: it was not clear whether the dictator who authorized the torture was also excommunicated. In 1984, Pinochet declared: 'I pray with the frequency that a good Catholic should. In the morning, in the afternoon and at night. But I have distanced myself a little from some activities' (cited by O'Shaughnessy 2000, 76–77).

Pinochet (1982, 43–44) expressed his contempt by telling elected politicians who were 'incapable of upholding the principle of authority' that he

was not 'more papist than the pope' and that if this was how they resolved their problems, then they must also shoulder the responsibility for their procedure. Then I went home.

In April 1987, Pope John Paul II visited Chile and reportedly instructed Pinochet to relinquish power to civilians (Guardiola-Rivera 2013, 397). A week after being arrested in Britain, Pinochet told a Chilean newspaper: 'In this world they also betrayed Christ' (cited by O'Shaughnessy 2000, 170; Power 2001, 110). After his release, a Chilean newspaper reported that of those who 'disappeared' during his regime, at least 400 dissidents had been thrown from helicopters into the Pacific Ocean. The following day, Pinochet told an American television station that he was a 'patriotic angel' with nothing to apologize for.⁴¹

To Otto the Habsburg Pretender, political aristocrats like those from the Kennedy and Bush dynasties were acceptable: 'It isn't bad for a country to have people with a certain tradition, where the father gives the son the same outlook and training.' After the fall of the Berlin Wall, 'many' of the 400-strong 'Von Habsburg clan have staked claims to properties previously confiscated by the Communists' (Watters 2005; Morgan 2011).⁴² Crozier (1974, 26) reflected that 'In traditional societies, the sense of permanence, durability and stability is profound.'

Non-Austrians seek to separate Church from State, and to keep both the bureaucracy and the military apolitical. Crozier (1974, 194) complained about the influence of non-Austrian intellectuals: 'From a distance, in the intellectual armchairs of the great cities of the West—in

London, Paris, Rome, New York—there is normally an instant readiness to heap blame upon soldiers who intervene to save their countries from the follies of politicians, and a curious unwillingness to see the follies for what they are.’ Roy Hansen’s sociological investigation of the Chilean military revealed that the officer class believed that many politicians ‘had no idea what Chile is, how it must be defended from external aggression and internal subversion’: because of their incompetence, ‘the Fatherland’ could only be defended by the armed forces against ‘the subversion of the masses’ (cited by Sandford 1975, 58–59).

Pinochet’s (1985) collection of speeches are titled *Patria y Democracia* (*Fatherland and Democracy*); his coup was preceded by an equivalent effort by the neo-Fascist ‘Fatherland and Liberty.’ Caldwell and Montes (2014a, 19; b, 2015, 279) report that both of Hayek’s hosts, Pedro Ibáñez (a member of Hayek’s Mont Pelerin Society) and Carlos Cáceres, were members of Pinochet’s Council of State: in March 1979, ‘Ibáñez presented a Memorandum to the Council with a number of provisions for the new Constitution,’ which the former Chilean president (1946–1952) Gabriel González Videla described as ‘totalitarian and fascist’ (Barros 2004, 222).

Having failed with his June 1973 ‘Fatherland and Liberty’ coup, Pablo Rodríguez Grez noted that within the provisions of Chile’s ‘Constitution of Liberty,’ there ‘fits both a liberal democracy—with very few significant innovations—as well as a neo-organic democracy, capable of reducing the parties to being mere currents of opinion and of preventing the electoral game from being turned into a constant confrontation of social classes’.

Hayek (2007 [1944], 156) insisted that

It is essential that we should relearn frankly to face the fact that freedom can be had only at a price and that as individuals we must be prepared to make severe material sacrifices to preserve our liberty. If we want to retain this, we must regain the conviction on which the rule of liberty in the Anglo-Saxon countries has been based and which Benjamin Franklin expressed in a phrase applicable to us in our lives as individuals no less than as nations: ‘Those who would give up essential liberty to purchase of little temporary safety deserve neither liberty nor safety.’

In ‘A Judicial Odyssey towards Freedom,’ the Fox News contributor Judge Andrew Napolitano (2010, 232) emphasized the American embrace of Franklin in this context. In contrast, for oral history purposes, Hayek (1978) appeared to expect that ‘we will get something like what [J. L.] Talmon [1960] has called “totalitarian democracy”—an elective dictatorship with practically unlimited powers. Then it will depend, from country to country, whether they are lucky or unlucky in the kind of person who gets in power. After all, there have been good dictators in the past; it’s very unlikely that it will ever arise. But there may be one or two experiments where a dictator restores freedom, individual freedom.’

Rosten—an ‘inveterate Anglophile’ (Bermant 1997)—was horrified: ‘I can hardly think of a program that will be harder to sell to the American people. I’m using ‘sell’ in the sense of persuade. How can a dictatorship be good?’ Hayek (1978) reassured him: ‘Oh, it will never be called a dictatorship; it may be a one-party system.’ Rosten asked ‘It may be a kindly system?’ Hayek replied: ‘A kindly system and a one-party system.’⁴³

Pinochet’s coup provided Hayek (1978) with a shortcut to influence. Without a dictator,

the whole thing turns on the activities of those intellectuals whom I call the ‘secondhand dealers in opinion,’ who determine what people think in the long run. If you can persuade them, you ultimately reach the masses of the people.⁴⁴

Hayek (1978) had

little religious background, although I might add to it that having grown up in a Roman Catholic family, I have never formally left the creed. In theory I am a Roman Catholic. When I fill out the form I say ‘Roman Catholic,’ merely because this is the tradition in which I have grown up. I don’t believe a word of it. [laughter] ... In spite of these strong views I have, I’ve never publicly argued against religion because I agree that probably most people need it. It’s probably the only way in which certain things, certain traditions, can be maintained which are essential.⁴⁵

Americans were, perhaps, most in need of religion because ‘you are willing to change your opinions very rapidly on some subject’:⁴⁶

if somebody really wanted religion, he had better stick to what seemed to be the ‘true article,’ that is, Roman Catholicism. Protestantism always appeared to me a step in the process of emancipation from a superstition—a step which, once taken, must lead to complete unbelief. (Hayek 1994, 34)

Hayek (1978) recalled his Viennese youth: ‘I was very young—I must have been thirteen or fourteen—when I began pestering all the priests I knew to explain to me what they meant by the word God. None of them could. [laughter] That was the end of it for me.’⁴⁷ In *Hitler’s Vienna: A Portrait of the Tyrant as a Young Man*, Brigitte Hamann (2010, 19) quoted her subject: ‘At thirteen, fourteen, fifteen I no longer believed in anything, certainly none of my friends believed in the so-called communion, only a few totally stupid honor students. Except at that time I thought everything should be blown up.’ In 1904, Hitler was confirmed in Linz Cathedral (Hamann 2010, 19); in Chile, Hayek (1981)—an atheist and a serial liar—explained that

I was born a Catholic. I was baptized. I was married in the church, and they will probably bury me as a Catholic. But I have never been able to be an effective Catholic, a faithful Catholic ... I believe that we all have a duty to search for the truth. But at the same time we all need to admit that none of us is in full possession of all the truth. Of ‘all’ the truth, I said. And if you wish me to define God as the truth, then I am ready to use the word God. And I’ll go further. Providing that you do not claim to have the entire truth, I am ready to work with you in searching for God via truth. It’s a fascinating challenge.

Feudal and neo-feudal privileges were distributed to create a layer of subservience and loyalty: ‘the nobility’ would provide military services in defence of the deified and mysterious Altar and Crown. The military incompetence displayed during the ‘Great’ War undermined faith in this ‘spontaneous’ social order. But governments have a tendency to seek to shroud their activities with the mysterious and ‘it cannot be denied’ *raison d’état*. In the ‘age of the common man,’ the Italian Fascist leader

Benito Mussolini sought to expand and thus strengthen this neo-feudal layer: ‘War alone brings up to their highest tension all human energies and imposes the stamp of nobility upon the peoples who have the courage to make it’ (cited by Atran 2010, 233).

Soldiers are exposed to different formative influences than politicians or academics. Hitler (1942, 45) declared: ‘In the life of nations, what in the last resort decides questions is a kind of Judgment Court of God ... Always before God and the world the stronger has the right to carry through what he wills.’ Pinochet (1982, 154–155) sought ‘The spiritual reconstruction of the nation. The order and material cleanliness of our towns and the discipline of our actions will be a reflection of the moral transformation of the country ... to speed up these goals we beg God to help us, we ask our people for their devotion and patriotism ... I pray to Almighty to give us the light and the necessary strength to face the difficult tasks of government ...’

Armen Alchian told Hayek that when he read Fritz Machlup’s

work I can see the man talking, I can hear him, just by the words that come out. And somewhat similarly with you, when I read your work, I can see you standing there talking, because the sentences of your written material are very much like your oral sentences. They are well phrased, well put together. The first time I ever heard you—I think maybe it was at [the Mont Pelerin Society meeting at] Princeton in maybe ‘57; I’m not sure where—you got up and gave a spontaneous lecture, and all I could say was, ‘I don’t know what he was saying, but how can he phrase that so beautifully, so elegantly?’ You’ve always done that; that’s a remarkable talent that some have. How did you develop it, or was it just natural? Whatever natural may mean.⁴⁸

Josef Goebbels detected similar qualities in another Austrian: ‘As a speaker a wonderful harmony between gesture, facial expression and words.’ Hitler ‘speaks about politics, ideas and organisation. Deep and mystical. Almost like a Gospel. With a shudder one walks with him past the bottomless pit of existence. The last word is said. I thank fate for giving us this man ... He is a genius. The self-evidently creating instrument of a divine destiny.’ The ‘religion’ of National Socialism had found

in Hitler its ‘religious genius’ (cited by Friedrich 2012). According to Pinochet (1982, 109–110, 150, 30, 54), in Chile

a sort of divine light illuminated those dark days ... Today when I look back on the road covered, I think how Providence, without forcing events, cleared the way of obstacles in aid of final action that we had to carry out on the government of the *Unidad Popular* ... Foreign countries sent weapons and mercenaries of hatred to fight us. But the hand of God was there to save us, a few days before the consummation of the crime that was being prepared ... The action of Marxism was ... poisoning the soul of the population ... As though obeying some Satanic plan, everything led to destruction.

Reagan (1990, 409) complained about those who ‘demand the abolition of secular governments and their replacement by priestly theocracies; to achieve their goals, they have institutionalised murder and terrorism in the name of God.’ He could have been referring to Pinochet; instead, he was referring to ‘radical Islamic fundamentalist sects’—some of whom had been enlisted in the cold war fight against the Soviets in Afghanistan.

The Nazis justified Austro-German *Lebensraum*—a prelude to the ‘final solution’—by invoking the North American pursuit of Manifest Destiny (Baranowski 2011, Chaps. 4, 5, and 6). The Latin American treatment of pre-Columbian property owners could also have been invoked: Chile conducted *Lebensraum* wars against Peru and the indigenous Mapuche (Guardiola-Rivera 2013, 39).

Native ‘Indians’ were subjected to what has been described as genocide (Stannard 1993). In 1964, presidential candidate Allende signed the Cautín Pact with the dispossessed Mapuche Indians. In 1970, he concluded his campaign with ‘Venceremos,’ which is the anthem of *Unidad Popular*, a folk song by Víctor Jara, and poem by Pablo Neruda (Guardiola-Rivera 2013, 19, 143).

The Spanish Inquisition (1478–1834) imposed orthodoxy through ‘purification’ by fire (*auto-da-fé*), while Pinochet’s Clerical Fascism combined ‘purification’ with sadism. The American embassy is situated between the Mapocho River and an office blocks and hotels—later known as ‘Sanhattan’ (Anderson 1998). Pinochet seized power on 9 September 1973; according to the CIA website:

On 28 September [1973], CIA reported that 27 cadavers, some showing signs of torture and mutilation, had been recovered from the Mapocho River ... On 3 November [1973], the CIA reported that, despite a government decree to end summary executions, 20 bodies were found shot in the San Carlos Canal ... It was apparent that the 17 January 1974 Chilean government circular prohibiting torture and providing instructions for the handling of prisoners was a public relations ruse.⁴⁹

In his Nobel Prize banquet speech, Neruda (1971) described himself as a 'representative of these times and of the present struggles which fill my poetry ... I am proud to belong to this great mass of humanity, not to the few but to the many, by whose invisible presence I am surrounded here today.' His inspiration derived, in part, from the 'Indians mourning-clad left to us by the Conquest, to a country, a dark continent seeking for the light. And if the beams from this festive hall cross land and sea to light up my past, they also light up the future of our American peoples, who are defending their right to dignity, to freedom and to life.'

Pinochet's (1991, 276) regime had neo-feudal overtones: he loved to hear Mexican 'Indians' 'playing jolly melodies' and singing with 'real feeling ... The vocalist was outstanding for her lovely voice.' Pinochet, who announced his coup by playing the National Anthem, told Bishop Helmut Frenz that from his presidential perspective, 'state security is more important than the human rights. The members of MIR must be tortured as they are insane and mad. Without torture they may not sing' (cited by Cassidy 1992 [1977], 158).

According to Pinochet (1982, 269), MIR (*Movimiento de Izquierda Revolucionario*) was 'the main group responsible for assaults, attempts, murders and other terrorist action,' and MAPU (Christians for Socialism) was part of the *Unidad Popular* government in which the Communist Party was—he alleged—the 'majority group.' After his coup, numerous priests were tortured to death (O'Shaughnessy 2000, 73–75). The Anglo-Chilean priest Michael Woodward was abducted and taken to the Esmeralda naval training ship. His body was never found; four decades later, two ex-naval officers were found guilty of abducting him.⁵⁰

There were two competing White Terror (Fascists) groups in pre-*Anschluss* Austria: the Nazis (seeking to unify the two Germanic powers)

and the Austro-Fascists (seeking independence from the Third Reich through an alliance with Fascist Italy). Initially, Hayek and Mises favoured *Anschluss*; and during the Great Depression, they promoted the deflation which undermined democracy and facilitated the rise to power of both Hitler and Dollfuss (Leeson 2017). After becoming Austrian Chancellor (10 May 1932), Engelbert Dollfuss formed a right-wing coalition government with the *Landbund* and the *Heimatblock* (the political organization of the *Heimwehr*, the paramilitary 'Home Guard' which resembled Germany's *Freikorps*).

Hitler became German Chancellor on 30 January 1933: the Reichstag Fire (27 February 1933) facilitated his Enabling Act. In Austria, the absence of a parliamentary speaker (7 March 1933) enabled Dollfuss to govern through emergency decrees: parliament was circumvented and the National Council was prevented from meeting (15 March 1933). In May/June 1933, Dollfuss banned the Communist Party, the Austrian Nazi Party, and the *Republikanischer Schutzbund*, the paramilitary troops of the Social Democratic Party. The *Schutzbund* revolt against this disbanding sparked the Austrian Civil War (12–16 February 1934).

On 1 March 1934, Mises becomes member 282,632 of Dollfuss' *Vaterländische Front* (Fatherland Front) and member 406,183 of *Werk Neues Leben*, the official Austro-Fascist social club (Hülsmann 2007, 677, n149). Two months later, Dollfuss' 'May Constitution' created a one-party Corporate State for 'loyal Austrians': a merger of his Christian Social Party, the *Heimwehr* forces and other right-wing groups (1 May 1934). The Nazis assassinated Dollfuss (25 July 1934), but Italy's threat of military intervention temporarily saved Austria from *Anschluss*.⁵¹

Along with 'Dollfuss and Edmund Palla, the secretary of the Chamber of Labor,' Mises (2009a [1978 (1940)], 62) belonged to the three-member 'publication committee of the Economic Commission, which, with the cooperation of Professor Richard Schüller, published a report on Austria's economic difficulties.' According to the Mises Institute Distinguished Fellow, Hans-Hermann Hoppe (2009 [1997]), 'Before Dollfuss was murdered for his politics, Mises was one of his closest advisers.'

From 1 April 1909 until 1934, Mises was a full-time lobbyist for the Lower Austrian Chamber of Commerce and Industry (*Niederösterreichische Handels-und Gewerbekammer* or *Kammer* (and part-time, 1934–1938). Beneath the façade of ‘individualism,’ the Fascist-promoting Mises (1985 [1927], 175) provided the quasi-organic theory of the producer-controlled state that underpinned the Austro-Fascist Corporate State (1934–1938): ‘The parties of special interests, which see nothing more in politics than the securing of privileges and prerogatives for their own groups, not only make the parliamentary system impossible; they rupture the unity of the state and of society.’

In *Human Action*, Mises (1998 [1949], 813) later tried to distance himself from his support to the Corporate State:

the *stato corporativo* was nothing but a rebaptized edition of guild socialism. The differences concerned only unimportant details. Corporativism was flamboyantly advertised by the bombastic propaganda of the Fascists, and the success of their campaign was overwhelming. Many foreign authors exuberantly praised the miraculous achievements of the new system. The governments of Austria and Portugal emphasized that they were firmly committed to the noble ideas of corporativism.

According to Mises (2009a [1978 (1940)], 118), in January 1934, ‘Dollfuss was ready to surrender to the National Socialists. Negotiations were already quite advanced when, in the last minute, Italy put in its veto.’ The Social Democrats demonstrated because they

simply did not want to recognize that it was only the Italians who were ready to support Austria in its fight against the National Socialist takeover. They fought passionately against a ‘fascist’ course of foreign policy.

These demonstrations resulted in the ‘crushing of their leaders by government troops and the *Heimwehr*, and brought about an end to the rule of the Social Democratic Party in Viennese city government.’

Karl Josef Seitz was the first president of the First Austrian Republic, president of the National Council (1919–1920), and Chairman of the Social Democratic Party (1918–1934). He was also Mayor of Vienna

from 8 November 1923 until he was removed from office by Dollfuss and taken into custody (12 February 1934).⁵² Mises (2009a [1978 (1940)], 118) insisted that Seitz's SDP followers should embrace Fascism:

Leaders of the Social Democratic Party who had fled to London, Paris, and Prague now openly refused any support of Austria in her fight against Hitler. They felt there was no difference between Austrian 'fascism' and that of the Nazis, and that it was not the charge of the western democracies to interfere in the struggle between the two fascist groups.

According to Mises (2009a [1978 (1940)], 59–60), in Austria

My position was incomparable to, and of greater importance than, that of any other *Handelskammer* official or any other Austrian not heading up of one of the large political parties. I was the economist of the land. This is not to say that my recommendations were carried out, or that what I discouraged remained undone. Supported by few friends, I waged a hopeless battle. A postponement of the catastrophe was all I accomplished. That events did not result in Bolshevism in the winter of 1918/1919 and that the collapse of banks and industry occurred in 1931 instead of 1921 were largely due to the success of my efforts. More could not be achieved, at least not by me.

In her Preface to Mises' *Liberalism in the Classical Tradition*, Bettina Greaves (1985, vi–vii) asserted that after 'Hitler came to power in Germany, Mises anticipated trouble for Austria. So in 1934 he took a position in Switzerland with the Graduate Institute of International Studies. ... To escape Hitler-dominated Europe, Mises and his wife left Switzerland in 1940 and came to the United States.' Rothbard (2009 [1988], 35) also asserted that between 1934 and 1940, Mises was 'in exile in Geneva from fascist Austria.' And Rockwell (2005) sought to 'draw ... attention to an event that impacted directly not only the founding of the Mises Institute but on the future of freedom itself. It concerns Mises' time of sanctuary when he lived as an *intellectual refugee* [emphasis added] in Geneva, Switzerland, during the Second World War. He found himself in a privately funded research center with other refugees from Austria and Germany, driven out for having fought against the rising tide of

socialism, both left and right.’ In reality, Mises (2009a [1978 (1940)], 120) praised the achievements of Fascist Austria and its one-party Corporatist State: ‘Only one nation had attempted serious opposition to Hitler on the European continent—the Austrian nation. It was only after five years of successful resistance that little Austria surrendered, abandoned by all.’

According to *The Last Knight of Liberalism*, ideologically the Dollfuss regime

relied on state-of-the-art Catholic political and social theory, as embodied in the writings of Othmar Spann and Pope Pius XI, both of whom glorified social order based on the respect of the professional *Stände* or estates. While Spann’s views had a deep impact on the German-speaking world, his influence could not match Pius XI’s encyclical *Quadragesimo Anno* (1931), which was a shot in the arm for the corporatist movement. As one of Mises’s correspondents from Switzerland reported, young Catholic politicians were entirely imbued with its ideas, even more than those of Othmar Spann ... Mises would later acknowledge that the man who wrote the first draft of the encyclical, Jesuit Pater O. von Nell-Breuning, was ‘one of the few German economists who in the Interwar period advocated economic freedom.’ (Hülsmann 2007, 677)

The Austrian School philosopher, Erik ‘Ritter von’ Kuehnelt-Leddihn (1943, 86; 1998), who described himself as an ‘honest reactionary,’ asserted: ‘The Ghetto, needless to say, was a privilege. It had complete self-government.’ The evidence, however, reveals that pogroms usually occurred in ghettos (or ‘Pale of Settlement’). Indeed, the term ‘pogrom’ became commonly used in English after three year of government-approved attack on Jews after the assassination of Czar Alexander II (1881–1884). The new Czar Alexander III initially blamed the Jews for the riots and in 1882 issued the repressive anti-Jewish May Laws.

The *New York Times* (1903) described the Easter 1903 pogrom as much

worse than the censor will permit to publish. There was a well laid-out plan for the general massacre of Jews on the day following the Orthodox Easter. The mob was led by priests, and the general cry, ‘Kill the Jews,’ was taken up all over the city. The Jews were taken wholly unaware and were

slaughtered like sheep ... The scenes of horror attending this massacre are beyond description ... The local police made no attempt to check the reign of terror.

Kuehnelt-Leddihn (1998) informed the readers of the *Rothbard Rockwell Report* that Jews were responsible for the Holocaust (or *Shoah*):

They should have learned the lesson that monarchs, princes, aristocrats, bishops, and popes had been their protectors and that the common man their ‘born enemy,’ especially in the urban, rather than in the agrarian ambience.

Kuehnelt-Leddihn (1998) knew who was *not* to blame:

There exists the extremely silly accusation against the Papacy that it could have prevented *Shoah*. This perfidy rests on a mountain of ignorance and thinly veiled hatreds. Much of this argument is based on the widespread belief that the Catholic Church is ‘powerful.’ It never was.

Although Rothbard and Rockwell were marketing Austrian ideas to ‘Rednecks,’ the only evidence that Kuehnelt-Leddihn (1998) provided for this assertion were given in a language that almost no reader of the *Rothbard Rockwell Report* would have understood: ‘The words of St. Augustine were always true: *et paupera et inops est ecclesia*!’ In his Arlington House *The Intelligent American’s Guide to Europe*, Kuehnelt-Leddihn (1979, 54–55) provided a translation: ‘The Church is both poor and helpless.’

As Hitler entered Vienna in March 1938, the Catholic Archbishop of Vienna, Theodor Innitzer, arranged for church bells to be rung, and allowed Nazi flags to hang from churches. In St Stephen’s Cathedral a huge picture of Hitler was hung, and according to Margit Mises (1984, 35–36) ‘the Catholic Church, led by Cardinal Innitzer, swore allegiance to the Nazis.’ Concentration camps were immediately established; and Innitzer proclaimed that *Anschluss* was the ‘fulfilment of a thousand-year-old longing of our people for a union in a Great Reich of Germans.’ In April 1938, a Nazi-supervised referendum produced a 99.73% vote in favour of union with Germany (Wasserstein 2007, 271; Shirer 1960, 429).

The Habsburg-born, Austrian-educated Arthur Koestler (1950, 19) described some of those affected by the demise of the dynasties: ‘Those who refused to admit that they had become déclassé, who clung to the empty shell of gentility, joined the Nazis and found comfort in blaming their fate on Versailles and the Jews. Many did not even have that consolation; they lived on pointlessly, like a great black swarm of tired winter flies crawling over the dim windows of Europe, members of a class displaced by history.’⁵³ Based on ‘Conversations and interviews with Hayek I, Salzburg, 1971–77. Tapes in my possession (my translation),’ Leube (2003, 12, n1, 13) reported that Hayek, Mises *et al.* ‘had clearly assumed that their primary tasks were attached to a vast empire’ (the Habsburg’s) and so became

convinced advocates of the ‘*Anschluss*’ to Germany. They advocated the annexation not so much for emotional reasons, rather it seemed for them the only way the little Austria could economically survive. Their society had disappeared and the new Austria was simply unable to offer the type of *opportunities for leadership which Hayek and his social class had come to expect* [emphasis added].

When the Eastern Reich joined the Third Reich in 1938 (*Anschluss*), Austrians—who comprised only 8% of the total population—rapidly became disproportionately represented as SS members (13%), concentration camp staff (40%), and concentration camp commanders (70%). Austrian territory was the road to serfdom for the 800,000 victims who were compelled to work as war-time slave labourers—many of whom were murdered as the Allies advanced (Berger 2012, 84).

Notes

1. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
2. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

3. Friedrich Hayek, interviewed by Axel Leijonhufvud date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
4. Some of the Bartley-labelled interviews were undertaken by others—this appears to be a biographical interview.
5. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
6. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
7. Friedrich Hayek, interviewed by Axel Leijonhufvud date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
8. Joseph Salerno (2010, 2009), who became a disciple of a card-carrying Austro-Fascist via Ayn Rand's fiction, described Sraffa (a Jewish-born refugee from fascism) as 'one of Keynes's more uncomprehending and rabid disciples.'
9. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
10. Friedrich Hayek, interviewed by Armen Alchian 11 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
11. Friedrich Hayek, interviewed by Thomas Hazlett 12 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
12. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
13. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
14. 'Even though Hayek himself disdained having his ideas attached to either party, he nonetheless provided arguments about the dangers of the unbridled growth of government' (Caldwell 2010).
15. <http://www.citadel.edu/root/csb-faculty-staff/48-academics/schools/business/badm/22431-ebeling>.

16. <http://www.citadel.edu/root/csb/48-academics/schools/business/badm/21825-our-mission-values>.
17. <http://austrianeconomists.typepad.com/weblog/2007/10/rush-to-philoso.html>.
18. The influence which led Hayek (1978) 'to economics was really Walter Rathenau's conception of a grand economy. He had himself been the raw materials dictator in Germany.' Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
19. <http://news.bbc.co.uk/2/hi/americas/3237740.stm>.
20. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
21. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
22. Pinochet incorrectly gave the date as 23 October 1947.
23. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
24. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
25. <http://www.margaretthatcher.org/speeches/displaydocument.asp?docid=102939>.
26. Hayek's grandfather taught Otto Neurath, who later became a leading member of the Vienna Circle. Hayek (9 July 1945) to Neurath. Hayek Papers Box 40.7. See also Ebenstein (2003, 8).
27. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
28. 'The white medical establishment, it is said, denies black mothers information about nutrition for their babies, whose mental growth is stunted (as if caring for black children is the job of white doctors and public health officials - but let that go).'
29. 'From what I've seen of the British National Health Service, my doubt and skepticism has rather been increased. No doubt that in the short run it provides services to people who otherwise would not have got it, but that it impedes the progress of medical services—that there as much as

anywhere else competition is an essential condition of progress—I have no doubt. And it's particularly bad because while most people in Britain dislike it, everybody agrees it can never be reversed.' Friedrich Hayek, interviewed by Axel Leijonhufvud date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

30. Crozier (1979, 23) wrote at the bottom of the page: 'these lines were written before the general election of 3 May 1979.'
31. <https://www.marxists.org/archive/lenin/works/1907/agrprogr/ch04s7.htm>.
32. 'I have always maintained that the great prosperity of Germany in the first twenty-five years after the war was due to the reasonableness of the trade unions. Their power was greater than they used, very largely because all the trade union leaders in Germany had known what a major inflation was, and you just had to raise your finger—"If you ask for more, you will have inflation"—and they would give in. That generation is going off now. A new generation, which hasn't had that experience, is coming up. So I fear the German position may increasingly approach something like [the British], but not quite as bad as the British position, because the closed shop is prohibited by law in Germany, and I don't think that will be changed.' Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
33. Friedrich Hayek, interviewed by Armen Alchian 11 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
34. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
35. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
36. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
37. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

38. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
39. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
40. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
41. <http://news.bbc.co.uk/2/hi/americas/3237740.stm>.
42. Otto von Habsburg continued: Sarkozy 'points out that a state which subsidizes football clubs and refuses to do any economic favors to religions who want to build churches is absurd.'
43. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
44. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
45. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
46. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
47. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
48. Hayek (1978) replied: 'It was comparatively late, and I learned it, I think, in the process of acquiring English as a lecturing language. I don't think I could have done it in German before. I certainly learned a great deal in acquiring a new language for writing, although I have retained one effect of my German background: my sentences are still much too long. [laughter]' Friedrich Hayek, interviewed by Armen Alchian 11 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
49. <https://www.cia.gov/library/reports/general-reports-1/chile/index.html#19>.
50. <http://www.bbc.com/news/world-latin-america-22445163>.

51. Mises (1985 [1927], 51) reflected: 'So much for the domestic policy of Fascism. That its foreign policy, based as it is on the avowed principle of force in international relations, cannot fail to give rise to an endless series of wars that must destroy all of modern civilization requires no further discussion. To maintain and further raise our present level of economic development, peace among nations must be assured. But they cannot live together in peace if the basic tenet of the ideology by which they are governed is the belief that one's own nation can secure its place in the community of nations by force alone.'
52. Coincidentally, 8 November 1923 was the day of the Ludendorff and Hitler *Putsch*.
53. Wieser (1983 [1926], xxxix) expressed similar sentiments: 'The inconceivability of the World War was followed by the inconceivability of inner decay ... How could this all have happened? Had life not lost all of its meaning?'

Bibliography

- Allen, H. 1982. Hayek the Answer Man. *Washington Post* 2 December. <https://www.washingtonpost.com/archive/lifestyle/1982/12/02/hayek-the-answer-man/5f046174-5ded-4695-96cd-65020c0919ad/>
- Anderson, J. 1998. October 19, 1998 Issue The Dictator. *The New Yorker* 19 October. <http://www.newyorker.com/magazine/1998/10/19/the-dictator-2>
- Anderson, R. G. 1999. George and me. *LewRockwell.com*. <https://www.lewrockwell.com/1999/12/robert-g-anderson/george-and-me/>
- Arce, L. 1994. *The Inferno: A Story of Terror and Survival in Chile*. Madison, Wisconsin: University of Wisconsin Press.
- Atran, S. 2010. War, Martyrdom, and Terror: Evolutionary Underpinnings of the Moral Imperative to Extreme Group Violence. In Roberts, S. C. (Ed.) *Applied Evolutionary Psychology*. Oxford: Oxford University Press.
- Baranowski, S. 2011. *Nazi Empire: German Colonialism and Imperialism from Bismarck to Hitler*. Cambridge: Cambridge University Press.
- Barros, R. 2004. *Constitutionalism and Dictatorship. Pinochet, the Junta, and the 1980 Constitution*. Cambridge: Cambridge University Press.
- Berger, T. U. 2012. *War, Guilt, and World Politics after World War II*. Cambridge: Cambridge University Press.
- Bermant, C. 1997. Obituary. *The Independent* 21 February.

- Blundell, J. 2014. IHS and the Rebirth of Austrian Economics: Some Reflections on 1974–1976. *Quarterly Journal of Austrian Economics* 17.1, Spring: 92–107. <https://mises.org/library/ihs-and-rebirth-austrian-economics-some-reflections-1974%E2%80%931976>
- Boettke, P. 2010. EXCLUSIVE INTERVIEW Peter Boettke on the Rise of Austrian Economics, Its Academic Inroads and Why the Market Should Decide. Daily Bell 12 December. <http://www.thedailybell.com/exclusive-interviews/anthony-wile-peter-boettke-on-the-rise-of-austrian-economics-its-academic-inroads-and-why-the-market-should-decide/>
- Bonaparte, N. 1916. *Napoleon in His Own Words*. Chicago: A.C. McClurg & Company. Translated from the French by Jules Bertaut.
- Braden, S. 1971. *Diplomats and Demagogues: The Memoirs of Spruille Braden*. New Rochelle, NY: Arlington House.
- Buchanan, J. 1992. I Did Not Call Him ‘Fritz’: Personal Recollections of Professor F. A. v. Hayek. *Constitutional Political Economy* 3.2, Spring/Summer: 129–135.
- Buchanan, J., Wagner, R. and Burton, J. 1978. *The Consequences of Mr. Keynes: An Analysis of the Misuse of Economic Theory for Political Profiteering, with Proposals for Constitutional Disciplines*. London: Institute of Economic Affairs.
- Caldwell, B. 2010. The Secret Behind the Hot Sales of ‘The Road to Serfdom’ by Free-Market Economist F. A. Hayek. *The Washington Post*. http://voices.washingtonpost.com/shortstack/2010/02/the_secret_behind_the_hot_sale.html
- Caldwell, B. and Montes, L. 2014a. Friedrich Hayek and His Visits to Chile. CHOPE Working Paper No. 2014-12. August.
- Caldwell, B. and Montes, L. 2014b. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics* First online: 26 September 2014.
- Caldwell, B. and Montes, L. 2015. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics*, 28.3, September: 261–309.
- Campbell, J. 2007. *Margaret Thatcher: Volume One: The Grocer’s Daughter*. London: Random House.
- Cassidy, S. 1992. *Audacity to Believe*. London: Darton, Longman & Todd, Limited.
- Crankshaw, E. 1954. When Lenin Returned. *The Atlantic* September. <http://www.theatlantic.com/magazine/archive/1954/10/when-lenin-returned/303867/>
- Crozier, B. 1974. *A Theory of Conflict*. New York: Charles Scribner’s.
- Crozier, B. 1979. *The Minimum State: Beyond Party Politics*. London: Hamish Hamilton.
- Cubitt, C. 2006. *A Life of August von Hayek*. Bedford, England: Authors on line.

- Cwik, P. 2010. Faculty Spotlight Interview: Paul Cwik. *Mises Wire* 15 December. <https://mises.org/blog/faculty-spotlight-interview-paul-cwik>
- Ebeling, R. 1974. Austrian Economics on the Rise. *Libertarian Forum* October. <http://mises.org/daily/4174>
- Ebeling, R. 2016. How I Became a Libertarian and an Austrian Economist. *FEET* 2 May. <http://www.fff.org/explore-freedom/article/became-libertarian-austrian-economist/>
- Ebenstein, A. 2003. *Friedrich Hayek a Biography*. New York: Palgrave.
- Friedman, M. F. and Friedman, R. D. 1998. *Two Lucky People: Memoirs*. Chicago: University of Chicago Press.
- Friedrich, T. 2012. *Hitler's Berlin: Abused City*. New Haven: Yale University Press. Translated by Stewart Spencer.
- Greaves, B.-B. 1985. Introduction. To Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Guardiola-Rivera, O. 2013. *Story of a Death Foretold. The Coup against Allende*. London: Bloomsbury.
- Hamann, B. 2010. *Hitler's Vienna: A Portrait of the Tyrant as a Young Man*. London: Taurus.
- Han, W.-H. 1982. *Human Rights: Problems and Perspectives*. Chinese Association for Human Rights, Center for International Studies, Guam Association for Freedom and Human Rights.
- Harrod, R. 1951. *Life of J.M. Keynes*. New York: Macmillan.
- Hayek, F. A. 1933. Trends of Economic Thinking. *Economica* 40, May: 121–137.
- Hayek, F. A. 1941. *The Pure Theory of Capital*. Chicago: University of Chicago Press.
- Hayek, F. A. 1975. In Haberler, G. *A discussion with Friedrich A. von Hayek: Held at the American Enterprise Institute on April 9, 1975*. Washington: American Enterprise Institute.
- Hayek, F. A. 1978. *Oral history Interviews*. Centre for Oral History Research, University of California, Los Angeles., <http://oralhistory.library.ucla.edu/>.
- Hayek, F. A. 1981. Extracts from an Interview Friedrich von Hayek. *El Mercurio*, 12 April Santiago de Chile, D8–D9.
- Hayek, F. A. 1994. *Hayek on Hayek an Autobiographical Dialogue*. Chicago: University of Chicago Press. Edited by Stephen Kresge and Leif Wenar.
- Hayek, F. A. 1995. *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Hayek, F. A. 2007 [1944]. *The Road to Serfdom: The Definitive Edition. The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.

- Hayek, F. A. 2011 [1960]. *Constitution of Liberty The Definitive Edition: The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by R. Hamowy.
- Hayek, F. A. 2012 [1951]. The Transmission of the Ideals of Economic Freedom. *Econ Journal Watch* 9.2, May: 163–169.
- Herbener, J., Hoppe, H.-H. and Salerno, J. 1998. Introduction. In Mises, L. *Human Action: The Scholar's Edition*. Auburn, Alabama: Ludwig von Mises Institute.
- Hitler, A. 1939 [1925]. *Mein Kampf*. London: Hurst and Blackett. Translated by James Murphy.
- Hitler, A. 1942. *The Speeches of Adolf Hitler, April 1922–August 1939: An English Translation of Representative Passages Arranged Under Subjects and Edited by Norman H. Baynes, Volume 1, Part 1*. Oxford: Oxford University Press.
- Hoppe, H.-H. 2001. *Democracy The God that Failed: the Economics and Politics of Monarchy, Democracy and Natural Order*. New Brunswick: Transaction Publishers.
- Hoppe, H.-H. 2009 [1997]. The Meaning of the Lost Mises Papers. *Liberty Australia*. <http://www.la.org.au/opinion/050309/meaning-mises-papers>
- Hoover, H. 1952. *The Memoirs of Herbert Hoover, Vol. 3: The Great Depression 1929–1941*. New York: Macmillan.
- Hülsmann, J. G. 2007. *Mises: The Last Knight of Liberalism*. Auburn, Alabama: Ludwig von Mises Institute.
- Koestler, A. 1950. Arthur Koestler. In Crossman, R. (Ed.) *Communism: The God that Failed*. New York: Harper and Row.
- Kuehnelt-Leddihn, E. (pseudonym Campbell, F. S). 1943. Credo of a Reactionary. *The American Mercury* 57, July. <http://www.unz.org/Pub/AmMercury-1943jul-00086>
- Kuehnelt-Leddihn, E. R. 1979. *The Intelligent American's Guide to Europe*. New Rochelle, NY: Arlington House.
- Kuehnelt-Leddihn, E. R. 1998. Hebrew and Christians. *Rothbard-Rockwell Report* April: 6–12. <http://www.unz.org/Pub/RothbardRockwellReport-1998apr-00006>
- Kurtz-Phelan, D. 2008. Big Fruit a review of Peter Chapman's *Bananas How the United Fruit Company Shaped the World*. *New York Times* 2 March. http://www.nytimes.com/2008/03/02/books/review/Kurtz-Phelan-t.html?_r=0
- Leeson, R. 2013. (Ed.) *Hayek: A Collaborative Biography Part I: Influences, from Mises to Bartley*. New York: Palgrave Macmillan.
- Leeson, R. 2015a. (Ed.) *Hayek a Collaborative Biography: Part V Hayek's Great Society of Free Men*. Basingstoke, England: Palgrave Macmillan.
- Leeson, R. 2015b. (Ed.) *Hayek: a Collaborative Biography Part II Austria, America and the Rise of Hitler, 1899–1933*. Basingstoke, England: Palgrave Macmillan.

- Leeson, R. 2017. *Hayek a Collaborative Biography Part VIII The Constitution of Liberty (1) 'Shooting in Cold Blood': Hayek's Plan for the Future of Democracy*. Basingstoke, England: Palgrave Macmillan.
- Leube, K. R. 2003. Some Remarks on Hayek's *The Sensory Order*. *Laissez Faire* 12–22. http://laissezfaire.ufm.edu/images/7/79/Laissezfaire18_2.pdf.
- Levin, M. 1995. Why We Fight. *Rothbard Rockwell Report*, August. <https://www.unz.org/Pub/RothbardRockwellReport-1995aug-00008>
- Mises, L. 1951 [1922]. *On Socialism*. New Haven: Yale University Press.
- Mises, L. 1961. Liberty and Its Antithesis. Review of Hayek's Constitution of Liberty. *Christian Economics* April.
- Mises, L. 1963. *Human Action A Treatise on Economics*. New Haven: Yale University Press. Second edition.
- Mises, L. 1966. *Human Action A Treatise on Economics*. Chicago: Henry Regnery. Third edition.
- Mises, M. 1984. *My Life with Ludwig von Mises*. Cedar Falls, Iowa. Center for Futures Education. Second edition.
- Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Mises, L. 1998 [1949]. *Human Action A Treatise on Economics*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2007 [1958]. Mises and Rothbard Letters to Ayn Rand. *Journal of Libertarian Studies* 21.4, Winter: 11–16.
- Mises, L. 2009a [1978 (1940)]. *Memoirs*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2009b [1958]. *Liberty and Property*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, L. 2010 [1944]. *Omnipotent Government*. Auburn, Alabama: Ludwig von Mises Institute.
- Mises, M. 1976. *My Life with Ludwig von Mises*. New York: Arlington House.
- Morgan, L. 2011. End of a Royal Dynasty as Otto von Habsburg Is Laid to Rest ... with His Heart Buried in a Crypt 85 Miles Away. *MailOnline* 18 July. <http://www.dailymail.co.uk/news/article-2015994/End-Royal-dynasty-Otto-von-Habsburg-laid-rest--heart-buried-crypt-85-miles-away-different-country.html>
- Moss, R. 1973. *Chile's Marxist Experiment*. New York: John Wiley.
- Napolitano, A. 2010. A Judicial Odyssey towards Freedom. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.

- Neruda, P. 1971. Pablo Neruda—Banquet Speech. http://www.nobelprize.org/nobel_prizes/literature/laureates/1971/neruda-speech.html
- New York Times. 1903. Jewish Massacre Denounced. 28 April: 6.
- O'Brien, P. J. 1985. Authoritarianism and the New Economic Orthodoxy The Political Economy of the Chilean Regime, 1973–85. In O'Brien, P. J. and Cammack, P. A. (Eds.) *Generals in Retreat: The Crisis of Military Rule in Latin America*. Manchester: Manchester University Press.
- O'Shaughnessy, H. 2000. *Pinochet: The Politics of Torture*. New York: Latin America Bureau and New York University Press.
- Palmer, T. 1997. Lew Rockwell's Vienna Waltz. *Liberty* September. <http://web.archive.org/web/20050318091128/http://www.libertysoft.com/liberty/features/61palmer.html>
- Patterson, P. 2002. *Eternal Treblinka: Our Treatment of Animals and the Holocaust*. New York: Lantern.
- Pinochet, A. 1982. *The Crucial Day September 11 1973*. Santiago, Chile: Editorial Renacimiento.
- Pinochet, A. 1985. *Pinochet: Patria y Democracia*. Santiago, Chile: Corporacion De Estudios Nacionales.
- Pinochet, A. 1991. *A Journey Through Life Memoirs of a Soldier Volume 1*. Santiago: Instituto Geográfico Militar de Chile.
- Power, J. 2001. *Like Water on Stone: The Story of Amnesty International*. London: The Penguin Press.
- Reagan, R. 1990. *An American Life*. New York: Simon and Schuster.
- Rohter, L. 2006. Colonel's Death Gives Clues to Pinochet Arms Deals. *New York Times* 19 June.
- Rockwell, L. Jr. 1994. The Cognitive State. *Rothbard Rockwell Report* December. <http://www.unz.org/Pub/RothbardRockwellReport-1994dec-00018>
- Rockwell, L. Jr. 1998. To Restore the Church Smash the State. *Triple R* March. <http://www.unz.org/Pub/RothbardRockwellReport-1998mar-00011>
- Rockwell, L. H. Jr. 2005. Heart of a Fighter. *The Free Market* 23.7. <https://mises.org/library/heart-fighter>
- Rothbard, M. N. 1970. The Great Women's Liberation Issue: Setting It Straight. *The Individualist* May. <https://www.lewrockwell.com/1970/01/murray-n-rothbard/against-womens-lib/>
- Rothbard, M. N. 1992. Right-Wing Populism: A Strategy for the Paleo Movement. *Rothbard Rockwell Report* 3.1. <http://www.unz.org/Pub/RothbardRockwellReport-1992jan-00005>
- Rothbard, M. N. 1988. *The Essential Von Mises*. Auburn, Alabama: Ludwig von Mises Institute.

- Rothbard, M. N. 1994a. A New Strategy for Liberty. *Rothbard Rockwell Report* 5.10, October. <http://www.unz.org/Pub/RothbardRockwellReport-1994oct-00001>
- Rothbard, M. N. 1994b. Nations By Consent: Decomposing the Nation-State. *Journal of Libertarian Studies* 11.1, Fall: 1–10.
- Rothbard, M. N. 2002 [1971]. Milton Friedman Unraveled. *Journal of Libertarian Studies* 16.4, Fall: 37–54.
- Rothbard, M. N. 2007 [1995]. *Making Economic Sense*. Auburn, Alabama: Ludwig von Mises Institute.
- Salerno, J. T. 2009. Introduction. In *A Tiger by the Tail A 40-Years' Running Commentary on Keynesianism by Hayek*. London and Auburn, Alabama: The Institute of Economic Affairs and the Ludwig von Mises Institute. Third edition. Compiled and Introduced by Sudha R. Shenoy.
- Salerno, J. 2010. It Usually Ends With Murray Rothbard: My Long and Winding Road to Libertarianism and Austrian Economics. In Block, W. (Ed.) *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Sandford, R. 1975. *The Murder of Allende and the End of the Chilean Way to Socialism*. New York: Harper and Row.
- Shenoy, S. 2003. An Interview with Sudha Shenoy. *Austrian Economics Newsletter* Winter: 1–8. http://mises.org/journals/aen/aen23_4_1.pdf.
- Shirer, W. L. 1960. *Rise and Fall of the Third Reich*. London: Secker and Warburg.
- Sraffa, P. 1932a. Dr. Hayek on Money and Capital. *Economic Journal* 42.165, March: 42–53.
- Sraffa, P. 1932b. Rejoinder. *Economic Journal* 42.166, June: 249–251.
- Stannard, D. E. 1993. *American Holocaust The Conquest of the New World*. Oxford: Oxford University Press.
- Talmon, J. L. 1960. *The Origins of Totalitarian Democracy*. Britain: Secker & Warburg.
- Wasserstein, B. 2007. *Barbarism and Civilization: A History of Europe in Our Time*. Oxford: Oxford University Press.
- Watters, S. 2005. Von Habsburg on Presidents, Monarchs, Dictators. *Women's Wear Daily* 28 June. <http://www.wwd.com/eye/people/von-habsburg-on-presidents-monarchs-dictators>
- Wieser, F. 1983 [1926]. *The Law of Power*. University of Nebraska-Lincoln: Bureau of Business Research.
- Zweig, S. 1943. *The World of Yesterday*. New York: Viking Press.



10

Clerical Fascism: Portugal, Spain, and France

Robert Leeson

In addition to Austria (1934–1945) and General Augusto Pinochet’s Chile (1973–1990), the most prominent clerical fascist regimes were Getúlio Vargas’ Brazil (1930–1945; 1951–1954), António de Oliveira Salazar’s Portugal (1932–1968), General Francisco Franco’s Spain (1936–1975), and Marshal Philippe Pétain’s Vichy France (1940–1945).¹ According to Friedrich ‘von’ Hayek, in Portugal, the ‘dictator Oliveira Salazar attempted the right path in that sense, but failed. He tried, but did not succeed’ (cited by Caldwell and Montes 2014a, 44; b; 2015, 298).

When Hayek (1978) ‘encountered socialism in its Marxist, frightfully doctrinaire form, and the Vienna socialists, Marxists, were more doctrinaire than most other places, it only repelled me.’² Pinochet (1982, 13) first came into contact with Marxist-Leninism when he was in charge of the ‘communists relegated’ to Pisagua (January/February 1948), and later when he was ‘delegate for the Chief of the Emergency Area in the Schwager coal mining district.’

R. Leeson (✉)

Department of Economics, Stanford University, Stanford, CA, USA

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_10

According to his official biographer (and co-author), when Hayek arrived in November 1977 for his first official visit, Pinochet would ‘barely’ have known who he was (Caldwell and Montes 2014a, 21; b, 279). But Pinochet (1991, 125, 176, 22–25; 1982, 13) was proud of becoming ‘Professor of Geopolitics’ at the Military Academy (War College)—and claimed to be a scholar: in ‘my readings I noted with concerns how Marxism contributes to alter the moral principles that should uphold the society, until such principles are destroyed, in order to replace them with the shibboleths of communism.’ For twenty years, he went ‘deeper and deeper into that ideology,’ which he did not ‘hesitate to call sinister,’ until he was ‘convinced that the only way to face such a hypocritical and contaminating doctrine is by the spiritual fortitude, the firmness and cohesion of those who reject it.’

As president, Pinochet (1982, 54) complained that under Salvador Allende, the ‘traditional courtesy and friendliness of the Chilean people had changed to aggressivity and rudeness. Vulgarity reigned everywhere.’ After losing the Presidency, Pinochet told Jon Anderson (1998) that

England is his favorite country—‘the ideal place to live’—because of its civility and moderation, its respect for rules. As an example, he pointed to the impeccable driving habits of the British, compared with the ‘rude’ road behavior of his countrymen. Chileans will tell you with pride that they are often called the English of South America.

‘At once,’ Hayek (1978) ‘became in a sense British, because that was a natural attitude for me, which I discovered later. It was like stepping into a warm bath where the atmosphere is the same as your body.’³

Ronald Hamowy (1999, 286–287) noted that Hayek had an ‘ongoing love affair with Great Britain. One of his proudest achievements was his having become a British subject during his tenure at the [London School of Economics], and he was disappointed that he did not have the opportunity to return to Britain.’ Hayek ‘regarded the British as the most civilized people on earth. The British more than any other nation, Hayek contended, understood that true liberty rested on an appreciation for the rule of law and on the institutions that evolved to protect the subject’s freedom from arbitrary power. They had a keen (but not a blind) respect for the unwritten rules governing how we should deal with each other,

which allowed them to function as a cohesive entity even in a crisis, without relying on the explicit commands of some arbitrary authority.’

Who influenced Pinochet? Ten months after the coup and a few weeks before the announcement of his 1974 Nobel Prize, Hayek informed Seigen Tanaka (1974): ‘It may be said that effective and rational economic policies can be implemented only by a superior leader of the philosopher-statesman type under powerful autocracy. And I do not mean a communist-dictatorship but rather a powerful regime following democratic principles.’

Hayek (1978) was ‘very much convinced that if democracy is not to destroy itself, it must find a method of limiting its power without setting above the representatives of the people some higher power.’ His solution was the ‘Model Constitution’ that he had sent in draft form to Pinochet the previous year (Hayek 1984 [1979], 382–385).⁴ Pinochet (1982, 13) claims that he had ‘always respected and admired democracy as a political concept; despite its virtues, however, if not suitably adapted it is totally incapable of confronting communism. It is even less able to stop the actions of totalitarian doctrine, because traditional democracy, paradoxically enough, contains in itself the most convenient means for its own destruction.’

Hayek (1978) believed that Josef ‘Schumpeter is right in the sense that while socialism can never satisfy what people expect, our present political structure inevitably drives us into socialism, even if people do not want it in the majority. That can only be prevented by altering the structure of our so-called democratic system. But that’s necessarily a very slow process, and I don’t think that an effort toward reform will come in time. So I rather fear that we shall have a return to some sort of dictatorial democracy, I would say, where democracy merely serves to authorize the actions of a dictator. And if the system is going to break down, it will be a very long period before real democracy can reemerge.’⁵

Pinochet (1982, 13) explained why democracy had to be destroyed: ‘I realised too that an effective anticommunist struggle is unthinkable in the context of *musty* [emphasis added] democratic patterns.’ In an interview in *El Mercurio*, Hayek explained that dictatorship was a

means of establishing a stable democracy and liberty, clean of impurities ... democracy needs ‘a good cleaning’ by strong governments. (Cited by Farrant et al. 2012, 533, n23)

Pinochet (1982, 154–155) sought to ‘cleanse’ Chile through the ‘moral transformation of the country ... Once the foregoing goals are firmly assured, the Armed Forces and Police Corps will turn to the reinstatement of our democracy, which should be reborn purified of the vices and evil habits that ended by destroying our institutions.’ Likewise, the drive for ‘purification’ dominated Franco’s Spain:

For notwithstanding Francoism’s Catholic core, it also incorporated elements of social darwinism. The defeated carried the germ of ‘anti-nation,’ a form of degeneracy that, if not cleansed to the last trace, would contaminate the healthy body of Spain. Military psychiatrists experimented on prisoners in search of the ‘red gene.’ Purification and purging were fundamental concepts in 1940s Spain, as they have usually been in all the barbaric episodes, racial or political, that inhabit Europe’s dark mid-twentieth century. (Graham 2004)

Franco’s ‘cleansing’ eliminated 200,000 ‘impurities’ (Preston 2006; Graham 2005; Beevor 2006; Jackson 1974; Thomas 2001).⁶ According to Robinson Sandford (1975, 196–197), six days after Pinochet’s coup General Gustavo Leigh informed the Santiago press: ‘We are taking this course of action because 100,000 dead in three days is preferable to 1,000,000 in three years, as happened in Spain.’

Ludwig ‘von’ Mises (1985 [1927], 42–43) sought to undermine ‘everywhere ridiculous’ democracy: ‘Those of the old regime had displayed a certain aristocratic dignity, at least in their outward demeanor. The new ones, who replaced them, made themselves contemptible by their behavior.’ And the Austrian School philosopher, Erik Maria ‘Ritter von’ Kuehnelt-Leddihn (2000, 37), promoted monarchy:

Recall the praise the great monarchist Charles Maurras bestowed on this form of government: ‘*Le moindre mal. La possibilité du bien.* (The least evil. The possibility of something good.)’

The Jewish-born Mises (1985 [1927], 44) was ambivalent about the activities of Maurras’ anti-Semitic *l’Action Française*. According to Thomas Molnar (1999), Maurras faced two ‘tragedies’: first, in 1926, Pope Pius XI excommunicated *l’Action Française*; and second, in 1934,

Maurras apparently lost his nerve and failed to lead a fascist coup in France. The 6 February 1934 crisis culminated in a riot on the Place de la Concorde, near the seat of the French National Assembly with the intention of overthrowing the Leftist coalition that had won the 1932 election. Thus the French could have followed Mussolini (1922), António Óscar Fragoso Carmona (1926) and Salazar (1932), and Hitler (1933); and preceded Dollfuss (1934), Franco (1936–1939) and the Operation Condor (1975–) countries.

The ‘fascistic’ personality is described in *The Authoritarian Personality, Studies in Prejudice Series* (Adorno et al. 1950). In his *Arlington House Authority and its Enemies*, Molnar (1995 [1976], 4), who sought to debunk Theodor Adorno, complained that in the twentieth century ‘authority has given way to permissiveness.’ In earlier times, literature was marked by ‘respect [emphasis in original] for the way things are in their created state, respect also for the way society is organised and the world structured. This respect for reality, for the inherent principles of the universe, is what separates predemocratic from postdemocratic literature as Tocqueville saw it so profoundly, adding that the two evolve along two different stylistic canons.’ Molnar (1999) admired the ‘quintessential antidemocratic thinker,’ Maurras, and his ‘Maurrassian doctrine’: ‘The State is a work of art (Aristotle balancing Plato in neverending tension), an orderly and just arrangement, built for permanence, an ideal. It is far, unbridgeably far, from pragmatic politics, the duel of lobbies, voting procedures, responses to polls, authorized flag-burning.’ According to Molnar (1995 [1976], 6, 11), in the modern era, the ‘sacred’ or ‘mythological view has indeed been lost; but what has been the gain?’ His contention was that ‘authority is analogous to love’ [emphasis in original].

In *The Spanish Holocaust: Inquisition and Extermination in Twentieth-Century Spain*, Paul Preston (2012) documented the anti-Semitic rhetoric of those Roman Catholics who believed that they were eliminating a ‘Jewish–Bolshevik–Masonic’ conspiracy. In March 1939, Pétain—the ‘Lion of Verdun’—was sent to Spain as the French Ambassador.⁷ When he was summoned back by Prime Minister Paul Reynaud to unify France against the Nazi invasion, Pétain (May 1940) told Franco: ‘My country has been beaten and they are calling me back to make peace and to sign an armistice ... This is the work of thirty years of Marxism’

(cited by Bruce 2008, Chap. 6). Franco recalled that Pétain ‘embraced me, very moved, and left for the sacrifice’ (cited by Crozier 1967, 313). Crozier’s (1967, xix; 1993, 71–72) analysis of Spanish fascism provided conclusions which were ‘on the whole, very favourable to Franco,’ and was produced with the assistance of the dictator, and was coordinated with intelligence organizations.

Pétain admired Franco’s elimination of communists—and the resulting ‘peace and stability’ and ‘the restoration of the traditional Spanish values of the soil, the church and national service’ (Bruce 2008, Chap. 5). France ‘fell’ on 22 June 1940, and on 11 July 1940, Pétain acquired near-absolute powers as ‘Head of State.’⁸ On 22 July 1940, ‘purification’ began: a committee, established to review all citizenships granted since 1927, decided that 17,000 persons should have their citizenships revoked—40 percent were Jews (Curtis 1997).

Klaus Barbie—the ‘Butcher of Lyon’—personally tortured and sexually abused his prisoners (including women and children). For capturing Jean Moulin, a high-ranking member of the French resistance, Hitler awarded him the ‘First Class Iron Cross with Swords.’ About a quarter of France’s Jewish population were exterminated: on 6 April 1944, Barbie and the Gestapo raided an orphanage and had 44 Jewish children deported to Auschwitz (McKale 2012, 287; Ryan 1983). After taking the ‘monastery route’ to ‘liberty,’ Barbie became a Lieutenant Colonel in the Bolivian Army; but after the fall of the dictatorship, he lost his government protection and in 1983 was extradited to France, where he was convicted of crimes against humanity (Sanchez 2008).

Pétain’s (1940) ‘National Revolution’ replaced the republican motto of ‘*Liberté, égalité, fraternité*’ with ‘*Travail, famille, patrie*’ (‘Work, family, fatherland’):

When our young people ... approach adult life, we shall say to them ... that real liberty cannot be exercised except under the shelter of a guiding authority, which they must respect, which they must obey ... We shall then tell them that equality [should] set itself within the framework of a hierarchy, founded on the diversity of office and merits ... Finally, we shall tell them that there is no way of having true brotherhood except within those natural groups, the family, the town, the homeland. (See also Lackerstein 2012, 79)

Pétain Vichy France resembled Pinochet's Chile: the secular and liberal traditions of the Third Republic were replaced by the 'French State'—an authoritarian, paternalist, Catholic society. According to Pétain, Vichy France would be 'a social hierarchy ... rejecting the false idea of the natural equality of men.' Anti-Semitic laws were implemented; opponents and refugees were imprisoned; censorship was imposed and freedom of expression and thought were suppressed through the crime of 'felony of opinion.' Pétain's government collaborated with the Austro-Germans and repressed the French resistance: after the defeat of the Third Reich, he was tried and sentenced to death for treason (commuted to life imprisonment).

Prometheus is

the Journal of the Libertarian Futurist Society ... founded in 1982 to recognize and promote libertarian science fiction. The LFS is a tax-exempt non-profit group with an international membership of libertarians and freedom-loving science fiction fans who believe cultural change is as vital as political change in achieving freedom. After all, imagination is the first step in envisioning a free future—and the peace, prosperity and progress that can take humankind to the stars ... People come to libertarianism through fiction.⁹

In the Mises Institute's *I Chose Liberty*, many Austrian economists reported that they came to 'liberty' as adolescents via such fantasies (Block 2010a). Rothbard's (2002 [1982], xlv) devotion to 'liberty' 'began in childhood and has intensified ever since.' According to his obituary (published in the Holocaust-denying *Institute for Historical Review*), Murray Rothbard recalled:

In one family gathering featuring endless pledges of devotion to 'Loyalist' Spain during the Civil War. I piped up, at the age of 11 or 12, 'What's wrong with Franco, anyway? ... My query was a conversation stopper, all right, but I never received an answer. (Cited by Weber 1995)

Austrians like also want to know 'what's wrong' with Nazis and Neo-Nazis:

I once ran into some Neo-Nazis at a libertarian conference. Don't ask, they must have sneaked in under our supposedly united front umbrella. I was in

a grandiose mood, thinking that I could convert anyone to libertarianism, and said to them, ‘Look, we libertarians will give you a better deal than the liberals. We’ll let you goosestep. You can exhibit the swastika on your own property. We’ll let you march any way you wish on your own property. We’ll let you sing Nazi songs. Any Jews that you get on a voluntary basis to go to a concentration camp, fine’ ... *The problem with Nazism is not its ends*, from the libertarian point of view, rather it is with their means. Namely, they engaged in coercion. But, the ends are as just as any others; namely, *they do not involve invasions* [emphases added]. If you like saluting and swastikas, and racist theories, that too is part and parcel of liberty. Freedom includes the right to salute the Nazi flag, and to embrace doctrines that are personally obnoxious to me. Under the libertarian code, you should not be put in jail for doing that no matter how horrendous this may appear to some. I happen to be Jewish, and my grandmother is probably spinning in her grave as I write this because we lost many relatives in the Nazi concentration camps. (Block 2000b, 40)

Referring to Mises, Hayek (1978) reflected: ‘Being for ten years [1921–1931] in close contact with a man with whose conclusions on the whole you agree but whose arguments were not always perfectly convincing to you, was a great stimulus.’¹⁰ The British *Fascisti* was established in 1923. Six years later, Hayek (1995 [1929], 68), while praising Edwin Cannan’s ‘fanatical conceptual clarity’ and his ‘kinship’ with Mises’ ‘crusade,’ noted that British–Austrians had failed to realize necessary consequences of the whole system of Austrian Classical Liberal thought: ‘Cannan by no means develops economic liberalism to its ultimate consequences with the same ruthless consistency as Mises.’ According to Caldwell (1995, 70, n67), the third general editor of *The Collected Works of F.A. Hayek*, Hayek was probably referring to *Liberalism in the Classical Tradition* in which Mises (1985 [1927], 49, 45, 50) insisted

The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.

But Mises rejected the fascists’ ‘complete faith in the decisive power of violence’: ‘Resort to naked force—that is, without justification in terms of *intellectual arguments accepted by public opinion*—merely

gains new friends for those whom one is thereby trying to combat. In a battle between force and an idea, the latter always prevails [emphasis added].’ Hayek (1978) provided the ‘intellectual arguments’ that justified Pinochet’s White Terror: ‘You have to persuade the intellectuals, because they are the makers of public opinion. It’s not the people who really understand things; it’s the people who pick up what is fashionable opinion. You have to make the fashionable opinion among the intellectuals before journalism and the schools and so on will spread it among the people at large.’¹¹ Having been recruited (unwittingly or otherwise) to make Hayek’s promotion of dictatorship ‘fashionable’ and ‘accepted by public opinion,’ Bruce Caldwell and Leonidas Montes (2014a, 50, 52; b; 2015, 304) referred to ‘the uncomfortable question of why Hayek chose to remain silent about the human rights abuses that took place under [Pinochet’s] junta’ without mentioning the evidence: Hayek’s (1966, 1978) statements on human rights and his praise of Mises’ ‘ruthless consistency.’

Official reports account for 3197 Chileans killed, 20,000 Chileans officially exiled (their passport marked with an ‘L’), and around 180,000 fled the country (Montes 2015, 7; Wright and Oñate 2005, 57). Paul Samuelson (1986, 993) described Pinochet’s regime as ‘Capitalistic Fascism’; and Nicholas Kaldor (1978) stated that

Chile is a dictatorship equipped with secret police, detention camps, etc. where strikes are ruled out and the organization of workers in trade unions is prohibited ... if we take Professor Hayek literally, a fascist dictatorship of some kind should be regarded as the necessary pre-condition ... of a ‘free society.’

After their first visits to Chile, Milton Friedman (1976, 9) declared that Pinochet’s regime was an ‘authoritarian society which denies the liberties and freedoms of the people in the sense in which Anglo-Saxon democrats conceive them’;¹² while Hayek stated that he had ‘not been able to find a single person even in much maligned Chile who did not agree that personal freedom was much greater under Pinochet than it had been under Allende’ (cited by Caldwell and Montes 2014a, 27; b; 2015, 283).

At the 1948 Democratic Party National Convention, Hubert Humphrey famously announced that ‘The time has arrived in America for the Democratic Party to get out of the shadow of states’ rights and to walk forthrightly into the bright sunshine of human rights ... people are looking to America for leadership, and they’re looking to America for precept and example.’¹³ Three decades later, Hayek (1978) defended the ‘civilisation’ of apartheid from the American ‘fashion’ of ‘human rights’:

You see, my problem with all this is the whole role of what I commonly call the intellectuals, which I have long ago defined as the secondhand dealers in ideas. For some reason or other, they are probably more subject to waves of fashion in ideas and more influential in the American sense than they are elsewhere. Certain main concerns can spread here with an incredible speed. Take the conception of human rights. I’m not sure whether it’s an invention of the present [Carter] administration or whether it’s of an older date, but I suppose if you told an eighteen year old that human rights is a new discovery he wouldn’t believe it. He would have thought the United States for 200 years has been committed to human rights, which of course would be absurd. The United States discovered human rights two years ago or five years ago. Suddenly it’s the main object and leads to a degree of interference with the policy of other countries which, even if I sympathized with the general aim, I don’t think it’s in the least justified.¹⁴

According to the founder of ‘Ludwig von Mises Institute South Africa,’ those who had benefited from apartheid were discovering the ‘more effective form’ vehicle of Austrian School economics:

We’re seeing a growing interest in free-market economics and thinkers, and it is coming primarily from the Afrikaans community seeking answers to secession and being self-sufficient. Inevitably, if you go down this road you’re going to end up with the likes of Mises and Hoppe and us free market commentators. And even if those of β this bent are not particularly the academic types who read free-market literature, their actions result in free-market outcomes. We’re seeing quite a bit of the latter in South Africa. (Becker 2013)

Hayek did *not* want to know ‘what’s wrong’ with Pinochet: he dismissed Amnesty International’s evidence about human rights abuses as ‘allegations’ from ‘a bunch of leftists’ (Chap. 7, above)

Notes

1. Plus Jozef Tiso's First Slovak Republic (1939–1945), a satellite state of the Third Reich.
2. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
3. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
4. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
5. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
6. The disorganized Red Terror may have resulted in 38,000 murders.
7. On 27 February 1939, the French and British governments recognized Franco's regime.
8. In June 1940, Pétain had been appointed Premier by President Albert Lebrun.
9. <http://www.lfs.org/index.htm>.
10. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
11. Friedrich Hayek, interviewed by Thomas Hazlett 12 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
12. 'There was first, the Allende regime with its threat of a left-wing dictatorship; and then a counterrevolution with the military taking over and a military junta being established, which also is very far indeed from a free society. It, too, is an authoritarian society which denies the liberties and freedoms of the people in the sense in which Anglo-Saxon democrats conceive of them' (Friedman 1976, 9).
13. <http://www.americanrhetoric.com/speeches/hubberthumphey1948dnc.html>.
14. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

Bibliography

- Adorno, T. W. Frenkel-Brunswik, E. Levinson, D. and Sanford, N. 1950. *The Authoritarian Personality, Studies in Prejudice Series*. New York: Harper and Brothers.
- Anderson, J. 1998. The Dictator. *The New Yorker* 19 October. <http://www.newyorker.com/magazine/1998/10/19/the-dictator-2>
- Becker, C. 2013. Exclusive Interview, Gold & Silver Chris Becker's Austrian Perspective on South Africa, Gold and the Ludwig von Mises Institute. By Anthony Wile *Daily Bell* 23 June. <http://www.thedailybell.com/gold-silver/anthony-wile-chris-beckers-austrian-perspective-on-south-africa-gold-and-the-ludwig-von-mises-institute/>
- Beevor, A. 2006. *The Battle for Spain: The Spanish Civil War 1936–1939*. London: Weidenfeld and Nicolson.
- Block, W. (Ed.) 2010a. *I Chose Liberty: Autobiographies of Contemporary Libertarians*. Auburn, Alabama: Ludwig von Mises Institute.
- Block, W. 2000b. Libertarianism vs Objectivism; A Response to Peter Schwartz. *Reason Papers* 26: 39–62. http://www.reasonpapers.com/pdf/26/rp_26_4.pdf
- Bruce, R. P. 2008. *Petain: Verdun to Vichy*. Washington: Potomac.
- Caldwell, B. 1995. Editorial Notes. In *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Caldwell, B. and Montes, L. 2014a. Friedrich Hayek and His Visits to Chile. CHOPE Working Paper No. 2014-12. August.
- Caldwell, B. and Montes, L. 2014b. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics* First online: 26 September 2014.
- Caldwell, B. and Montes, L. 2015. Friedrich Hayek and His Visits to Chile. *Review of Austrian Economics* 28.3, September: 261–309.
- Crozier, B. 1967. *Franco*. Boston: Little, Brown.
- Crozier, B. 1993. *Free Agent: The Unseen War 1941–1991*. New York: Harper Collins.
- Curtis, M. 1997. Vichy France and the Holocaust. *Society* 34.1, May–June: 18–34. http://download.springer.com/static/pdf/967/art%253A10.1007%252FBF02912205.pdf?auth66=1425902869_3ddb42586efc2a75bbbf1610837ab7c&ext=.pdf
- Farrant, A. McPhail, E. and Berger, S. 2012. Preventing the “Abuses” of Democracy: Hayek, the “Military Usurper” and Transitional Dictatorship in Chile? *American Journal of Economics and Sociology* 71.3: 513–538.

- Friedman, M. F. 1976. The Line We Dare Not Cross. The Fragility of Freedom at 60%. *Encounter* November: 8–14. <http://www.unz.org/Public/Encounter-1976nov-00008>
- Graham, H. 2004. *The Spanish Civil War: A Very Short Introduction*. New York: Oxford University Press.
- Graham, H. 2005. *The Spanish Civil War: A Very Short Introduction*. New York: Oxford University Press.
- Hamowy, R. 1999. F. A. Hayek, on the Occasion of the Centenary of His Birth. *Cato Journal* 9.2 Fall: 279–287. <http://object.cato.org/sites/cato.org/files/serials/files/cato-journal/1999/11/cj19n2-5.pdf>
- Hayek, F. A. 1966. Misconception of Human Rights as Positive Claims. *Farmand Anniversary Issue II/12*: 32–35.
- Hayek, F. A. 1978. Oral History Interviews. Centre for Oral History Research, University of California, Los Angeles., <http://oralhistory.library.ucla.edu/>.
- Hayek, F. A. 1984. *The Essence of Hayek*. Stanford, California: Hoover Institution Press. Edited by C. Nishiyama and K. R. Leube.
- Hayek, F. A. 1995. *Contra Keynes and Cambridge The Collected Works of F.A. Hayek*. Chicago: University of Chicago Press. Edited by Bruce Caldwell.
- Jackson, G. 1974. *The Cruel Years: The Story of the Spanish Civil War*. New York: John Day.
- Kaldor, N. 1978. Chicago Boys in Chile. Letter to *The Times* 18 October: 17.
- Kuehnelt-Leddihn, E. R. 2000. Monarchy and War. *Journal of Libertarian Studies* 15.1, Fall: 1–41.
- Lackerstein, D. 2012. *National Regeneration in Vichy France: Ideas and Policies, 1930–1944*. London: Routledge.
- McKale, D. M. 2012. *Nazis After Hitler: How Perpetrators of the Holocaust Cheated Justice and Truth*.
- Montes, L. 2015. Friedman's Two Visits to Chile in Context. <http://jepson.richmond.edu/conferences/summer-institute/papers2015/LMontesSIPaper.pdf>
- Mises, L. 1985 [1927]. *Liberalism in the Classical Tradition*. Auburn, Alabama: Mises Institute. Translated by Ralph Raico.
- Molnar, T. 1995. *Authority and Its Enemies*. New Rochelle, NY: Arlington House
- Molnar, T. 1999. Charles Maurras, Shaper of an Age. *Modern Age* Fall: 337–342. https://isistatic.org/journal-archive/ma/41_04/molnar.pdf
- Pétain, M. 1940. Politique sociale de l'avenir. *La Revue des Deux Mondes* 15 September.
- Pinochet, A. 1982. *The Crucial Day September 11 1973*. Santiago, Chile: Editorial Renacimiento.

- Pinochet, A. 1991. *A Journey Through Life Memoirs of a Soldier Volume 1*. Santiago: Instituto Geográfico Militar de Chile.
- Preston, P. 2006. *The Spanish Civil War: Reaction, Revolution, and Revenge*. New York: W. W. Norton and Company.
- Preston, P. 2012. *The Spanish Holocaust: Inquisition and Extermination in Twentieth-Century Spain*. London: Harper Collins.
- Rothbard, M. N. 2002 [1982]. *The Ethics of Liberty*. Auburn, Alabama: Ludwig von Mises Institute.
- Ryan, A. 1983. Klaus Barbie and the United States Government A Report to the Attorney General of the United States. U.S. Department of Justice Criminal Division August. <https://www.justice.gov/sites/default/files/criminal-hrsp/legacy/2011/02/04/08-02-83barbie-rpt.pdf>
- Sanchez, G. 2008. In Pursuit of Bolivia's Secret Nazi. *Guardian* 10 September. <http://www.theguardian.com/world/2008/sep/10/bolivia-germany>
- Samuelson, P. A. 1986. *Collected Scientific Papers Volume 5*. Cambridge, Mass: MIT Press. Edited by Kate Crowley.
- Sandford, R. 1975. *The Murder of Allende and the End of the Chilean Way to Socialism*. New York: Harper and Row.
- Tanaka, S. 1974. What Will Happen to the World as Keynesian Economic Theories Are Disproved? Views of Professor Hayek, a World-Famous Authority on Inflation Sought. *Shuukan Post* 17 May.
- Thomas, H. 2001. *The Spanish Civil War*. London: Penguin.
- Weber, M. 1995. Murray Rothbard (1926–1995). *The Journal of Historical Review* 15.3, May–June: 33–34.
- Wright, T. C. and Oñate, R. 2005. Chilean Diaspora. In Ember, C. R., Ember, M. and Skoggard, I. (Eds.) *Encyclopedia of Diasporas: Immigrant and Refugee Cultures Around the World Volume II*. New York: Springer: 57–65.



11

Austria, the Past and Anti-Semitism

Helen Fry

Saturday, 12 March 1938: The world woke to the stark reality that the Nazi Regime had annexed Austria. The *Anschluss*, as the annexation was termed, marked the beginning of the decimation of Viennese culture and Jewish life. The visible effects of the Nazi occupation were immediately evident everywhere: military vehicles, and a heavy presence of SS (schutzstaffel) and Stormtroopers on the streets. Large swastika flags hung ominously from windows of apartments and buildings and almost touched the pavement below. Anti-Jewish slogans were daubed in dripping black paint across the doors and windows of Jewish businesses. The deafening sound of hundreds of German bombers flying low over the city was heard. From their bellies, they dropped propaganda leaflets on a politically hungry population. Brownshirts were out on the streets, waving their swastika flags and chanting, 'Juda-verrecke!' (Perish Judah).

H. Fry (✉)

Honorary Fellow, Department of Hebrew & Jewish Studies,
University College London, London, UK

© The Author(s) 2017

R. Leeson (ed.), *Hayek: A Collaborative Biography*, Archival Insights into the Evolution of Economics, DOI 10.1007/978-3-319-60708-5_11

371

From living in freedom, Austria's 200,000 Jews became the immediate victims of Nazi racist policies. Now their lives were in mortal danger. One man at the British Passport Office in the city was acutely aware of it. Captain Thomas Joseph Kendrick, 'Tommy' to his closest friends and colleagues, was now in the frontline of efforts to save the country's Jews. He arrived at the British Passport Office at 6 Metternichgasse to find it besieged by hundreds of Jews queuing along the west wall. The anti-Jewish laws which had been introduced gradually in Germany over a number of years came into force immediately in Austria. Kendrick feared, too, for his wide circle of Jewish friends from the thirteen years that he had lived in the city. Walking into his office that morning, nothing could alleviate the sense of doom and claustrophobic fear over the impending disaster which he knew faced Austria's Jews. He and his staff faced the beginnings of a human catastrophe of immeasurable proportions. In the coming weeks and months, they would be pushed to breaking point as they embarked on a rescue path for which they were ill-prepared and for which they have never been recognised. Kendrick became the 'Oskar Schindler' of Vienna.

This was not the Vienna which he had embraced as a forty-four-year-old spymaster when he had first arrived in January 1925 to take up a covert role by masking as the British Passport Officer. In his thirteen years living in the city, he had not encountered anti-Semitism in Vienna. The threat then was firmly the Soviet Union and Communism. Vienna became the crucial melting pot in the 1920s from where the Communist threat could be monitored. The city had replaced Paris as the centre of espionage and the gateway by which spies of neighbouring countries moved in and out, watching each other and gathering intelligence. Vienna was ideally placed for Kendrick's work as a spymaster because he could send agents and spies into nearby Hungary, Czechoslovakia, Germany and Italy, to monitor the Bolshevik threat and the development of chemical weapons in the region. From January 1933, the task became far more urgent with the rise of Adolf Hitler to power, and saw Kendrick entering the murky world of double agents and betrayers, playing a dangerous game in dispatching spies into Nazi Germany to report back on Germany's rearmament programme.

Who was Thomas Kendrick? He was born in Cape Town, South Africa, in 1881, then part of the vast Victorian British Empire. Having

served in an intelligence role for the British at the end of the Boer War, he took up work in the diamond mining industry as a broker. Here, he made international contacts which would later bring him to the attention of the nascent British Secret Service, and many characters who would later be part of his spy network. Towards the end of the First World War, Kendrick requested a posting from South Africa to Europe to work in intelligence duties near the frontline. In April 1918, he was transferred to England for a period of training before being posted to France where he and his intelligence colleagues dealt with thousands of German prisoners of war. After the signing of the Armistice, and then the Treaty of Versailles in 1919, Kendrick was posted with the British Army of Occupation in Cologne, again on intelligence.

By 1925, a vacancy had arisen for the post of British Passport Officer in Vienna with covert duties as a spymaster. The job description was clear. That man had to be fluent in German and yet understand human beings in all their complexities. He must know how to court high society—diplomatic, social, intellectual and cultural—and yet he could not be a diplomat. He had to be someone who could move with ease in any company and court people to give away intelligence with a devastating efficiency and subtle skill that would produce results. Admiral Sir Hugh ‘Quex’ Sinclair, the head of MI6 in London, had one man in his sight—Thomas Kendrick, a military man and master at organisation and running a complex bureaucratic system. He was quick-witted, gregarious and a gifted pianist whose sense of humour could entertain a room full of guests. He was discreet, trained in the mindset of the Secret Intelligence Service (SIS) and yet able to think on his feet. Kendrick inhabited the gritty world that would later be captured by John le Carré’s in his novel, *Tinker, Tailor, Soldier, Spy*.

Vienna’s Messianic Welcome

When Kendrick took up his new post in Vienna, Hitler had barely made an impression on the political scene except as the leader of a failed coup in Munich in 1923. That all changed in the 1930s and the tide of latent anti-Semitism would rise from beneath Austrian society to welcome

the Nazi leader with a rapturous, even Messianic, welcome two days after the Anschluss. Vienna and anti-Semitism in this period can be illuminated and understood through the prism of Kendrick's rescue efforts.

Monday, 14 March 1938: Adolf Hitler arrived in the city to a sea of Austrian faces. Thousands of ordinary Austrians lined the route for a glimpse of the Führer in his open Mercedes, cheering as the long entourage made its way towards the Hofburg, the Imperial Palace, where it was rumoured Archbishop Cardinal Innitzer was to give Hitler a blessing, thus procuring the allegiance of Austrian Catholics. It was a euphoric moment for the people of Vienna, but an unforgettable one of terror for the city's Jews who remained behind closed doors. In front of a crowd of thousands on the square below, the blessing took place on the balcony of the Hofburg, followed by Hitler's rallying speech. Even now, with such levels of overt support from ordinary Austrians, the military build-up continued. By 15 March, it was estimated that the total German military strength was 100,000 men, 1000 air personnel and 200 aircraft. German troops were still pouring into the capital. There could be no justification for such a display of force.

The following day, the British Cabinet met in London to discuss the anticipated Jewish refugee crisis. The Home Secretary, Sir Samuel Hoare, said that he felt a great reluctance to put any further obstacles in the way of 'these unfortunate people' [the Jews]. He reported a curious story that had reached him from MI5 (the British Secret Service at home) that the Germans were anxious to inundate the United Kingdom with Jews, with a view to creating a Jewish problem in the country. A Home Office memorandum issued after the meeting noted:

the incorporation of Austria in the German Reich has made it essential to reconsider the arrangements for the control of aliens holding German or Austrian passports who may seek admission to this country... the future status of people holding an Austrian passport was now uncertain.

It was realised that Jews who had fled Germany earlier and sought asylum in Austria would now be amongst those trying to flee Austria. The Home Office instigated a new visa system for émigrés into Britain. Now all refugees needed a British visa as well as other documentation required from the German authorities for emigration. It was recognised that the consequence of this decision would mean an extra workload for the Passport

Control Offices. That afternoon at 4.30 pm, the following cypher telegram was sent by the Foreign Office to the British Embassy in Vienna:

Home Office are concerned at the possibility that large numbers of refugees may seek to make their way from Austria to the United Kingdom as soon as Austrian frontier is re-opened. You should watch the situation closely and inform me meanwhile by telegram whether the frontier is likely to be opened in the immediate future and whether in your opinion large numbers of Austrians will try to enter the United Kingdom.

While the British Cabinet debated the Austrian crisis and new visa regulations, Kendrick was trying to deal with the day-to-day practicalities of emigration for the hundreds of Jews cramming every available space at the Legation.

City of Terror

Vienna's Jews began to feel the full brutality of the Nazi regime. Jewish males, fathers and sons, were rounded up, taken by Brownshirts and SS and never seen again. British journalist Eric Gedye, also one of Kendrick's agents, reported: 'from my window I could watch for many days how they would arrest Jewish passers-by—generally doctors, lawyers and merchants, for they preferred their victims to belong to the better educated classes.' Jews were forced to scrub the pavements with acid solutions that burned their hands, all under the watchful jeering of SS and Brownshirts. The *Daily Sketch* newspaper reported:

The queue [around the British Passport Office] was sometimes extended into the street where the larrikin youth of the Nazi stormtroopers amused themselves by making the Jews who were waiting wash the pavement. Kendrick stopped that.

Kendrick had come out of the building to the terrible scene of Jews scrubbing the pavements in front of his office. Unintimidated by the Nazis, he kicked over the buckets of acid solution and shouted at the Stormtroopers: 'Not on my patch!'

A state of panic prevailed in the Jewish population. The greater part of which had lost its means of livelihood. The despair could be measured by the number of suicides. During the first four days of the Anschluss, the number of Jewish suicides amounted to 140, an average of 35 a day. Isidor Pollack, the Jewish Director-General of the chemical company Pulverfabrik, was killed during an SA raid on his home. Franz Rothenberg, chairman of Austria's largest bank Kreditanstalt, and a Jew, was arrested and thrown out of a moving car by Stormtroopers. Within the month, a shocking number of 500 Jews, mainly intellectuals from the upper middle class, had committed suicide. Even Austria's most famous Jew was not immune. Less than twelve hours after Hitler's procession through the city, the Gestapo arrived at 19 Bergasse and raided the apartment of Sigmund Freud, the founder of psychoanalysis. A week later, Freud was subjected to a second raid during which his daughter Anna was taken away for hours of questioning. His eldest son, Martin, was placed under house arrest. A flurry of American and British diplomatic efforts ensued in the coming weeks to get Freud and his family out of Austria.

Consul-General Gainer, who worked in the same premises as Kendrick, reported back to London on the extreme anti-Semitism gripping the Austrian capital. He told London that the local German authorities believed they could solve 'the Jewish problem' by arresting hundreds of Jews on a daily basis, confining them for a short period before releasing them on condition that they sign a written promise to hand over all their possessions to the Nazi Party and leave the country within 3–4 weeks. It was but a temporary freedom because they were often re-arrested before they could organise all the paperwork to leave. By early April 1938, over 7000 Austrian Jewish males had already been arrested and sent to concentration camps. It was a desperate time. Gainer wrote:

The arrests are entirely haphazard. Jews walking in the streets are approached by SA or SS men, asked if they are Jews and then taken off to prison. The whole process is senseless and inhuman and the problem remains unsolved. For those who believe that the Germans are amongst the most cultured and highly civilised of the European peoples, I would recommend a short sojourn in Vienna.

The regime forbade Jews to enter the parks on the banks of the Danube or bathe in the river. Within a matter of two weeks, this exclusion applied to any park in the city. In Salzburg, they were forbidden to wear Austrian national costume. Jewish lawyers were given three weeks to close their businesses. Gainer wrote:

The ARIANISATION or de-Jewing, as it is now officially to be called, of the professions, trade, industry and commerce continues unabated though there are some even within the ranks of the National Socialist Party who fully realize the damage which is being done to the economic life of the country and to the good name of Austria and Germany abroad.

The offices of the Jewish community, the Zionist Federation and the Palestine Office, were closed down and sealed by the German authorities, and Jewish leaders and officials arrested. Funds amounting to 55,000 schillings in possession of the Treasury of the Jewish Community were confiscated. A flood of political propaganda came into the country after the appointment of Gauleiter Bürckl as governor of the region. Gainer noted that in Vienna, the propaganda was received 'rather apathetically.' In late July 1938, his report to London stated:

A fresh wave of anti-Semite hooliganism has disturbed Vienna during the past week. It coincided with the absence of Gauleiter Bürckl [new Governor] and immediately subsided on his return. The rank and file of the SA and Hitlerjugend have a healthy respect for Herr Bürckl when he is on the spot but are uncontrolled during his absence which leads again to the conclusion that the Gestapo are not giving Herr Bürckl the support they should.

The same report provides new revelations about the political situation, especially vis-à-vis reactions of the populace in Vienna. Whilst Austrians outside Vienna embraced the Nazi regime, the situation emerging in the capital was very different. Gainer noted how the persecution of the Jews began to affect perceptions of the regime. Viennese people began to realise the wider impact of the persecution:

In the provinces, the population is being speedily trained in a true National Socialist spirit. There is also some genuine enthusiasm for the cause in

these places. This cannot truly be said of Vienna. Here the scene is dominated by the unexampled persecution of the Jews and by the intrigues and rivalries of the higher party officials. The press of Vienna is never tired of proclaiming that the foreign press is indulging in an orgy of lies regarding the treatment of Jews in Vienna. It is said that the Jews are being treated strictly but mercifully in a true spirit of National Socialism. (FO 371/21663)

This intelligence report challenges current views of the historical situation emerging in Vienna by July 1938, a city in which even top Nazi leaders like Joseph Goebbels and Rudolf Hess were unwilling to visit because they would not be welcome. Had the tide really turned? In his report of the crisis, Gainer underlines the hitherto undocumented attitude of the political situation in Vienna:

These events [the persecutions] have not been without their effect upon the populace of Vienna among whom the National Socialists are definitely in a minority. That this city is at the moment not considered a particularly salubrious place for a prominent Nazi is proved by the fact that while leaders such as Goebbels and Herr Hess are quite willing to visit Western Austria they take great care to avoid the chief city of the Ostmark.

A Crisis Beyond Proportions

At the British Passport Office, months of chaos followed. Pregnant women tried to go into labour on the premises to gain British nationality and protection for their newborn baby. These were desperate measures in desperate times. With only sporadic directives from the British government, Kendrick and his staff muddled along as best they could. According to the *News Chronicle*, Kendrick was ‘a tremendous worker, doing 15 hours a day for weeks when the Jewish rush to escape first began.’ He and his staff worked flat out, but still it was not enough. Consul-General Gainer reported: ‘To conduct the work of the passport office as applicants desire ... we should need a staff of 40 people and a building like the Albert Hall.’

Kendrick confided in Gainer: 'my staff are so overwrought, they will burst into tears at the slightest provocation.' Help came from offices in Sofia and Copenhagen, and the number of passport staff was doubled at the British Legation in Vienna. Even then, the staff could still only handle between 150 and 175 applications a day. Many would-be émigrés left the offices at the end of the day not having been seen. With a conscience for fairness, Kendrick introduced a ticket system so that they would not lose their place in the queue the following day. Inevitably, charges were levelled against Kendrick and his staff. Consul-General came to their defence and said:

it is admitted that some people have to be firmly dealt with, because if discipline were relaxed it would be quite impossible to handle the large crowd which flock to the offices. The ushers were pushed about and occasionally even struck and often insulted. The wildest accusations were made daily against Kendrick.

The chaos outside the British Passport Office now necessitated the permanent presence of a police officer. Every effort was made to see people with minimum delay and distress, but it did not prevent periodic outbursts of emotions from those waiting desperately in the queue.

Conditions for Emigration

Kendrick fired off numerous letters to as many officials as possible who might help the country's Jews. Jewish organisations also added their own pressure to the British government. The World Jewish Congress implored the British government that 'the certificates for Palestine, available in Vienna for the period ending March 31st, should be used.' British policy on emigration to Palestine would soon become a trickier situation. In an attempt to avert a crisis on British soil, the Home Office, in consultation with MI5 and MI6, announced that Passport Control Officers could no longer issue temporary visitor's visas to refugees. All visas had to be for emigration proper and accompanied by a guarantor who vouched that the refugee in question would not be a financial drain on the state.

On 26 April, a coded telegram was sent to Consuls-General in several European cities to inform them that

For the present, valid Austrian passports will be accepted for the purpose of entering the United Kingdom provided holders satisfy requirements of Immigration Officers on arrival.

From 2 May 1938, the Consuls-General would have to ensure that passports bore a British visa for the United Kingdom. Visas were also necessary on Austrian and German passports for entry into British Colonies which were not fully self-governing, namely, British Protectorates, Protected States and territories under mandate. This covered Palestine. The telegram went on to say: 'Pending any further instructions, visas will not be necessary on Austrian and German passports for entry into British Dominions and self-governing Colonies which do not at present require visas for these nationals.' The standard fee for a visa was stipulated as 'ten gold francs for an ordinary visa and one gold franc for transit visa both ordinarily valid for one year in accordance with provisions of general visa instructions.'

Emigration for Jews to other British Colonies was proving equally difficult and placed extra strain on Kendrick's rescue efforts. On 26 April, Kendrick wrote to the Secretary of State for India appealing for Jewish refugees to be admitted into India on humanitarian grounds. He did not receive a favourable reply. A week later, Mr A. Dibdin of the India Office in Whitehall wrote back:

The government of India feels that, in view of the difficulties in the way of foreigners from Western European countries finding employment in India, only such Jewish refugees should be granted visas for India as are found after careful investigation to be not politically undesirable, and who have friends in India who will accept responsibility for finding them employment or further support.

Kendrick became increasingly frustrated. He drafted yet further letters on behalf of the country's Jews. In theory there was no restriction on entry into the Colonial Empire, including India and Burma, as long as the émigrés had the necessary passport facilities and complied with the

visa regulations of the country of immigration. They also had to ensure that they had sufficient funds so as not to be a financial burden on that country. In practice it worked out very differently. The Colonial Office in Downing Street told Kendrick:

Climatic and economic conditions and the existence of large native populations make it extremely difficult to suggest any area in which large scale settlement would be practicable. No such area has yet been found, although certain enquiries are still proceeding.

At the end of May, the Passport Control Department in London sent instructions to Kendrick asking him to actively discourage refugees from going to the Colonial Dependencies unless they had definite offers of employment (FO 371/21749).

During Parliamentary Questions in the House of Commons on 23 June 1938, Prime Minister Neville Chamberlain was asked about the number of applications that had been processed in Vienna since the beginning of April of those fleeing on grounds of political or religious persecution. Maurice Jeffes, Head of Passport Control in London, replied that the figures which he had received from Kendrick for the month of May amounted to approximately 1250. Around 750 visas had been granted to people in the refugee class, 150 applications were refused, 150 had been referred to London for a decision and a further 200 visas had been issued to other people, for example, businessmen. Kendrick estimated that the figures for June would be much higher. Jeffes added, 'I know that staff, both at Berlin and Vienna, are after office hours working on into the night to try to cope with the enormous rush of applications they are receiving.'

Back in Vienna, Kendrick's options were becoming severely limited. By July 1938, he was struggling to deal with applications from refugees who sought emigration to Australia. On 19 July, he typed a letter to Maurice Jeffes in London, outlining the impossibilities of his office taking on applications for the Commonwealth and offered a solution:

To appoint a local Jewish Committee to vet the cases in the first instance under the supervision of an Englishman from a Jewish organization in the UK (such a person would have to be carefully selected for objectiveness),

who would act as liaison between the said committee and the Passport Control Officer here, who would then make the final recommendations at his discretion to the Commonwealth Government.

When Jeffes received Kendrick's letter, he scrawled across it:

We must take a firm line with the Australians in this connections—15,000 application forms have been issued in Vienna alone and several thousand more in Berlin. To take on the job as proposed would drown Kendrick entirely.

Jeffes proposed sending an official from London to Vienna to deal separately with the thousands of Australian applications. Either way, Kendrick found himself in an impossible situation.

Palestine and Illegal Transports

In the first few weeks of the Nazi regime in Austria, the emigration of the country's Jews was supported by Hitler's own henchman, Adolf Eichmann. Eichmann, who later masterminded the Final Solution, had been dispatched to Vienna with orders from the Führer 'to de-Jew' Austria. Eichmann was prepared to use his own funds to finance the exit of all but around 20,000 of Austria's Jews to Palestine. Palestine was a thorny issue, with strict quotas. It is thought that Kendrick visited Eichmann's offices for a face-to-face meeting. It is known that Eichmann struck a deal with Kendrick in which a thousand Jews were given illegal visas to enter Palestine. The paperwork was executed by his secretary, Miss Stamper. Palestine, under British Mandate in 1938, seemed an obvious haven for Europe's Jews, but of all the destinations, emigration there became a thorn in the side of Kendrick's rescue efforts. Wherever possible, Kendrick tried to work within British Law regarding emigration. When those efforts were frustrated by British bureaucracy, he turned a blind eye to other illegal transports into Palestine.

Between 1936 and 1938, immigration quotas into Palestine were limited to 12,000 after Arabs demanded that the British government cease

quotas of Jews entering the country at all. In 1937, Kendrick's office issued 214 legal permits for Austrian Jews to enter Palestine. The following year, after the Anschluss, that number rose to 2964. He and his staff worked flat out to enable nearly 3000 Austrian Jews to enter Palestine legally. Kenneth Benton, Kendrick's deputy at the Passport Office, recalled in an interview with historian Michael Smith in 1996:

They [Jewish émigrés] used to fill up the courtyard by about nine o'clock in the morning and I used to stand on the steps and give them a lecture on what chance they had of getting away. 'Your only chance of getting to Palestine now is either if you've got relatives or a capitalist visa. But you might be able to get to Grenada. You might be able to get to Jamaica' ... But the stories were so terrible. The regulations were very, very limited. There were very few chances of giving anybody a visa for Palestine in those days. It was all trying to keep the numbers down because they knew the Arabs were going to revolt at some time and of course they did.

By July 1938, it was known that 381 illegal migrants had made it into Palestine. Visas were issued to enable a thousand young immigrants to enter Palestine to attend a sports camp. In actual fact, these youngsters did not return to Austria but remained in Palestine. It was another illegal mode of getting into the country. It was one in which Kendrick sometimes turned a blind eye, and on other occasions actively facilitated until he was called to account by the Foreign Office and asked to explain the fiasco. Kendrick faced a dilemma. Publicly, he then had to disavow the transports on government orders, and also out of concern that they might jeopardise the legal emigrations. It was a no-win situation. 'He showed understanding in a difficult situation,' commented author and journalist Giles MacDonogh, 'but the law was the law.' Kendrick outlined that there could be no more exceptions to the rules and placed pressure on Yugoslavia to annul visas for crossing through their territory. By the end of July 1938, borders in Greece and Yugoslavia were effectively closed to Jews. It was probably the most controversial and painful issue that he had to deal with during his time as British Passport Control Officer.

Intelligence Work Under Strain

For thirteen years, Kendrick had been engaged exclusively on intelligence work for SIS, but now with the chaos and urgency of visa work, he struggled to get any reports to Sinclair in London. He wrote to Sinclair apologising that his intelligence reports were 'somewhat scrappy and badly collated because of the pressure of passport work.' Amid the frenzy in the corridors outside his office, Kendrick ordered his secretaries to destroy sensitive papers in the event of a raid on the offices by the Gestapo. Thus began a series of 'burnings' in the basement of the Legation. Any documentation which survives today from this period consists of copies of transcripts, correspondence and telegrams which had already been sent to the Foreign Office.

Eric Gedye was the first of Kendrick's agents to be harassed by the Gestapo. As a confirmed anti-Nazi, Gedye was at the top of the Gestapo list. In the first few days after annexation, several attempts were made, unsuccessfully, to expel him from Vienna. On 19 March, he was called to the office of the Police Directorate, and found himself before the chief, Dr Zoffal. Zoffal had been informed by Gestapo headquarters in Berlin to politely ask Gedye to leave Austria. No reason was given. Gedye was then made aware that his style of reporting did not meet the approval of the Third Reich. British Ambassador Neville Henderson in Berlin received a phone call from the Ministry of Foreign Affairs, informing him that Gedye was being expelled from Austria because his article in the *Daily Telegraph* on 21 March was 'considered insolent and untrue particularly with regard to the number of persons imprisoned by the Nazis in Austria.' The British government decided to retaliate and ordered the expulsion from England of prominent German journalist, Dr Karl Abshagen, who was a correspondent for the *Hamburger Nachrichten*. This was followed by the expulsion of other German journalists from England who 'are here, as we know, for purposes unconnected with the press. No less action is calculated to make the German authorities more cautious in their treatment of British correspondents in Austria.' Another Foreign Office official commented: 'there are far too many journalists here, and some of them are here for other than purely journalistic purposes.' Clearly, they were suspected of espionage on behalf of the Third Reich.

There was a more pressing concern for Gedye than his own personal safety. His secretary and mistress, Litzi, was Jewish. How long before the Gestapo would come after her? Son, Robin Gedye, recalls:

My father was called to the British Embassy and told that he had to get out of Austria because his life was in danger. The Nazis hated the fact that he reported what he saw—all the brutality of a regime that was trying to hide it from the world. John Leper at the British Consulate forged a marriage certificate to enable my mother to get a passport and thus hide her Jewishness. These forged papers enabled her to safely get out of Austria.

Reluctantly, Gedye left Vienna for Prague with his new 'wife.' From the temporary safety of Czechoslovakia (it too would be overrun within a year), he continued to write articles against Nazism and events in Austria. He and Litzi remained there until German forces invaded the country in March 1939. Again, they made a miraculous escape. Gedye and Litzi went on to serve British Intelligence abroad during the Second World War. They were not the only ones in Kendrick's inner circle at risk. Manager, Fred Richter, had a Jewish father and as such could be subject to the anti-Jewish racial policies of the regime. Although he had dual nationality, it was unclear at the British Passport Office whether his British nationality still held because he had served in the Imperial Austrian Army in the First World War. As a measure of protection, in March 1938, the outgoing British Ambassador, Selby, issued him with a new British passport. In the end, it would afford him no protection from the Gestapo.

The Nazi threat was everywhere. Some of Austria's key public figures were arrested, amongst them former Chancellor Kurt Schuschnigg, banker and businessman Baron Louis Rothschild and the Princess Hohenberg. Schuschnigg was being held under house arrest in the Belvedere where he was being forced to listen to Nazi political speeches. Dr Richard Schmitz, former mayor of Vienna, was in prison in the city. Herr Miklas was confined to his house but permitted to attend daily Mass under escort. By the end of March, there was still no news of Captain Hans Bauer, mayor of Lambach in Upper Austria, who was married to an English woman and had four children. He had been arrested by the Nazi regime as a member of the illegal anti-Nazi group, the Fatherland Front.

Count Engelberg Arco-Valley was another member of the Austrian aristocracy to be arrested. He was cousin to brothers Count Nando and Tony Arco-Valley who in 1919 had murdered Kurt Eisner, the Bavarian Bolshevik. The brothers were described by the Foreign Office as 'rather mad and apt to trail their coats before the Nazis.'

A number of public figures had been immediately transported to Dachau concentration camp, amongst them the Duke of Hohenberg and his brother Prince Max Hohenberg; also Ministers Hornbostel, Ludwig and Colonel Adam of the Federal Chancellery as well as around fifty police officials. Seventy-two-year-old former Imperial ambassador, Prince Karl Emil Furstenberg, had been arrested. He was eventually released on 8 April with a stark warning that not legitimising the new regime was treason, the sentence for which (he was informed) was decapitation. Jewish banker, Baron Louis Rothschild, was under arrest and facing possible trial on charges of misappropriating money for political purposes. Kendrick and Gainer issued a direct appeal to German Foreign Secretary, Joachim von Ribbentrop, for their release, but with little success.

These were dangerous times, too, for Kendrick's own family. Vienna had become a city where allegiance to Hitler and Nazism was a non-negotiable absolute. Those who were not overtly on the Nazi side were viewed with extreme suspicion. This came closer to home for Kendrick when one day his daughter and son-in-law were suspected of being Jewish for not hanging a swastika flag from their apartment. Kendrick immediately provided them with a Union Jack flag from the Legation which was promptly hung from the roof of their house. Granddaughter Barbara comments:

We had to wear tiny Union Jack brooches on our coats; otherwise, we would have been mistaken for Jews. We already saw what was happening to Jews. One day, we returned from the park with our nanny Deta, wearing tiny swastika brooches which we proudly showed our mother. Our friends had been wearing swastika brooches, but preferred our Union Jack ones so we had swapped them. Of course, the swastika brooches were swiftly confiscated.

Even the homes of foreign nationals were not exempt from Gestapo raids. Grandson Ken recalls:

Things got difficult for us. The Gestapo turned their attention to our household. They banged on the door one day and searched the place to see if we had any Jewish connections. They pulled out all our books and stamped them inside with a swastika. Our pictures and carpets were also stamped.

By June 1938, Kendrick deemed it no longer safe for his family to remain in Vienna and began arrangements for their travel to the United Kingdom. Son-in-law, Geoffrey, left for Glasgow ahead of his wife and children. On 19 July, Gladys and the children said their farewells at Vienna's main railway station. For Gladys, the departure was a terrible wrench. She had spent her formative years in Vienna. Her children, Barbara and Ken, were embarking on a strange new life. They had known no different for they had lived in the city since their birth. It was the end of an era. The Vienna they loved had gone forever. There was no question that Kendrick could leave with them. As far as his family knew, he had essential duties as the British Passport Officer. Even now, they did not realise his true role. He remained in Vienna with wife Norah until personal danger forced its hand in August 1938.

The 'Oskar Schindler' of Vienna

Kendrick was not the type of man who could ignore the plight of Europe's Jews. Their persecution was anathema to all that he valued and, of course, a good many Austrian Jews were his personal friends. It is true that he had no qualms about 'stealing' secrets from the enemy and using all means of human intelligence to gain them, but that was different from the persecution of innocent people. Above all, he was a man with a sense of social justice. His conscience came from deep within him, rather than any religious upbringing. His Roman Catholic background did not necessarily predestine him to be a rescuer, given the Church's history and teaching of anti-Judaism until recent times. Maybe there is something about

the charisma of a spy that throws aside any consideration for their own personal safety. He, along with other spies of this period (Frank Foley, Varian Fry and Raoul Wallenberg, the latter possibly spied for the Americans), risked what they could to help Europe's Jews escape.

Kendrick and his staff helped in the region of 175 to 200 Jews a day to escape the Third Reich. With the passing of eyewitnesses into history, it may be difficult to piece together a full picture of his rescue efforts. However, some stories have survived that attest to the fact that he and his staff saved a whole generation of Austrian Jews. It included many Viennese intelligentsias: prominent doctors, surgeons, psychoanalysts, architects, businessmen, musicians and artists. One Jewish doctor whom he helped was Erwin Pulay, an eminent skin allergy specialist and close friend of Sigmund Freud. Dr Pulay was the grandfather of well-known British actor, Roger Lloyd-Pack (famed for his part as Trigger in the TV comedy series *Only Fools & Horses*). Roger recalled:

My grandfather's name was on the *Black Book*—the list of prominent Jews to be rounded up by the Nazis—along with his friend Sigmund Freud. He had to get out of Austria, but that proved not so easy even for someone with a prominent medical position. He tried unsuccessfully to escape illicitly over the border into Switzerland, but eventually came out of Austria on a false passport. My grandfather was the first of the family to come out of Austria, leaving behind his wife and two children (my mother and Uncle George). The family never lost the sense that he had abandoned them and had only thought of himself.

Erwin Pulay was able to emigrate to England with help from several English families, most notably the Solomons and Lord Reading. Kendrick secured the necessary visa. In discussions with Roger, it became clear that the family always felt that Erwin had abandoned them and never really forgave him—they harboured a sense of betrayal for leaving them to the horrors that were unfolding for Jews in Austria. Later, Roger came to realise just how difficult it was to get Jews out of the country. His grandfather was at immediate risk and therefore his emigration was the most urgent. It took time to bring Roger's grandmother Ida, mother Uli (Ulrike) and Uncle George out, but, by 1939, they too had left Austria for England.

Those who managed to flee with Kendrick's help included his own doctor, Dr Bauer. Bauer was later interned on the Isle of Man during the invasion scare of Britain in 1940. Also helped were Mary and Hans Schick, the latter a Jewish lawyer, who settled in England, so too the famous pianist Peter Stadlen and members of his family. Trude Holmes (née Gertrud Edith Falk) was aided to Britain by Kendrick's staff. Trude's father Berthold was a well-known character who played chess in Vienna's Café Central, frequented by Freud, Trotsky and Lenin.

Europe's finest musicians felt the full brunt of the Nazi discrimination against Jews and 'undesirable' artisans. Their lives were at risk too. Kendrick had listened to many of them perform in concerts in the city. Bruno Walter, who had already fled the Nazis once in 1933, again found himself in potential danger. Walter was recording in Paris when news of the Anschluss came and decided not return to Vienna. His daughter Lotte was trapped in Vienna, arrested by the Gestapo and held until Walter used his influence to secure her release and get her out of the country. From the Vienna Philharmonic, a number of Jewish musicians lost their jobs: second violinists Berthold Salander and Leopold Föderl, first violinist Josef Geringer, principal clarinettist Rudolf Jettel and oboist Armin Tyroler. Another public figure who was helped to England by Kendrick's office was Austrian musician, writer and conductor, Erwin Stein (1885–1958). Stein and his wife Sophie (née Bachmann) lived in Vienna until the Anschluss, after which they fled to England with their daughter Marion. A pianist, Marion Stein married the 7th Earl of Harewood, becoming the Countess of Harewood. The marriage eventually ended in divorce after her husband's extramarital affairs, and she went on to marry the Liberal politician and MP for North Devon, Jeremy Thorpe. After coming to England, Erwin Stein worked as an editor for Boosey & Hawkes, the music publishers. Ironically, Kendrick found himself helping Communists out of the city—the very political group he had been monitoring since 1925 as a possible threat to Britain.

Whilst it is true that the vast majority of Jews whom Kendrick helped received their visas through the conventional route, it still left a large number for whom it was proving much harder to issue legitimate exit papers. With the pressure of would-be émigrés flooding the corridors outside his office, and in the moments between applicants entering his

office, Kendrick mulled over the dilemma. How to get more refugees out of Austria? He resorted to a number of different creative ways of helping them. In the end, his conscience won and he began to bend the rules. Within just two weeks of Hitler's annexation, one of the first cases which passed across his desk was that of a seven-year-old Jewish boy, for whom the Foreign Office had received a request to travel out of Austria on the passport of British national, Mr Farquharson of the Institute of Sociology. There was no question that the seven-year-old boy would be returning to Austria after his 'visit' to England. It was a clever rescue plan, but relied on the consent of his parents, the endorsement of Kendrick in Vienna and someone acting as guarantor in England. Details of his travel were to be provided, also the probable route and date of arrival in England so that Border Control would be aware. Although the boy is not named in surviving official documents, he came to England successfully, accompanied by Mr Farquharson. His was not an isolated case. A memo contained in FO 372/3283, from Creswell at the Passport Office in London, stated: 'we have had several inquiries about the trick of adding the name of an Austrian child to a British passport.' The use of the word 'trick' suggests that this was a clever ploy rather than normal procedure.

Bending the Rules

The British Legation was flooded with requests from the Foreign Office for people in Britain making enquiries on behalf of relatives in Austria. There was concern for Dr Paul Koretz, an Austrian Jewish lawyer working for the Hollywood filmmakers Twentieth Century Fox and residing at 6 Stubenring. He was deemed at sufficient risk for the Foreign Office to send a telegram to the British Legation on 26 March, a copy of which survives in the National Archives (FO371/22321). Twentieth Century Fox had made an appeal on behalf of their employee, who was for many years a leading employee in the firm's European representation. The firm requested Koretz's presence at an important consultation and added 'that he should now live outside [Vienna] and continue in their employ.' Taylor and Kendrick were asked: 'in view of Koretz's value to British commercial interests, if you would do anything possible to facilitate his

journey.' It was decided that the easiest way to bring him out of Vienna was to bend the rules by issuing a temporary visa, knowing full well that he would not be forced to return to Austria. Enquiries were received for Mrs Wright, Austrian born but British by marriage whose mother and aunt (Ida Kohn and Jenny Stern) were still living in Vienna. Mr Wright agreed to vouch for them if they were permitted to leave Austria to live in London. Arrangements were also being made for Mrs Adele Fraenkel, sister of Sir Henry Strakosch, to leave Vienna as quickly as possible. She was described by the Foreign Office as 'of advanced years and extremely delicate,' such that a friend travelled from England to Vienna to help her on the journey.

Kendrick preferred to work within the boundaries of British immigration laws, but he became increasingly frustrated by the number of people who could not be helped through legitimate means. He began to issue visas on the flimsiest of evidence and for Jews who did not quite meet the criteria. One such person was Lord George Weidenfeld, founder of the publishing house Weidenfeld & Nicholson. In 1938, nineteen-year-old George was studying first-year law at the Diplomatic Academy in Vienna. On 15 March, two days after the Anschluss, his father was arrested by the Gestapo and imprisoned for no reason other than that he was Jewish. His name was on the list of prominent Jews to be rounded up immediately. George himself was also at risk. At the Academy, his English teacher Mr Parry-Jones saw his plight. With emigration to Palestine or America impossible, Parry-Jones gave George a letter to take to Kendrick. George recalls that one and only meeting with Kendrick that saved his life. Armed with a non-committal letter from a distant relative in England, George arrived at the British Passport Office with his mother. 'It was doubtful that I had enough support in England to stay there,' recalls George. 'We were shown into Kendrick's office. My mother pleaded with him for a visa.'

'I'm terribly sorry—there's nothing I can do,' said Kendrick. 'You don't have the right papers. You need further support.'

George's mother burst into tears. Kendrick swiftly grabbed George's passport from his hand and stamped it. He could not give a permanent visa for George to emigrate because the fact that he did not have the right papers could easily be picked up. Instead, he issued a three-month visa

knowing full well that once in England it would be difficult for George to be sent back to Austria. It allowed George to enter England on 8 August 1938, via Switzerland on a transmigration visa. Lord Weidenfeld is clear that without Kendrick, he would not have got out of Austria and would have perished in the Holocaust.

After coming to England, Weidenfeld took up a scholarship at King's College London. Just over six months later, after the German occupation of Prague, he noticed that the BBC was advertising for foreign linguists. George's landlord urged him to apply. George was fluent in five languages. He was successful in joining the BBC Monitoring Service, became a news commentator in 1942, and wrote a weekly column about foreign affairs in the *News Chronicle*. In post-war Britain, Weidenfeld established his own publishing house and became phenomenally successful. Throughout his life, he has been a generous benefactor to numerous causes, especially the Arts and sponsorship at universities.

Francis Steiner, now in his nineties, remembers vividly the day in their apartment when his mother pleaded on the telephone with Kendrick to get his brother Willi out of Vienna. 'These are things you don't forget,' says Francis. Willi had been accepted as a student by Gray's Inn in London, but whether or not he had all the correct paperwork is not clear. Francis recalls:

I remember my mother's impassioned pleading that, the necessary documentation having been submitted, the visa should be granted. While the basic conditions were set by the Home Office, ultimately the power was left to the Passport Office to admit or refuse entry. The real discretion lay with the Passport Officer or it would not have been necessary for my mother to plead in such entreating terms.

His brother visited the Legation and commented in his unpublished memoirs:

The consulate premises then were much too small. There were, of course, enormous numbers of people who applied for visas and went there. The result was that the queues sometimes extended into the street and there was a danger that people might be arrested arbitrarily out of the queues.

In the summer of 1938, Kendrick stamped a visa for three months, again knowing full well that once in England it would be difficult to send him back to Austria and Steiner flew to London. Francis himself also came out of Vienna and commented to the author: 'Given what my family owes Thomas Kendrick, I shall be most interested in what happened to him for the rest of his life.'

There was the unusual case of two brothers who fled Vienna, Georg Andreas Schwarz and Johann Hans Schwarz, who changed their surname to Kendrick during the war in tribute to the man who had saved their lives. Thus, Georg Schwarz became George Kendrick and, at the beginning of the war, was studying at Lille University in France. The French authorities offered him a choice between internment as an enemy alien or volunteering to join the French Foreign Legion. He chose the latter and served with the Legion at Oran in Algeria. His unit was disbanded after the surrender of France. He travelled to Portugal and spent some months there whilst his mother, Hedwig, arranged for his entry into England. George enlisted in the Pioneer Corps at Southampton on 19 December 1944 with army number 13810031. His brother Johann Schwarz became John Kendrick. He served in the Royal Armoured Corps, and then acted as an interpreter at interrogations in Munich of Nazi war criminals, prior to the Nuremberg Trials. Their mother, Hedwig, also changed her surname to Kendrick after her arrival in England.

Amongst those Jews known to have been saved by Kendrick were family friends, Ibbey Koerner and Poldi Bloch Bauer. The latter was Kendrick's golf partner. Kendrick made it possible for Bauer to settle in Vancouver where he started a timber business called *Canadian Pacific Veneer*. The Mill was situated in New Westminster, part of Vancouver, and gained an international reputation. Years later, Kendrick's grandson, Ken, worked for the company for three years. The business was eventually handed over to Bauer's sons and is now called *Canfor*. The family remained incredibly grateful to Kendrick for saving their lives. While in Canada, they changed their surname to Bentley.

It was thanks to the efforts of Kendrick and his staff that the family of Viennese-born Klara Modern was able to flee Austria. Klara's uncle, Ernst Modern, obtained a visa from Kendrick's office in May 1938. Her mother, Charlotte, who was widowed in 1918, came out in November 1938,

after Kendrick had left the country. Charlotte's sister came out via Switzerland as early as 23 March 1938. Charlotte's brother-in-law, Franz Alt, left Austria in early May 1938. His passport contained a stamp for a transit visa for the UK, in transit for the USA, which is signed 'E.M. Hodgson.' As mentioned previously, in 1942 Klara Modern married Charles Deveson, one of Kendrick's intelligence officers during the Second World War. It is not known for sure, but Klara's family may have been helped by the author Bryher—otherwise known as Winifred Ellerman, the daughter of magnate Sir John Ellerman. Bryher, a long-time friend and companion of the American poet Hilda Doolittle, lived for many years in Switzerland. In her memoirs *The Heart to Artemis*, Bryher speaks openly about her rescue efforts of 105 Jews and political opponents from Germany, Austria and Czechoslovakia. She went to Vienna and Prague several times to interview applicants and bring out documents that they needed for their visas. Kendrick would have almost certainly met her during her visits. One of those she helped out was the writer, Walter Benjamin. 'We were tough,' she wrote,

we made loans for travel expenses and retraining on condition that as soon as the borrowers found work, they repaid us back even if it was a small sum each week. In this way our funds were continually employed and as the loans came back we could rescue another person from our long waiting list.

Kendrick was aided in the rescue of Jews by his loyal secretaries who had numerous Jewish friends. Amongst the circle was Colonel Grossmann, an unmarried officer who had served in the Kaiser's army in the First World War. He played piano at some of the parties held by Kendrick and the secretaries. Prudence Hopkinson, daughter of Kendrick's secretary, Clara Holmes, recalls: 'after the Anschluss, Grossmann was urged by my mother and the staff to get out of Austria. They promised him: 'we'll get you to England'. Unfortunately, Grossmann went to the equivalent of the British Legion in Vienna and was told that, as a distinguished war veteran (even though a Jew), he would be safe because he had served so honourably for the Kaiser in the war and been decorated for bravery. The tragedy of his story is that he stayed in Vienna and perished in the Holocaust.' Amongst those whom Clara helped was Freda Mary Rhein, a governess

in Vienna to English families living in the city. This was how she came to the attention of Kendrick's circle and attended his social occasions. Rhein was able to emigrate to England where she settled in Cambridge.

When the noted Austrian black & white portrait photographer, Lotte Meitner-Graf, walked into Clara's office at the British Passport Office in Vienna, Clara exclaimed in surprise: 'Whatever are you doing here?'

'I'm Jewish,' she replied with sadness in her eyes. Meitner-Graf was a close friend and Clara had never realised her Jewishness. It had not been of any relevance until that moment. Clara enabled her to emigrate to England where Meitner-Graf built up a phenomenal career as a renowned photographer. Ten portrait photographs survive in the National Portrait Gallery and included photographs of Anthony Asquith, Yehudi Menuhin, Gerald Sturgis Hopkins, Benjamin Britten, Baron Max Leonard Rosenheim, and iconic actress Elizabeth Taylor. Prudence comments:

I remember one occasion when I was told not to go into the salon. We were housing a Jewish friend of my mother and Miss Stamper. They smuggled her out of Austria. I am terribly proud of what my mother did to save Austria's Jews.

A Count, Countess and Aristocratic Art Dealer

Little has been recorded of the aid given to Jews by Austria's aristocracy. Austria's aristocracy was a close-knit group. Nothing has really been recorded of what they did to help the country's Jews. They, too, are amongst the Righteous Gentiles who have yet to be recognised for their rescue efforts. As part of his intelligence gathering, Kendrick had mixed in the highest social circles of Vienna's elite for nearly a decade and made many friends. Now it paid off. He drew on these contacts to help the city's Jews. They in turn knew that he would help them if they needed it. There was so much uncertainty. No one was safe, not even the aristocracy. Kendrick enabled Baronin Daisy Weigelsperg, who was Jewish, to get out of Austria. Daisy had attended Gladys Kendrick's wedding in Vienna in 1931. She eventually became Daisy Carol and went to Paris.

Into the story comes an Austrian Count, a Countess and an aristocratic art dealer who brought Jews at immediate risk to Kendrick's attention. Countess Cecilia Sternberg was born into an aristocratic family in Schleswig-Holstein. As a young child, she grew up with her grandmother in Vienna in a society that was, according to the Countess herself, 'regulated by the strictest protocol of a society obsessed with birth and pedigree.' At the age of only seventeen, she escaped the suffocating society of her grandmother by marrying Count Leopold Sternberg, a Bohemian nobleman. She found herself the mistress of two castles and a palace in Vienna. She moved in new circles and by chance met Count Kari Wilczek, a man who becomes intricately part of Kendrick's story. She first met Wilczek at the house of Coco Chanel in Paris. He was a quiet reserved man, an art connoisseur, described by the Countess as 'a confirmed bachelor and rather eccentric.' He agreed to show her around the city and impart his substantial knowledge whilst visiting the Louvre and many other famous city landmarks. That meeting in Paris sealed a life-long friendship. Back in Vienna, Wilczek introduced the Countess to his art friends: Burckhardt, the great Swiss art historian, Dr Wilde of the Wiener Kunsthistorisches Museum, Count Antoine Seilern and many others. After the Anschluss, Count Wilczek sheltered Jews and others in his Palais Wilczek at enormous personal risk. Countess Sternberg wrote in her memoirs of his rescue efforts:

Many of his friends who were Jewish or half-Jewish or had Jewish wives were sent to him for help. Not in vain. He protected their property and later their lives as best he could. His became a strange household. He had been forced to dismiss his valet because he believed him not entirely trustworthy. He had to go and forage for food himself, paying high prices for discretion. He had to carry heavy loads back to his flat to feed his hidden guests. There were always two or three, even more, who found at least temporary refuge there. He was comparatively well off but certainly not rich. He spent in those years almost all he had helping others and the risks he took for them might well have cost him his life, too.

Count Wilczek was questioned several times by the Gestapo and his home searched. No evidence was found against him because, ahead of a

raid, he was warned by a former female student whose boyfriend worked for the Gestapo. Wilczek was betrayed by a princess, a distant relation, who knew about his work in sheltering Jews, something which carried the death sentence. Her motivation was an exit visa from Austria to visit her Spanish lover in exchange for information. As Sternberg comments, the Austrian aristocracy, whether Nazi or not, rose to Count Wilczek's defence and he was released. A voluntary part-time curator at the Courtauld Institute in London and keeper of the papers of Count Antoine Seilern commented in an email:

A note found by chance by a friend who has family links with that circle indicates that Count Wilczek knew Kendrick in the summer of 1938, and was referring people to him a couple of months before Kendrick was arrested. Wilczek forwarded to a friend the name and address of Captain Kendrick, for the sake of a Fräulein Steiner, who needed to get out with a Kendrick-passport.

Closely connected to this circle was art historian and collector, Count Antoine Seilern. Antoine Seilern (d. 1978) was born in Farnham, Surrey, the son of Count Carl Seilern und Aspang and American-born Antoinette Woerishiffer. His mother died five days after his birth. Antoine was raised by his grandmother in Vienna and educated there. Between 1933 and 1939, he enrolled at the University of Vienna to study art history, having been introduced to Dr Wilde by family friend, Count Kari Wilczek. Here, Antoine also struck up a close friendship with notable art collector, Count Karl Lanckoronski. It is thought that Count Seilern was known to Kendrick as part of the social scene in Vienna in the 1930s. Within a year of the annexation of Austria, Seilern left Austria for England and managed to bring his collection of art and drawings with him. Because he had British nationality, his exit posed no problem. In England, Seilern continued to help his Jewish émigré art colleagues who had fled Hitler. He financially supported Austrian art historian Ludwig Münz, and enabled the books of his friend and mentor, Johannes Wilde, to be brought out of Austria. Wilde's wife was Jewish and as such it was deemed essential to get both of them out of the country.

Bribes and Accusations of Favouritism

Perhaps inevitably, given the crisis around them, Kendrick and his staff found themselves the subject of all kinds of accusations. Consul-General Gainer told London:

The wildest accusations are made daily against Kendrick, myself and all of the staff. We are accused of favouritism and even of accepting bribes. It is admitted that some people have to be firmly dealt with because if discipline were relaxed, it would be quite impossible to handle the large crowd which flock to the offices. The ushers are pushed about and occasionally even struck and often insulted.

One serious allegation suggested that the Legation staff took bribes in exchange for visas. Kendrick and Gainer undertook an exhaustive investigation and concluded that none of their staff was guilty of such activity during, or outside, work hours. The accusation of favouritism was much harder to deal with. Gainer dismissed it, but added:

To an outsider it must sometimes appear so. The fact is that there are a number of persons who are not emigrants but who are either businessmen who wish to travel to the United Kingdom or elsewhere, or genuine (non-Jewish) visitors to England. These people cannot be left to be jostled about by hundreds of low class Jewish emigrants and knowing how difficult it is to get through the crowds they apply to me or members of my staff by letter or in person and they are given a card which allows them to pass through the crowds. (FO 372/3284)

Gainer admitted that everyone had their 'pet Jew' amongst his own Consulate staff or personal friends and acquaintances, both in Vienna and back in England. Members of the Diplomatic and Consular Services in other countries sometimes tried to intervene to get visas for their Viennese friends. Gainer admitted that he felt bound to honour the stream of personal letters which he received from these people and recommend to Kendrick that he give them priority. Given the sheer number of daily applications, the number of complaints was not surprising.

Gainer commented: 'It is not possible for anyone who is not directly concerned with the work to form an idea of the difficulties involved and of the responsibilities connected with it.'

Accusations of bribery did not go away. In early August, Miss Felner of the German Jewish Aid Committee took a flight from London to Vienna for a fortnight's visit to report on conditions in the country. Her report to the Home Office stated that she found conditions in Vienna completely chaotic, with corruption rampant amongst official circles. There was nothing that could not be bought, including forged passports. Kendrick investigated the matter further, but was severely hampered by the fact that he could not ask the local police for help because the police were also implicated in it. He felt that if he upset the Vienna police, then the situation would become precarious for those émigrés who had the correct paperwork. It was reported that 'the police are taking bus loads of persons whom they wish to be rid of and putting them over the border at night into Czechoslovakia and Switzerland.' (HO 213/1635).

Fake Baptisms

With pressure from London to limit immigration, Kendrick began to issue false passports. He also knew about the efforts of Revd. Hugh Grimes to save the country's Jews by issuing false baptism certificates. Grimes was the vicar of the Anglican Church in Vienna and chaplain to the British Legation. Unknown to the outside world, he was also on the payroll of the British Secret Service (SIS). Grimes' efforts to save Jews were aided by Kendrick's manager, Fred Richter, a verger at the church. Grimes and Richter used a loophole in the emigration rules to issue false baptism certificates to Jews. It came at a price. The Jews had to pay for the baptism certificate, money which appears to have been used by Richter to supplement SIS' meagre finances and aid its operations in the region. The whole rescue mission was also being aided by Viennese Jew, Edmund Henry Pollitzer, a close friend of Kendrick and one of his agents. The forty-six-year-old Pollitzer himself later managed to escape on a false baptism certificate, but not until after the Gestapo had ruffled his feathers. Much more detail about the fake baptisms is available in

Giles MacDonogh's book *1938: Hitler's Gamble*. In an article published before the book, MacDonogh described Grimes as 'a shadowy figure, an intellectual priest, a former Cambridge scholar who taught at university before taking Holy Orders.' Whilst the church was undergoing repairs, Jews queued outside Grimes' apartment on Metternichgasse for their turn to learn the Catechism and Lord's Prayer. They were then issued with a backdated certificate and Prayer Book to confirm their baptism. It was a political baptism, purely to enable the Jews to get out of the country. There was no immersion in water, and no intention that they should become practising Anglicans. The Anglican Church in Vienna aided around 1800 Jews to escape prior to September 1938.

By July 1938, Grimes came under suspicion by the Nazis as a British spy and consequently had to be replaced. Grimes left Vienna and Revd. Fred Collard was sent as a replacement. Collard had served in the Royal Army Medical Corps in the First World War and, at the end of hostilities, been posted to Cologne with the British army of occupation. Collard certainly had no qualms about continuing Grimes' work of rescuing Jews.

Betrayal

Both Kendrick and Richter sailed close to the wind to gain Nazi secrets for the British. It was a dangerous game which came to a head in August 1938, more details of which can be read in the author's book *Spymaster: The Secret Life of Kendrick*. On Saturday, 13 August, Richter was arrested by the Secret Police on the Elizabeth Promenade just after he had locked up the British Passport Office. A large sum of cash, amounting to 1000 RM, was found on him in an envelope marked for 'Capt. Kendrick, Brit. Passport Office.' News of Richter's arrest did not reach the British Legation until Monday morning. The Gestapo informed the British Legation that Richter had been arrested on suspicion of contravening the currency regulations by being in possession of nearly 2000 marks—an extraordinarily large amount of money for a minor official of the Passport Office to be carrying. Did Kendrick believe the initial reports that his manager had been arrested on corruption charges? Possibly suspecting that he was at risk too, Kendrick began to make preparations for himself

and his wife Norah to leave Vienna on the pretence of a much-deserved three-week holiday to England. They were due to leave by the end of the week. In the meantime, the Gestapo gave reassurances that Richter's case would be dealt with quickly and their investigations concluded by the end of the week.

Before leaving for England, Kendrick had planned a two-day break in the beautiful mountain city of Salzburg. From there, he and Norah were due to travel on to Amiens in France to meet the secretaries Clara Holmes and Evelyn Stamper.

On the afternoon of Tuesday, 16 August, a tired and strained Kendrick and Norah left their apartment in Vienna. Although the break was planned, the arrest of Richter just days earlier had made Kendrick edgy. According to official accounts, their long-term loyal chauffeur, Herr Bernklau, drove them to a hotel near Salzburg for an overnight stop. That evening, the Gestapo called at Kendrick's apartment in Vienna to find that he had already left the city. All frontier posts were notified immediately. It was still early when Kendrick and his wife left the hotel the following morning. They got into the chauffeur-driven car and headed for the border. En route, an unsuccessful assassination attempt was made on Kendrick's life when an unidentified vehicle swerved at them and tried to drive them off the road. The incident raised no ambiguity in Kendrick's mind that the authorities were after him. He ordered his chauffeur to keep driving non-stop to the border. As they neared the frontier town of Freilassing, ahead of them an unexpected checkpoint blocked the road. Sitting in the back, Kendrick strained to see ahead. It was still only 8 am that fateful morning of Wednesday, 17 August. The guard's hand went up and the chauffeur slowed to a halt. Kendrick was ordered out of the car and promptly arrested. The Gestapo had their man.

Kendrick was escorted back to Vienna where he was held for four days on charges of espionage. It was a serious charge with equally serious consequences. He was held at Gestapo headquarters in an attic room next to former Chancellor Schuschnigg. After four days of 'Russian-style' interrogations, he was unceremoniously expelled from Austria. He returned to London with the media spotlight firming on him, with a cloud of espionage charges hanging over him. Kendrick said nothing as he was ushered off to the Foreign Office for debriefing. He disappeared from

the public eye, but re-emerged in the Second World War as head of a clandestine operation run by MI6, as chief spymaster against Nazi Germany, details of which remained firmly classified until 1996. And so, Kendrick disappeared behind the walls of the British Secret Service, never having public recognition, naturally, for his spy work, but so too his immense humanitarian efforts in saving a generation of Austria's Jews.

Austria, Anti-Semitism and Dealing with the Past

With the publication in 2014 of Kendrick's biography, *Spymaster: The Secret Life of Kendrick*, the importance of his work has finally been given a public voice. As far as the author is aware, his biography is the most comprehensive study yet of the details and bureaucracy surrounding the rescue effort of Austria's Jews in 1938. Even in 2014, there has been resistance in Austrian official circles to giving Kendrick any kind of honour or posthumous award as the 'Oskar Schindler' of Vienna. The campaign for his public recognition will go on, including an application for him to be recognised at Yad Vashem, the National Holocaust Memorial Museum in Israel.

The situation of Austria and anti-Semitism, whilst having its shameful past which requires acknowledgement, is also much more nuanced than is often assumed. With the aid of further research, there is new material for Austrians to start looking at their past for redemptive strands upon which to build a future of reconciliation and remembrance. Kendrick's story is a prime example of a case where Austrians can look at the past and reclaim some of the heroic stories in which non-Austrians as well as Austrians, including its aristocracy, took extraordinary risks to save or shelter its Jews.

Today Austria gives little impression that she is dealing sufficiently with her past. Is this due to anger because Germany had overrun the country? Or an endemic anti-Semitism? It is a legitimate question to ask today—what could Austrians have done when the overpowering might of the Nazi Regime crossed the border in March 1938, when just hours

beforehand the outgoing Chancellor Schuschnigg appealed to the nation not to resist and prevent the shedding of Austrian blood? Austria did not have the military capability to defeat a German invasion, but this is not to deny that anti-Semitism in Austrian society then was more virulent than German anti-Semitism. The past cannot be changed, but the future can. Guilt or anger is not going to enable Austria to move on; neither is its indifference to the fate of its Jews back in 1938. A national recognition of the work of saviours like Kendrick can be an important beginning for Austria on her journey of recognition and reconciliation. Perhaps the language of Vienna's most famous Jew, the psychoanalyst Sigmund Freud, is most appropriate here—is Austria still in denial?

Historian Helen Fry has written over 23 books on the Second World War, including *The M Room: Secret Listeners who Bugged the Nazis*, *Churchill's German Army*, *Spy-master: The Secret Life of Kendrick*, *Freud's War*, *Inside Nuremberg Prison*, *German Schoolboy*, *British Commando* and *From Dachau to D-Day*. She teaches at the London Jewish Cultural Centre in London and is an honorary research fellow at the Department of Hebrew & Jewish Studies at University College London. Fry has appeared in a number of TV documentaries in Britain, Europe and America, including *Spying on Hitler's Army*, *The Hunt for Hitler's Missing Millions* and *Churchill's German Army*.

Index¹

NUMBERS AND SYMBOLS

1938: *Hitler's Gamble* (MacDonogh),
400

A

Abshagen, K., 384

Adorno, T., 361

Advisory Board of the Lincoln
Institute, 146

AFL-CIO. *See* American Federation
of Labor and Congress of
Industrial Organizations
(AFL-CIO)

Ainsworth, D., 106

Alapuro, R., 295

Alessandri, J., 252, 254, 258

Allais, M., 207

Allende, S., 89, 266, 270, 276

America Firstism, 175

American anti-colonialism, 23, 144

American Civil War, 40, 178, 181

American Exceptionalism, 133

American Farm Bureau Federation,
139

American Federation of Labor and
Congress of Industrial
Organizations (AFL-CIO), 140
American Journal of Public Health, 64

Amnesty International, 276, 277,
282n32, 366

anarcho-capitalism, 210, 219, 220

Anderson, J., 326, 327, 358

Anderson, R. G., 68, 73, 74, 94,
111, 311

Anglo-Saxon countries, 333

Anglo-Saxon democrats, 365,
367n12

¹ Note: Page numbers followed by “n” refers to notes.

- Anglo-Saxon genes, 175
 antagonism, 21, 312, 324
 anthropogenic climate change denial, 40, 178
 antichrist, 150–2
 anti-collectivism, 153
 anti-egalitarianism, 253
 anti-Feminism, 40, 178
 anti-Jewish slogans, 371
 anti-Pinochet documentary, 276
 anti-Semitic laws, 363
 anti-Semitism, 15, 18, 42, 136, 152, 176, 372–4, 376, 402, 403
 anti-statism, 198–202, 210, 218
 arbitrary power, freedom from, 358
 Arce, L., 318
 ARENA Party, in El Salvador, 146
 aristocratic art dealer, 395–7
 aristocratic liberty, 35
 Ashby, T., 102
 atheistic socialism, 152
The Atlantic, 157
 Austria, 11, 19, 25, 80, 114n17, 313, 321, 339–42, 344, 374, 376, 382–5, 388, 390–3, 397, 402, 403
 Austrian Classical Liberal system, 12, 22, 32, 364
 Austrian economic theory, 79, 220, 221, 226, 236
 Austrian logic, 18–37
 Austrian parasites, 202
 Austrian School of Economics, 10, 15, 27, 40, 44, 72, 78, 80, 93, 100, 131, 177, 191–3, 204, 206, 213, 220, 221, 225, 234, 366
 Austro-Fascist Fatherland Front, 39, 132
 Austro-Fascist social club, 39, 132, 339
 Austro-German *Lebensraum*, 22, 337
The Authoritarian Personality, Studies in Prejudice Series (Adorno), 361
- B**
 Bader, L., 82
 Ball, W., 82
 Ballou, W., 115n29
Baptized Inflation: A Critique of 'Christian' Keynesianism (Hodge), 85
 Barbie, K., 362
 Bartley, W. W., 14, 88, 89, 103
 Batemarco, R., 73
 Battle of Caporetto, 308
 Bauer, H., 385, 389
 Becker, G., 207
 Behrendt, F., 268, 269, 277, 279n15
 Bellah, R., 133
 Bellant, R., 153
The Bell Curve (Murray and Herrnstein), 186n6
 Benham, F., 14
 Benjamin, W., 286, 288, 290, 394
 Bennett, J., 64, 65
 Bennett, W., 113
 Benton, K., 383
 Ben Venue Laboratories, 143
 Berger, P., 107
 Berlin Wall, 332
 Bernklau, H., 401
 Biblical law, 41, 191, 195, 196, 198, 221
 Big Government, 132, 156, 182
 Bill of Rights, 3, 6

- black children, 322
 black conservative, 145
 black female slaves, 176
 Blackstock, R., 112
 Blankfein, L., 288
 Blinkhorn, M., 249, 250
 Block, W., 73, 109
 Bloomquist, C., 297
 Boettke, P., 17, 29, 65, 71, 79, 82,
 83, 85, 88–90, 92, 94, 96–8,
 106–8, 114n7, 116n38,
 117n56, 311
 Bolshevism, 22, 150, 341
 Bonaparte, N., 63
 Book of Revelation, 80, 150
 Bork, R., 34
 Bossuet, J.-B., 6
 Boston Tea Party, 21
 Branch Banking and Trust Company
 (BB&T), 310
 Brandal, N., 299, 300
 Bratberg, O., 299
 Bright, J., 21
 British economy, 270, 271, 274
 British Fascisti, 33, 364
 British Guild Socialism, 324
 British immigration laws, 391
 British Labour Party, 76, 155
 British Legation, 379, 390, 399,
 400
 British National Health Service, 322,
 346n29
 British policy on emigration, 379
 British Secret Service (SIS), 373,
 384, 399, 402
 Brulle, R., 82
 Bryher, 394
 Buchanan, J., 64, 65, 67, 69, 95,
 207, 311, 328
 Buchanan, J. M., 65–9, 79, 88, 96,
 104
 Buchanan, J. P., 64
The Buchanans of Tennessee, 63
 Buckley, W. F. Jr., 30, 111, 114n12,
 136
 Building a Legacy of Liberty, 82
 Bürckl, G., 377
 Bürckl, H., 377
 Burke, E., 111
 Burns, A., 67, 114n9, 271
 Bush, G. W., 16, 251
 business cycle theory, 19, 263, 264,
 309
 Butler, E., 10
- C**
 Cáceres, C. F., 259n3
 Caldwell, B., 7, 33, 75, 77, 81, 87,
 88, 104, 365
 Calhoun, J. C., 181
 Calvinism, 153, 201, 215, 286, 289,
 290, 294, 296, 298
 Calvin, J., 195
Cambridge Apostles, 86, 99
Canadian Pacific Veneer, 393
*CancerScam: The Diversion of Federal
 Cancer Funds to Politics*, 64
Canfor, 393
 Cannan, E., 33, 364
 capitalism, 43, 76, 89, 101, 155,
 214, 220, 253, 254, 257,
 286–90, 292, 296
 Capitalistic Fascism, 365
 Caravan of Death, 149
 Carlism, 249, 250, 252
 Carlist movement, 259n3
 Carlist traditionalism, 250

- Carlos, D., 249
 carpet bombing, 310
 Carter Administration (1977–1981),
 37, 145, 158, 366
 Carter, J., 144
 Cartesian rationalism, 4
 Cassidy, S., 318, 322
 Catholic Church, 317, 343
 Catholicism, 254, 298, 302
 Cautín Pact, 337
Centesimus annus, 251
 Central Intelligence Agency (CIA),
 6, 148, 149, 231, 322, 337,
 338
 Centro de Estudios Públicos (CEP),
 254, 280n20
 CFF's. *See* Christian Freedom
 Foundation's (CFF's)
The Chalcedon Report, 198, 213, 226
 Chamber of Commerce, 139, 218
 Chamberlain, N., 381
 Charles V (Roman Emperor), 2
 Chilean earthquake 1939, 315
 Christian American Association, 140
 Christian Democratic Parties, 278n6
 Christian Economics, 224–8, 235,
 236
 Christian Freedom Foundation's
 (CFF's), 39, 136, 137, 142
 Christianity, 133, 150, 153, 199,
 200, 202, 215, 216, 222, 226,
 233, 286–8, 290, 291, 293,
 299
 Christian Reconstruction, 40, 99,
 191–242
 Christian Reconstructionism, 40,
 133, 178, 191, 192, 224, 234
 neofascism, 153
 theology of, 193–204
 Christian Right, 132, 133, 137–9,
 145, 152, 153, 159, 192, 228,
 242n74
 Christian Social Union, 278n6
 CIA. *See* Central Intelligence Agency
 (CIA)
 The Citadel Military College, 310
 civic education, 257
 civil religion, 133
 Civil War, 178, 187n12, 313, 314,
 321, 322, 363
 classical liberalism, 2, 253, 312
 Climate Change Counter Movement
 (CCCM), 82
 CNP. *See* Council for National Policy
 (CNP)
 Coal Creek War, 64
 Coase, R., 207
 Cobden, R., 21, 74
 collectivism, 41, 100, 111, 135, 139,
 144, 152, 159
 communion, 335
 communism, 10, 76, 139, 155,
 187n8, 323, 326, 358, 359,
 372
 communist agitators, 316
 communist insurgency, 145
 Communist Party, 315, 338, 339
 communists, elimination of, 362
 concentration camps, 316, 343, 344,
 364, 376, 386
 conspiracism, 138, 152
The Constitution of Liberty, 35, 105,
 323, 333
 Continetti, M., 157
 Coolidge, C., 68
 Cornuelle, H., 209
 Cortés, J. D., 260n6
 cost-push inflation, 272

- Council for National Policy (CNP), 153
 countercyclical monetary policy, 68
 Cox, H., 287, 288, 290
 Crane, E., 83
 Crow, J., 176
 Crozier, B., 332
 Cubitt, C., 9, 10, 23, 24, 34, 42, 72, 74, 76, 265, 270, 276, 279n17, 280n19, 320
 Culture Wars, 39, 131
 Czar Alexander II (1881–1884), 342
- D**
 Dachau concentration camp, 386
 Dalio, R., 288, 289
 Dalton, H., 96
 de Mella, J. V., 250
 de Rivera, M. P., 250
 de Tocqueville, A., 133
 Deacon, R., 85, 86
 declassified government documents, 150
Democracy in Deficit: The Political Legacy of Lord Keynes, 39, 65, 84
 Democratic Party, 15, 132, 138, 158, 265, 366
 democratic system, 76, 314, 359
 Deveson, C., 394
 Dibdin, A., 380
 dictatorship, 19, 28, 41, 45, 75–7, 79, 147, 148, 154, 250, 254, 255, 258, 259n3, 264, 266, 278n2, 300, 309, 313, 324, 327, 334, 359, 362, 365, 367n12
 Dictatorship of the Proletariat, 331
 DiLorenzo, T., 64
Dissent on Keynes (Skousen), 99
 Dixon, M., 139
 Doherty, B., 214, 228
 Dollfuss regime, 342
Dominion Covenant (North), 226
 Dominionism, 153, 192
 Donner, F. J., 150
 DonorsTrust, 82
 Doolittle, H., 394
 Duke, D., 178, 184
 DuPont brothers, 135
 Durkheim, E., 286
 Dutch Resistance movement, 268
 Dutch Revolt, 2
 Dutch Youth Association, 268
- E**
 Eastern Reich, 344
 Ebeling, R., 72, 80, 89, 100, 101, 103–6, 310
 Ebenstein, A., 185
 economic libertarianism, 15, 136
 economic religion, 285, 289–94, 296, 298
 economic theology, 285, 288, 290, 293, 294, 296
 Edelman, B., 90
 Edwards, P., 87
 EEOC. *See* Equal Employment Opportunity Commission (EEOC)
 effective constitutional framework, 68
 Eichmann, A., 382
 Eick, J., 265, 266

Eisenhower, D., 15, 68
 Eisner, K., 386
 elitist libertarianism, 137, 138
 Ellerman, Sir J., 394
 emigration, conditions for, 379–82
 Enlightenment, 1, 176, 194, 203,
 215, 290, 291
 environmentalism, 81, 285
 Environmental Protection Agency
 statistics, 83
 Equal Employment Opportunity
 Commission (EEOC), 146
 Esmeralda naval training ship, 338
 Evans, S. M., 136

F

Faith and Freedom (Rushdoony),
 200, 208, 209, 240n45
 fake baptisms, 399–400
 fanatical conceptual clarity, 33, 364
*The Fatal Conceit: The Errors of
 Socialism*, 14
 favouritism, bribes and accusations
 of, 398–9
 Federal Judiciary Act of 1789, 17,
 181
 Fifield, J. W., 208
Fighting Chance: Ten Feet to Survival,
 72, 232
 First Austrian Republic
 (1919–1934), 330, 340
 First Carlist War (1833–1840), 249
 First Commandment, 298
 First Opium War, 21
 Fischer, K., 259n5, 278n5
 Fischer, S., 92
 Fisher, A., 72
 Föderl, L., 389

forty families, 315
 Foster, D., 157
 Foundation for Economic Education
 (FEE), 7, 105, 134, 135, 140,
 142, 153, 200, 206, 213–15,
 224, 228, 311
 Fox-News, 132
 Fraenkel, A., 391
 Francis, S., 179, 186n3
 Franco, F., 305, 360–3
Frankfurter Allgemeine Zeitung
 (FAZ), 265–71, 277, 278n6,
 278n8
The Freeman, 7, 38, 134, 136, 142,
 153, 223, 225, 226
 free market economic libertarianism,
 153
 free market ideology, 134
 free market religion, 16, 18, 27, 70,
 81, 84
 free-market Volker Fund, 186n7
 free trade theory, 20
 Freud, S., 86, 376, 388, 389, 403
 Friedersdorf, C., 157
 Friedman, M. F., 13, 69, 148, 185,
 207, 253, 272–4, 365
 Fry, H., 403
fueros, 250
 funding system, 256
 Furstenberg, K. E., 386
 Fürth, J. H., 65
 fusionism, 133, 136, 153

G

Gainer, 376–9, 386, 398, 398, 398,
 398, 399, 398
 Galbraith, J. K., 67, 80
 Garrett, G., 138

- Gedye, E., 375, 384
 Gedye, R., 385
 General Motors, 135
 George, Lord, 391–3
 George V (King), 3
 Geringer, J., 389
 German troops, 374
 Glaeser, E. L., 176, 177, 181
The Goddess of the Market (Burns),
 18, 105
 Godly moralism, 133
 Goebbels, J., 378
 Goldberg, J., 153–5
 Goldwater, B., 178
 Gottfried, P., 157
 gradualism, 271, 272
 Great Depression, 11, 23, 68, 77,
 194, 205, 339
 Greaves, B. -B., 341
 Gregory, T. E., 264
gremialista movement, 258
 Grimes, H., 399, 400
 Grinder, W., 10
 Grossmann, 394
 Guatemalan Civil War (1960–1996),
 331
 Guevara, C., 322
 Guzmán, J., 252, 254–8, 260n6
- H**
- Haberler, G., 69
 Habsburg Empire, 325
 Habsburg Holy Roman Emperor
 (1519–1556), 305
 Hamann, B., 335
 Hamowy, R., 358
 Harberger, A., 7
 Harding, W., 68
 Harper, F. A., 207, 212
 Harris, R., 18
 Harrod, Sir R., 85, 328
 Hayek, F. A., 1–45, 63, 64, 68–81,
 84, 85, 87–9, 92–100, 103–7,
 111–13, 114–16n13,
 115–28n17, 116n39, 116n40,
 116n43, 116n48, 117n50,
 117n52, 117n53, 117n57,
 117n59, 117n60, 118n61,
 118n62, 119n79, 131, 141,
 144, 146, 154, 158, 159,
 161n2, 178–80, 182, 184,
 185, 186n7, 207, 253, 254,
 260n6, 263–77, 278n4,
 279n9, 279n11, 279n17,
 280n19, 280n20, 281n23,
 281n24, 281n26, 281n28,
 281–2n29, 306, 308, 309,
 311, 314, 317, 321, 330, 331,
 333, 334, 357–9, 364–6
 Hazlett, T., 80
 Hazlitt, H., 134, 177
The Heart to Artemis, 394
Heimwehr forces, 339
 Henderson, N., 384
 Heritage Foundation, 309
 Hess, H., 378
 Hess, R., 378
 Hitler, A., 18, 76, 77, 79, 102, 154,
 312, 328, 372–4, 376, 382,
 386, 390, 397
 Hoare, Sir S., 374
 Hodgson, E. M., 394
 Hoggan, D. L., 216
 Hohenberg, M., 386
 Holmes, C., 394, 401
 Holmes, T., 389
 Holocaust revisionism, 40, 178

Holy Capitalism, 286–8
 Holy Money, 286, 302n1
 Hoover, H., 68
 Hoover Institution, 9, 217, 329
 Hopkinson, P., 394
 Hoppe, H.-H., 177–80, 187n8, 339
 House Committee on Un-American Activities, 140
 Houser, D., 95
 Hülsmann, J. G., 73, 307
Human Action (Mises), 8, 28, 67, 68, 199, 202, 226, 235, 312, 340
 human rights abuse, 18–37, 41, 268, 277, 365
 Humphrey, G., 68
 Humphrey, H., 265, 366

I

Ideas Have Consequences (Weaver), 223
 illegal transports, 382–3
In Defense of Deflation (Rothbard), 78
 Ingebretson, J., 102
 Inkatha Freedom Party, in South Africa, 146
 Institute for Christian Economics (ICE), 224, 232, 233
 Institute of Economic Affairs (IEA), 7, 18, 72, 79, 80, 105, 328
 Institute of Humane Studies Austrian revival, 310
The Institutes of Biblical Law (Rushdoony), 194, 195, 235
The Institutes of the Christian Religion (Calvin), 195, 235
 intellectual activity, 3

Intellectual Schizophrenia (Rushdoony), 202, 216
 intergenerational entitlement programme, 5, 329

J

James, W., 286
 JBS. *See* John Birch Society (JBS)
 Jefferson, T., 70
 Jeffes, M., 381, 382
 Jenkins, J. B., 151
 Jettel, R., 389
 Jewish–Bolshevik–Masonic conspiracy, 361
 Jewish Committee, 381
 Jewish community, 377
 Jewish organisations, 379
 Jews, emigration for, 380
 John Birch Society (JBS), 38–40, 50n66, 131, 132, 135, 138, 139, 142–4, 151, 158, 159, 161n7
 Johnson, H., 101
 Johnson, P. B., 107
 John W. Pope Foundation, 81, 82, 93
 Judeo-Christian doctrine, 251
 Judeo-Christianity, 286, 293

K

Kahn, R., 67
 Kaldor, N., 264, 275, 282n31
Kammer, 307, 340
 Kendrick, G., 393, 395
 Kendrick, J., 393
 Kendrick, T. J., 372–6, 378–403

- Keynesian revolution, 66
 Keynes, J. M., 85, 86, 99, 104
 King Alfonso XIII, liberal program
 of, 250
 King Charles V of Spain
 (1516–1556), 305
 King Ferdinand VII, 249
 Klein, D., 91
 Klein, L., 6, 96
 Klu Klux Klan, 182
 Knowledge and Progress Fund, 82
 Koch Industries' Political Action
 Committee, 83
 Koestler, A., 11, 344
 Koresh, D., 30
 Koretz, P., 390
Kreditanstalt, 376
 Kresge, S., 88
 Krugman, P., 263
 Kuehnelt-Leddihn, E. R., 26, 69,
 114n12, 342, 343
 Kuyper, A., 195
- L**
- Lachmann, L., 10
 LaHaye, T., 151, 152
 Lavoie, D., 282n32
 Law of Emergency Powers 1948, 315
 Law of Permanent Defense of the
 Democracy, 315
Lebensraum wars, 337
 Leeson, R., 191
 Legal Aid Society, 103
 Leigh, G., 360
 Leoni, B., 113
 Leper, J., 385
 Leube, K. R., 71, 106, 307, 330, 344
 Levin, M., 322
- liberalism, 21, 28, 32, 36, 37, 77,
 111, 146, 152, 266, 311–13
Liberalism in the Classical Tradition
 (Mises), 21, 28, 29, 33, 77,
 154, 341, 364
 liberation project, 299
 Libertarian Futurist Society, 363
 libertarianism, 31, 32, 136–8, 153,
 198, 206, 214, 215, 218, 234,
 235, 363, 364
 Liberty Fund, 71, 72, 81
The Lincoln Review, 146
 Lind, M., 156
 Litzi, 385
 Lloyd-Pack, R., 388
 London School of Economics
 (LSE), 14, 23, 24, 96,
 114n17, 118n70, 179, 260n5,
 324, 358
 Lorenzo, 65
 Los Angeles Chamber of Commerce,
 134, 206
 L'Ouverture, T., 176
 Lowy, M., 287
 Ludwig von Mises Institute, 11, 14,
 73, 87, 93, 139, 177, 305
 Lueger, K., 176
 Luhnnow, H. W., 74, 205
 Lutheran
 calling, 297
 ethic, 290, 294, 296
 influence, 295
 salvation, 298
- M**
- MacDonald, R., 2
 Machlup, F., 23
 macroeconomic controversy, 264

- The Maintenance of Capital
(Hayek), 14
- The Making of Modern Economics*
(Buckley), 40
- Mandate for Leadership, 145
- Man, Economy, and State* (Rothbard),
210, 238n21
- Mapocho River, 337, 338
- MAPU (Christians for Socialism), 338
- Mapuche Indians, 337
- The Market, 287, 288, 290
- Markkola, P., 295, 297
- Marty, M., 289
- Marx, K., 292
- Marxism, 152, 290, 291, 337, 358,
361
- Marxist-Leninism, 357
- Mason, G., 63–70
- Matte, R. E., 252
- Maurras, C., 360
- Maurrassian doctrine, 361
- McCarthy, J., 15
- McCarthyism, 175
- McCormick, D., 9, 80, 86, 99
- McLeod, N., 72
- Mein Kampf* (Hitler), 28, 154, 312
- Meitner-Graf, L., 395
- Mellon, A., 68
- The Menace of the Herd* (Kuehnelt-
Leddihn), 26, 69
- Meyer, F., 136
- Miklas, H., 385
- militant anti-communism, 136, 153
- Mill, J. S., 69, 87, 88
- Miller, C. J., 216
- The Mirage of Social Justice* (Hayek),
41, 253, 255
- Mises, L., 15, 19–21, 23, 27, 32, 33,
35, 36, 64, 67–9, 71, 73,
75–9, 83, 86, 87, 90–6, 98,
99, 102–9, 136, 142, 154,
177, 179, 191, 203, 306, 312,
313, 317, 323–5, 340, 341,
360, 364
- Mises, M., 9, 113n1, 114n11, 177
- Model Constitution, 34, 70, 359
- Molnar, T., 360, 361
- Mont Pèlerin Society (MPS), 5, 7,
12, 13, 20, 32, 67, 96, 100,
104, 107, 113, 134, 135,
207, 233, 253, 254, 269,
280n19, 311, 314, 315, 317,
336
- Montes, L., 365
- Moots, G., 234
- Morris, D., 75
- Morris, P., 64, 65
- Morris, W., 74, 75
- Moss, R., 323
- MOTOREDE. *See* Movement to
Restore Decency
(MOTOREDE)
- Moulin, J., 362
- Movement to Restore Decency
(MOTOREDE), 143
- Movimiento de Izquierda
Revolucionario* (MIR), 338
- Moyers, B., 288, 290
- The Muddle of the Middle, 269–75,
282n30
- Mullendore, W., 102
- Münz, L., 397
- Mussolini, B., 336
- Myrdal, G., 80, 133

- N
- Napolitano, A., 334
- Nash, G. H., 135, 206
- National Association of Evangelicals, 137
- National Association of Manufacturers, 138
- National Association of Manufacturers Economic Principles Commission, 40, 135
- National Intelligence Directorate (DINA), 149, 150, 318
- National Review*, 9, 15, 16, 26, 69, 114n12, 136, 142, 154, 157, 217
- National Revolution, 362
- National Right to Work Committee (NRTWC), 39, 137, 139–41, 143
- National Security Archives, 150, 162n17
- National Socialist Party, 377
- natural aristocracy, 26, 69
- Nazi occupation, 371
- Nazi Party, 376
- Nazi racist policies, 372
- Nazi regime, 371, 375, 377, 382, 385
- neofascism, 153
- neo-liberalism, 184, 259n3
- neo-Nazis, 182, 184, 187n13, 363
- Neruda, P., 338
- The New Hate: A History of Fear and Loathing on the Populist Right* (Goldwag), 40, 175, 176
- Newsweek*, 134
- New World Order, 31, 150
- New York Times*, 31, 134, 342
- New York University, 69, 135, 207, 210, 213, 225
- Nicholas II (Emperor of Russia), 3
- Nivelles Offensive, 306
- Nixon, R., 15, 67
- Nobel Prize for Economic Science, 10, 23, 39, 42, 63–70, 133, 298
- No Climate Tax pledge, 83
- Noncompetitive Life (Rushdoony), 200
- non-Nazi political parties, 76
- Nordic countries
- economic progress in, 298–9
 - economic transitions of, 286
 - religion in, 294–6
- Nordic equality of men and women, 302
- Nordic social democracy
- development of, 295
 - as salvation of the world, 299–300
 - as secularized lutheranism, 294, 301, 302
 - secular religious foundations for, 290
- North, G. K., 30, 72, 73, 85, 86, 88–90, 186n5, 186n7, 192, 202, 211, 212, 217, 219, 222–5, 230, 233
- Novak, R., 183
- NRTWC. *See* National Right to Work Committee (NRTWC)
- Nuestra Señora del Perpetuo Socorro, 319
- Nunn, F., 75
- Nutter, W., 95

O

O'Driscoll, G., 276, 282n32
Olde Worlde aristocrat, 309
 Old Testament Biblical Law, 153, 195
 O'Malley, M., 258n1
 One World government, 150, 151
 Operation Condor, 36, 149, 361
 orthodox Calvinism, 201, 215
 Oskar Schindler of Vienna, 372, 387–90, 402
 Ostergard, U., 295
 Otto Neurath, 8, 346n26
 Outreach to the Rednecks, 39, 182

P

Paine, T., 10, 11, 109
 paleoconservatism, 178, 186n3
 paleoconservatives, 178, 182, 186n3
 Palestine, 377, 379, 382, 383, 391
 Paton, W. A., 6, 7, 93, 96
 Patriot Movement, 132, 158
 Paul, R., 88, 177, 179, 221, 224
 Pétain, M. P., 361–3
 Pew, J. H., 135
 Pew Memorial Trust, 137
 Pigou, C., 104
 Pinochet, A., 34, 75, 89, 179, 254, 255, 258, 264–6, 269, 276, 278n5, 279n9, 306, 314–16, 320, 326, 330, 331, 337, 338, 357–60, 365
 Pinochet, L., 75
 Pinochet regime, 146, 148, 149, 162n17, 265, 266, 276, 277, 278n6
 Pioneer Corps, 393
 Pisagua concentration camp, 316

Plant, A., 264
 Political Classical Liberalism, 2, 6
 political liberalism, 6, 37, 84, 154
 political prisoners, 37, 149
 Pollack, I., 376
 Pollitzer, H. E., 399
 Pope John Paul II, 251, 332
 Pope John XXIII, 259n5
 Pope Pius XI, 342, 360
 Popper, K., 89, 179
 Popular Front, 252
 Populist Party, 176
 prisoner of war (POW), 213
pronunciamentos, 250, 252
 protective custody, 76
 Protestant Ethic, 296–7
 Protestantism, 220, 293, 335
 Protestant theology, 132, 199
The Protocols of the Learned Elders of Zion, 176, 177
 public school sex education programs, 143
 Public Sector Borrowing Requirement (PSBR), 271
 Pulay, E., 388
 Pulverfabrik, 376
 Puritan settlers, 132

Q

quasi-hereditary monarchy, 2
 quasi military discipline, 316

R

Radical Party, 315
 Raico, R., 88
 Rand, A., 89, 100, 101, 104, 105, 110

- Reagan, R., 10, 178, 253, 337
 Reaganomics, 132
 Redneck militia groups, 29, 314
 Reich, W., 86, 87, 91
 Reisman, G., 81, 88
 religious conversion, language of, 8
 religious social traditionalism, 153
 RENAMO in Mozambique, 146
 Republicanism, 176, 180
 Republican Party, 132, 153, 184
 Republican Right, 132, 157
Rerum novarum, 250, 251
 Review of Austrian Economics, 7
 Reynaud, P., 361
 Rhein, F. M., 394, 395
 Ricca, J., 134
 Richter, F., 385, 399–401
 Right-to-Work law, 140
 Right-to-Work movements, 143
 right-wing conspiracy promoters,
 131
*The Road to Serfdom The Definitive
 Edition*, 24, 26, 38, 39, 44, 69,
 74, 75, 77, 132, 137, 141,
 144, 154, 158, 159, 185, 199,
 207
 Robbins, L., 23, 96, 264
 Robhard, M., 73
 Robinson, J., 67
 Roche, G., 74, 94, 110–13
 Roche III, G., 73, 74, 113
 Roche IV, G., 113
 Roche, L. J., 100, 110, 113
 Rockwell, L. H. Jr., 30–2, 81, 87,
 88, 93, 98, 109, 113n1, 177,
 178, 180, 181, 305, 307, 341
 Roman Catholic Church, 255, 293,
 331
 Roman Catholicism, 335
 Root, E. M., 138, 159
 Röpke, W., 186n7
 Rosten, L., 8, 99
 Rothbard, L. Jr., 314
 Rothbard, M. N., 11, 13, 17, 18, 21,
 26, 29, 33, 78, 80, 81, 83, 90,
 93, 98, 99, 102, 104, 109,
 110, 177, 179–84, 186n5,
 191, 210, 218, 221, 311, 318,
 323, 341, 363
Rothbard Rockwell Report, 183, 322,
 343
 Rothenberg, F., 376
 Rothschild, B. L., 385, 386
 Rowley, C. K., 95
 Ruff, H., 230
 Rushdoony, R. J., 84, 99, 192–4
 Ryan, P., 41, 259n2
- S
- St Stephen's Cathedral, 343
 Salander, B., 389
 Saloma, J. S., 137
 Salzburg, 80, 377, 401
 Samuelson, P., 103
 San Carlos Canal, 338
 Sandford, R., 360
 Sanhattan, 337
 Sarkozy, N., 70
 Satsuma Rebellion (1877), 307
 Schlafly, P., 152
 Schmidt, H., 265
 Schmitz, R., 385
 Schumpeter, J., 65, 69, 76
 Schuschnigg, K., 385, 401, 403
 Schwarz, F., 89

- Schwarz, G. A., 393
 Schwarz, J. H., 393
 scientific racism, 40, 178
 Second Spanish Republic
 (1931–1939), 306
 Secret Intelligence Service (SIS), 373
 secularized Lutheranism, 286, 290,
 294, 295, 301, 302
 Seilern, A., 396, 397
 Sejersted, F., 299
 Selby, 385
 Sellinger, J. A., 64
 Selwyn, B., 146
 Sennholz, H. F., 88, 92, 95–7, 138,
 211, 213–15
 Sharaf, M., 86
 Sharon Statement 1960, 101
 Shenoy, S., 90, 105, 106, 118n70,
 310
 Sherman, A., 281n26
 shock therapy, 274
 Simon, J., 88
 Sinclair, Sir H., 373, 384
 Skousen, M., 40, 72, 231, 235
 slave rebellion, 325
 Smith, A., 296
 Smith, M., 383
 Smith, V., 207
Smoking and the State, 65
 social darwinism, 289, 290, 360
 social democracy, 17, 181, 294, 298,
 299
 Social Democratic Party (SDP),
 339–41
 social science, 8, 42, 78, 291, 294
 social traditionalism, 15, 136
 societal hierarchy, 250
 Society for the History of Economics
 (SHOE), 107, 312
 Somary, F., 27
 Sorensen, A., 297
 Sorensen, O., 294
 Southern Poverty Law Center
 (SPLC), 177
 Southern States Industrial Council,
 139
 Soviet communism, 292
 Soviet Union, 44, 323, 372
 Spanish Civil War, 250, 281n26
*The Spanish Holocaust: Inquisition
 and Extermination in
 Twentieth-Century Spain*
 (Preston), 361
 Spanish Inquisition (1478–1834),
 337
 Spann, O., 100
 Spartacus League, 306
 Spartacus Letters (*Spartakusbriefe*),
 306
 Spencer, H., 289
 The Spirit of Capitalism, 296
 Spiritual Mobilization (SM), 137,
 200, 208
Spymaster: The Secret Life of Kendrick,
 400, 402
 Sraffa, P., 309
 SS members, 344
 stabilization policy, 67
 Stadlen, P., 389
 Stalin-Tito split, 268
 Stamper, E., 401
 statism, 200
 Stein, E., 389
 Stein, M., 389
 Steiner, F., 392, 393, 397
 Stenius, H., 294
 Sternberg, C., 396
 Sternberg, L., 396

Stigler, G., 207
 Stolper, W., 65
 Strakosch, Sir H., 391
 Strath, B., 294
 Strauss, F. J., 265, 278n6
Studies on the Abuse and Decline of Reason (Hayek), 78
 subsidiarity, principle of, 252, 255, 257, 258
 Sun Oil Company, 26, 40, 135
 Swatos, W. H., 133
 Swedish social democrats, 299
 Swigert, E. G., 138

T

Tanaka, S., 75, 359
 Taylor, E., 390, 395
 Tea Parties, 132, 151–6
 Teasley, H. E. Jr., 110
 Temple, H. J., 21
 Templeton, K., 216
 Tennis Court Oath, 63
 Terrell, T. D., 234
 Thatcher, M., 76, 179, 253, 264, 269, 281n26, 281n29
 theory of the trade cycle, 282n31
 Third Reich, 27, 43, 92, 339, 344, 363, 384, 388
 Thomas, C., 145
 Thomas, D., 110
 Thorpe, J., 389
 Thorsen, D. E., 299
 Tillich, P., 286
 Titoism, 268
 tobacco industry projects, 64
 Toler, D., 146
 Tollison, R., 64, 65
 totalitarian democracy, 334

Trades Disputes Act of 1906, 271
 trade union reform, 271, 272, 274
 traditional democracy, 359
 transitional dictatorship, defense of, 266
 Treasury of the Jewish Community, 377
 Treaty of Versailles, 373
 Trump, D., 184
 Tyroler, A., 389

U

unemployment, 77–9, 272–5, 281n29, 326
Unidad Popular government, 322, 338
 UNITA, in Angola, 146
 United Fruit Company, 315
 United Nations Framework Convention on Climate Change, 80
 United States House Education and the Workforce Committee, 141
 United States, price decline in, 272
 US Congress, 140

V

Valentine, P. W., 148
 Van Til, C., 85, 194
 Van Tillian, 203, 226, 227
 Vickers, D., 86
 Videla, G. G., 280n19
 Vienna, 176, 179, 306–8, 321, 328, 372–5, 386
 Oskar Schindler of, 387–90, 402
 Vietnam War, 67, 310
The Virtue of Selfishness, 101

visas, 379–83, 389, 391, 392, 394, 398
 Vivas, E., 206
 Volker, W., 74
Völkischer Beobachter (newspaper), 19
 Von Habsburg, O., 26

W

WACL. *See* World Anti-Communist League (WACL)
 Wagner, R. E., 64–9
 Walpole, R., 2
 Walter, B., 389
Wandervogel (Spann), 42, 100
 Warfare State, 8, 68, 310, 311
The Washington Post, 148, 309, 310
Wealth of Nations (Smith), 226, 235
 Weaver, R., 206, 223
 Web, R., 144
 Weber, M., 289, 296, 298
Weekly Standard, 157
 Weidenfeld, Lord G., 391, 392
 Weintraub, E. R., 6
 Welch Candy Corp., 40, 135
 Western Goals Foundation, 142
 White House, 15, 150
 Wieser, F., 330

Wilhelm Reich Infant Trust, 87
 William Volker Charities Fund, 134, 135, 193
 Center for American Studies, 208–11
 origins of, 204–8
 religion and collapse of, 211–17
 Wilson, W., 25
 Wimberley, R. C., 133
 Women's Liberation Movement, 187n9, 318
 World Anti-Communist League (WACL), 146, 148
 World Anti-Red League, 148
 World Jewish Congress, 379
 World War II, 86, 134, 136, 139, 194
 Wright, 391

Y

Y2K computer glitch, 232–4
 Young Americans for Freedom (YAF), 101, 102, 217

Z

Zoffal, 384