

"Ideologies (...) map the political and social worlds for us. We simply cannot do without them because we cannot act without making sense of the worlds we inhabit. (...) political facts never speak for themselves. Through our diverse ideologies, we provide competing interpretations of what the facts might mean."¹

Those words from Michael Freeden remind us of quite a simple truth: ideologies are abstract 'maps' that link facts with each other in order to make sense of the social and political world. They give us worldviews envisioning antagonists and protagonists; describing their intense struggle; pointing to political solutions that are eagerly needed; and sometimes even glimpsing to a utopia where harmony is achieved. These 'political maps' are usually not very technical and precise, which is indeed what distinguishes them from, for instance, physical or financial models. An ideology presents us with a very broad and general narrative that points out what is politically and socially wrong with the present situation, what has to be done in order to solve it, and in what way things might or will actually happen.

Ludwig von Mises (1881-1973) is considered by current day libertarians as one of the 'founding fathers' of free-market libertarianism.² Obviously Mises himself was not aware of giving birth to the modern version of this ideology, and such a filiation can only be attributed to him with the benefit of hindsight. Mises, however, seemed aware of the controversial character of his proposals. In his most famous work, *Human Action* (1949), he described how the laws of market are the necessary outcome of self-interested individuals acting in a world with scarce resources. He believed that, through aprioristic reasoning, one could conclude that government intervention in the economy cannot in any way improve what the market brings about. Apart from his uncompromising *laissez-faire*, Mises is also well known for his relentless criticism of ideologies opposed to *laissez-faire* free-market, particularly Marxism:

Biographical Note - Pedro Góis Moreira is a PhD candidate at the Institute for Political Studies of the Catholic University of Portugal and holder of a FCT grant (Portuguese Foundation for Science and Technology). He finished two masters, one in political science through the Catholic University of Portugal and the other on European History within the European program between Leiden, Paris, and Oxford. His master thesis was on Ludwig von Mises' thought at the epoch of the First World War. He published on Thomas More's Utopia in *The Early Moderns* (Vienna, 2014) and on Plato in *Platão Absconditus* (Lisbon, 2014), a book that he also co-edited. Furthermore, he participated in the translation and revision of *Introduction à la pensée de Raymond Aron* (Lisbon-Paris, 2016, forthcoming). He recently published, with José Colen, 'La Fuite en Avant? The Rhetoric of Fear and the European Construction,' in *Diacrítica* (2015). He is interested in political philosophy, political theory and, more particularly, in radicalism and moderation in political thought.

¹ Freeden, 2003, pp. 2-3.

² Kelley, 1997, p. 82 and Kukathas, 2001, p. 8802.

'Every step a government takes beyond the fulfillment of its essential functions [the maintenance of courts, police officers, prisons and armed forces] (...) is a step forward on a road that directly leads into the totalitarian system where there is no freedom at all.'³ Mises' liberalism, that some today call his libertarianism *avant la lettre*, was essentially an ideology of maintaining the market within a smooth and peaceful political environment, without wars, revolutions, and policies that would seek to intervene in the economic process. The government should enforce security, said Mises, and nothing else.

Nonetheless, Mises was not such an 'ideologist' before the First World War, that is (and following Michael Freeden's insight), he was not a creator of a 'political map.' He was rather a 'technician.' This is a distinction we will now try to explain.

Mises' *Theory of Money and Fiduciary Media* (1912) and, more particularly, the several articles he published before the First World War clearly show on both his descriptive and normative work a technical attitude that is less well-known. But as we will try to demonstrate, an important change occurred after the war. It is striking to compare the pre-war Mises with the one of *Nation, State, and Economy* (1919): this is where we see the transformation from what we labelled as a 'technician' to an 'ideologist,' or more precisely someone trying to devise an abstract 'political map' out of his 'economic science.' He changed from someone who was mostly focused on precise and concrete data to a creator of a new political and social map, one that uncompromisingly praises free-trade, criticizes opposing ideologies, and firmly condemns the intervention of the state in the economy.

The purpose of this paper is twofold: on the one hand, to analyze the political thought of Ludwig von Mises and his passage from Mises, the 'technician,' to Mises, the 'ideologist'; and, on the other hand, to situate the role of Mises' 'economic science' in relation to his political narrative.

It is indeed striking to see the qualitative and quantitative difference in the writings of the pre and post War Mises: while the former writings are overwhelmingly more precise and focused on economic data, the later are remarkable for their overarching political claims. The distinction between the two could be drawn in terms of (descriptive) economic science and (normative) political economy, as presented by Lionel Robins.⁴ However, there are both many political-economic elements to Mises's pre-war writings (e.g., his defense of the gold standard) and many technical elements of Mises's post-war writings (e.g., his analysis of the causes of the War), and this separation is therefore tenuous. Consequently, it

³ Mises, 1996, p. 283.

⁴ Robins, 1932.

will be more interesting to draw the distinction in terms of Mises' narrativity, that is, the way he tells us a story of political nature instead of simply describing and explaining economic phenomenon. Although these three elements (narration, description, and explanation) cannot, in rigor, be sharply separated (unless in extreme cases of, e.g., statistical compilations), one can see the predominance of economic description and explanation in the pre-war Mises and the predominance of political narration in Mises' post-war writings. While the 'technician' Mises evokes in us the rigor and the precision of the economist, the 'ideological' Mises presents us a world where socialism and liberalism lead a civilizational battle deciding the course of humanity itself.⁵

The order of this paper will consist, first, in a detailed description of Mises, 'the technician,' by looking at some of his pre-First World War articles and *Theory of Money and Fiduciary Media* of 1912. Then, we will cautiously examine the transition to Mises 'the ideologist,' that is, the conceptual and ideological transformation he underwent in his *Nation, State, and Economy* of 1919.

Mises before the First World War

Mises' independent intellectual thinking started when he published, from 1907 to 1910, a series of articles defending the gold standard: "The Political-Economic Motives of the Austrian Currency Reform" (published in 1907), "The Problem of Legal Resumption of Specie Payments in Austria-Hungary" (1909), "The Foreign Exchange Policy of the Austro-Hungarian Bank" (1909). This is where we can see political-economic proposals that, as we will see, are justified in sharp technical terms.

In these essays, Mises was also carrying on his Austrian Economics' heritage. Indeed, Carl Menger, one of the founders of the Austrian School and intellectual master of Mises, deeply believed in the gold standard and he saw it as the medium of exchange par excellence of a modern country.⁶ Menger actually was one of the main supporters of the gold standard in 1892, the year where the Austro-Hungarian Empire decided to adhere to the gold standard system.

In his 1907 article "The Political-Economic Motives of the Austrian Currency Reform", Mises meticulously described the whole political process and arguments around the 1892

⁵ More on the distinction between narration, explanation, and description, as well as an excellent account on evocative 'storyworlds' in Herman, 2009, pp. 89-104.

⁶ Ebeling, 2012, p. xxxiii.

reform and argued decisively in favor of its outcome. Using no less than 16 tables and widely quoting precise numbers and data throughout 27 pages, he concluded that 'No rational person (...) would advocate today against the gold currency.'⁷ Politically speaking, it is interesting to see what opponents he criticized the most: on the one hand, the Christian Social Party who saw the gold-backed money as a malevolent instrument in the service of the international commerce; and, on the other hand, Josef Ritter von Neupauer, a 'charlatist,' that is, someone who believes that money is nothing more than what the state declares it to be. In tackling these opponents, Mises was carrying on Menger's Austrian school of economics: on the one hand, because the Austrian economists did defend international commerce and, on the other hand, because Menger strongly opposed the vision that money was a pure creation of the state.⁸

Mises' subsequent articles would, in fact, go even further in that battle in favor of the yellow metal: there, he argued that Austria did not, in fact, achieve its transition to the gold standard and should do so. Yes, Austria apparently made this step in 1892, but Mises pointed out that the Austro-Hungarian central bank did not decree the legal compulsion to redeem its notes for specie (that is, gold).⁹ Therefore, he said, there is a *de jure* situation where Austria is not internationally recognized as a truly gold standard country. In order to be recognized as such and to benefit from an improved international creditworthiness, Mises argued that this status had to be changed and that the central bank should have the obligation to redeem its notes. Once more, the whole argumentation was carried out with a cautious and precise exposition of numbers and tables.

Across those articles on the gold standard, there are other details that are quite interesting. For instance, Mises spoke of government economic policies in a quite instinctive way, even if not much and with a dose of skepticism. This skepticism against the government is present, for instance, in this brief excerpt of his 1909 "The Problem of Legal Resumption of Specie Payments in Austria-Hungary":

"However, it is far more important that over the last twenty-five years legislation has been passed that, more or less, has brought every type of economic activity under the unrestricted discretion of state oversight. This is not the place to provide more details about this oversight, or to demonstrate how Austria has turned away from political-economic individualism faster and

⁷ Ebeling, 2012, p. 30.

⁸ Menger, 2007, p. 262.

⁹ Ebeling, 2012, p. xxxvii.

more effectively than have other European countries. For anyone desiring to place obstacles in the way of a bank or an industrial enterprise in which a bank is interested, there is no more suitable method than this state oversight, including its desire to export gold."¹⁰

This is revealing about how Mises thought in 1909, but he did not say more than that throughout those articles. The theme of the turning away from 'economic individualism' (that is, of capitalism) and the dangers of the state intervention were thoroughly developed in *Nation, State, and Economy*.

Apart from this state-skeptic paragraph, the pre-War Mises accommodated quite well with the idea of state policies and state intervention beyond the minimal activities of the infamous 'night watchman.' If in fifteen years he would decry war, at the time Mises made comments such as 'Austria possesses, not including domestic bonds, a barely appreciable amount in investments that have an international market: in times of war, this could hinder fund raising far more than is desirable.'¹¹ Also, Mises talked somewhat positively about the manipulation of exchange rates by the government through the central bank.¹² Nonetheless, he wrote that 'The goal of a sound economic policy is not maintenance of a low market rate regardless of the circumstances. Rather, its goal is to unleash the use of the country's productive resources.'¹³

What we find here is an Austrian economist like Menger: someone who trusted in the workings of the market process, but who did not oppose all state interferences on principle and did not see them as 'a step forward on a road that directly leads into the totalitarian system where there is no freedom at all' (sic).

For the whole year of 1911, Mises did not write any article in order to finish his first book: *The Theory of Money and Fiduciary Media*, published in 1912. It will not be necessary to analyze it thoroughly because, indeed, this fine piece on Austrian economics has been often reviewed in the literature. Nonetheless, it contains many details that are important to understand Mises' intellectual path.

Briefly, this book is a treatise that unsurprisingly, given the title, speaks about money and fiduciary media. 'Fiduciary media' means money that is not backed by gold. In simple terms, if a bank lends 1100 banknotes to one of its customers while, in fact, only 1000 of

¹⁰ Ebeling, 2012, p. 63.

¹¹ Ebeling, 2012, p. 82.

¹² Ebeling, 2012, p. 16 and 36 respectively.

¹³ Ebeling, 2012, p. 71.

these really have their corresponding value in gold, then the bank is creating 100 banknotes that are fiduciary media. Although *The Theory of Money* was mainly an attempt to include and develop the ideas of money and banking into the Austrian economics framework, one of its most important contributions was actually to show that the steady expansion of the fiduciary media generated economic crises. According to Mises, if the banks that exist within an exchange system continuously give non-backed money, then the entrepreneurs of this same system will create more and more projects when there are not enough real savings to sustain such a productive surge: after a moment of abundance, a crisis would inevitably follow.

Mises' writing style in *The Theory of Money* is, in general, that of a quite technical book on Austrian economics. Nonetheless, and even if he used a rather specialized jargon, here we are not faced with his previous concern with quoting empirical data, as when Mises fights for the gold standard, gathering numerous tables and precise numbers. *Theory of Money* was technical and abstract, focusing all his attention on theoretical economics, thought experiments, and abstract processes of the market. He was not exclusively centered on Austria anymore, but on the market and the state in more general terms.

This is probably why his skepticism of the government, although still present, was then less toward the Austrian government but more against the state as an abstract concept. He briefly talks in this work about the crucial function that the government has in minting the coins that are used to exchange goods:

"For just as long as the minting of coins has been a government function, governments have tried to fix the weight and content of the coins as they wished. Philip VI of France expressly claimed the right 'to mint such money and give it such currency and at such rate as we desire and seems good to us' and all medieval rulers thought and did as he in this matter."¹⁴

It is also interesting to note that Mises started to describe the concept of government as a kind of ancestral problem, not just as a single government (the Austrian one) that had to be looked upon with distrust. He started to extract examples from history in order to make his point. Here is another example from a chapter where he described the role of the state and criticized its disrespect for the rules of the market:

"Kings and republics have repeatedly refused to recognize this. Diocletian's edict de pretiis rerum venalium, the price regulations of the Middle Ages,

¹⁴ Mises, 1912, pp. 64-65.

the maximum prices of the French Revolution, are the most well-known examples of the failure of authoritative interference with the market. These attempts at intervention were not frustrated by the fact that they were valid only within the State boundaries and ignored elsewhere. (...) It was the functional, not the geographical, limitations of the government that rendered them abortive. They could have achieved their aim only in a socialistic State with a centralized organization of production and distribution. In a State that leaves production and distribution to individual enterprise, such measures must necessarily fail of their effect."¹⁵

Here, we not only begin to see Mises' vision of the state as a general and ancestral problem, but there is a third theme: his criticism of socialism and the others 'enemies' of the market. However, Mises' political remarks were brief back then and so were his thoughts on socialism: he just said that a socialist 'centralized organization of production and distribution' is impossible and that 'This vision of the future socialistic system has not been described in detail by its prophets; and, in fact, it is not the same vision which they all see.'¹⁶ He included the socialists in a very important category: the 'enemies' of the market. This is another idea that Mises later developed in *Nation, State, and Economy*: there are opponents of capitalism that try to abolish it because they think it would cure the inherent evils of human nature. In the *Theory of Money*, the chapter 'The Enemies of Money' is quite enlightening on that subject:

"Superficial critics of the capitalistic economic system are in the habit of directing their attacks principally against money. (...) Money is regarded as the cause of theft and murder, of deception and betrayal. (...) It is money against which the moralist declaims when he wishes to oppose excessive materialism. Significantly enough, avarice is called the love of money; and all evil is attributed to it."¹⁷

Regarding the gold standard, Mises was straightforward: any person that called for a 'credit system' and that was against gold fitted in the category 'enemy of market.'¹⁸

¹⁵ Mises, 1912, pp. 68-69.

¹⁶ Mises, 1912, p. 91.

¹⁷ Mises, 1912, p. 92-93.

¹⁸ Mises, 1912, p. 94.

It is important to point out that those excerpts are not representative of the book as a whole: they are usually short parts where Mises' ideas come to light. The vast majority of this treatise is, indeed, about money and fiduciary media.

Concluding, the pre-First World War Mises was, indeed, akin to a 'technician.' The vast majority of his writings, including his voluminous *The Theory of Money*, were about money, economic theory, and public policies. If the first articles were even more empirical minded and precise, with Mises widely quoting tables and numbers, the Austrian economist slowly grew more general and abstract, but without abandoning the strictly technical-economic sphere.

In the middle of these dense considerations, it is possible today to have a glimpse of his pre-war political ideas. Above all, and even if it cannot be rigorously said that this Mises was the 'free-market champion' we know, Mises was already quite distrustful of the action of the state in the market. He saw government interventions as an extremely ancient problem, dating from Diocletian and Philipp VI, and that tended to abuse its power. But what he decisively criticized most was the Austro-Hungarian situation: he saw the majority of the population and political parties as being 'infected' by wrong, non-economic ideas. Everywhere, advocates of inflationism, Marxists, Social-Democrats, opponents of the gold standard, and others 'enemies' of the market were attacking its smooth functioning. According to him, Austria was following a 'socialistic' path for decades: everywhere, the imperial administration, the taxes, the subsidies, the labor unions, everything was suffocating the benign process of the market. Nonetheless, and this is where the pre-war Mises sharply differed from the post-war one, he did not see the market as a perfect engine and speaks about government interventions in the economy.

A cautious reading of Mises' economic writings allowed us to retrieve some of his seminal ideas about political theory and try to present a coherent view of them, but we should have in mind they were nowhere presented systematically. Now, we will observe how Mises came to be what we labeled an 'ideologist,' someone that created a general, narrativistic map to explain his social and political situation.

Nation, State, and Economy

In *Nation, State, and Economy*, and for the first time, Mises wrote as someone possessing a map, a 'story' of his political and social situation. This was the moment when his transition from a technical-minded economist to an 'ideologist' occurred. In this work,

published in 1919, Mises begins to frame a coherent and general, 'untechnical' map that helps him to interpret his own social and political situation. The intellectual path that made other recognize him as a champion of free-market started here and, we will show that this also happened as a reaction against the First World War.

Nation, State, and Economy is divided into three parts: the first addresses the question of the nation and how imperialism was born; the second is about the economy during the war; and the third goes deeper into the analysis of socialism. Mises started writing in December of 1917 and finished in July 1919, it is therefore quite possible that he felt the need to write the third part in reaction to the Spartacists' uprising in Germany and the construction of the Soviet Union.

Although coherent, this work can be quite confusing because of its relative lack of argumentative and conceptual organization. The titles of each part of the book do not necessarily reflect what Mises actually addresses in this particular section. For instance, the third part of the book has the title 'Socialism and Imperialism', but is mainly about socialism. Also, the term 'imperialism' is not defined, although it can be understood as a kind of antithesis of everything that Mises saw as 'liberalism': complete lack of freedom and democracy, ruthless bellicism, and the systematic use of the state in economic matters.¹⁹ In terms of content, he also continuously intertwined his ideas with specific historical references that I will in the main not discuss. We will focus on the major political arguments. Although Mises introduced his book by saying that he simply wants to describe the historical causes underlying the First World War and not judge those causes, we will see that his program goes in fact much further than that.

Mises started by strongly insisting on the fact that what makes a nation is language.²⁰ This was an important point for him and he went through all the questions of bilingualism, multilingual states like Switzerland, and emigration in order to make his case. For him, each individual has, as a rule, one nation linked to one specific language. He then continues in a completely different tone: when the idea of freedom started to emerge and spread in the eighteenth and nineteenth centuries, kings and despots, who throughout history only worried about their own power and land, finally started to see their authority falling apart.²¹ Everywhere, said Mises, the peoples of Europe began to spread liberalism, that is, they started to free themselves from political privileges and, once free, there would

¹⁹ Hülsmann, 2007, p. 311.

²⁰ Mises, 1919, p. 37.

²¹ Mises, 1919, pp. 57-58.

be no more reason to have wars.²² Mises added that economic liberalism, a doctrine proclaiming the harmony of interests between peoples by fully freeing the economy, also went hand-in-hand with those ideas. In *Nation, State, and Economy*, Mises envisioned a past where, from 1789 onwards, the peoples of Europe united on a sort of struggle against the kings.

"The idea of freedom is both national and cosmopolitan. It is revolutionary, for it wants to abolish all rule incompatible with its principles, but it is also pacifistic. What basis for war could there still be, once all peoples had been set free? Political liberalism concurs on that point with economic liberalism, which proclaims the solidarity of interests among peoples."²³

But this trend, lamented Mises, lost steam and eventually made a wrong turn when this 'spirit of freedom' was to face with the 'mixed populations' that is, countries like Germany, Austria, and Russia that mix many language-nations (indeed: nation is language) without clear boundaries. When liberalism brought democracy, that is, self-determination, self-government, self-rule, those mixed populations turned the antidote into a poison: minority nations were represented in the parliament but, because they could never hope to achieve a majority, they became oppressed instead of free.²⁴ From there, continued Mises, is born the antidemocratic and militarist imperialism.²⁵ Indeed, Mises thought that, while liberal nationalism was not worried about the quantity of people in its nation and, therefore, did not worry about conquests of new territories either, but this new imperial nationalism always worried about its population's size and started to be afraid to see it diminished. The German Reich implemented protectionist tariffs in 1879, in order to foster 'conditions of production' at home and slow down emigration.²⁶ According to Mises, this was the beginning of the end: protectionism, he argues, is always a bad policy. Without protectionism, there would not have been a World War at all: people would have been free to emigrate, making the economy more competitive. 'The German people would be richer and happier than it is today; it would have no enemies and no enviers. Hunger and anarchy—that is the result of the protectionist policy.'²⁷

²² Mises, 1919, pp. 60-61.

²³ Mises, 1983, p. 60.

²⁴ Mises, 1919, pp. 72-74 and 77.

²⁵ Mises, 1919, p- 84.

²⁶ Mises, 1919, pp. 95-98

²⁷ Mises, 1919, p. 104.

To fall into imperialism was the fatal mistake for Mises. He said that what should have been done right in the beginning was to apply the principles of liberalism. This paragraph condenses quite well those ideas, scattered throughout the book:

"The way to eternal peace does not lead through strengthening state and central power (...). The greater the scope the state claims in the life of the individual and the more important politics becomes for him, the more areas of friction are thereby created in territories with mixed population. Limiting state power to a minimum, as liberalism sought, would considerably soften the antagonisms between different nations that live side by side in the same territory. The only true national autonomy is the freedom of the individual against the state and society. The "statification" of life and of the economy leads with necessity to the struggle of nations. Full freedom of movement of persons and goods, the most comprehensive protection of the property and freedom of each individual, removal of all state compulsion in the school system, in short, the most exact and complete application of the ideas of 1789, are the prerequisites of peaceful conditions."²⁸

For Mises, liberalism was the only way to achieve 'eternal peace': in the globalized economy, with a roughly equal labour and capital and with democratic nation-states that let emigration flow freely to the most productive places, there would be no more necessity of war. In his words, it would simply be irrational from a 'utility' and economic point of view to have wars: it would be costly, a nation would win wars at the expense of others, and it would not win forever.²⁹

For Mises, liberalism, through the growing division of labour, progressively produced more for less costs, but Germany and Austria did exactly the opposite when the war came: they applied 'war economy', something that he called 'war socialism'. Here, we reach the second part of the book: it is not true, said Mises, that economy in times of war works differently. In fact, he continued, what should have been done right at the beginning of the war was to remove all barriers that separated Germany and Austria from free-trade: because of these barriers, they not only entered the war with weapons of lesser quality, but the private sector continued to produce bad equipment throughout the war because of the

²⁸ Mises, 1919, p. 126.

²⁹ Mises, 1919, pp. 115-117.

restrictions created by war socialism.³⁰ If bad political and military assessments were responsible for the suicidal continuing of the war, Mises is clear in saying that the main reason for losing it was this very mentality of war economy, the idea that every and each solution had to go through the intervention of the state:

"Right at the beginning of the war a catchword turned up whose unfortunate consequences cannot be completely overlooked even today: the verbal fetish "war-economy." With this term all considerations were beaten down that could have led to a conclusion advising against continuing the war. With this one term all economic thought was put aside; ideas carried over from the "peacetime economy" were said not to hold for the "war economy," which obeyed other laws. Armed with this catchword, a few bureaucrats and officers who had gained full power by exceptional decrees substituted "war socialism" for what state socialism and militarism had still left of the free economy. (...) They "organized" and did not notice that what they were doing was organizing defeat."³¹

Jörg Guido Hülsmann, Mises' authoritative biographer, argues that the Austrian economist did not believe in any intervention at all, but such reading of *Nation, State, and Economy* can be somewhat misleading: Mises is not denying that interventions should have occurred during the war, but rather that they were all wrong. Centralization dropped the quality of weapons and reduced incentives to produce more and better, while inflation transferred wealth from the poorer to the richer and the income from high taxes were used in unproductive projects. Mises, in fact, asserted that, from the 'utility' and rational point of view, some interventions could have been made, but the statist mentality of solving all problems through the state prevented the officials to think in a rational way.³² Although Mises pushed his laissez-faire ideas to the maximum in *Nation, State, and Economy*, he still allowed some interventionist measures.

But what was this 'utility', 'economic', and 'rational' point of view that Mises repeated persistently? In the third part of the book, Mises leaves us more intimations that help us understand those concepts: he quoted Jeremy Bentham, the founder of Utilitarianism, and his idea that a policy is supposed to bring the greatest happiness to the

³⁰ Mises, 1919, pp. 171-172.

³¹ Mises, 1919, p. 171.

³² Mises, 1919, pp. 175-178.

greatest number of people. Any person is supposed to rationally evaluate what are the best policies in terms of outcomes ('utility') and get to the conclusion that, rationally speaking, a free-trade economy is the best way to get the greatest amount of happiness.

In the last part of the book, Mises made clear that even socialism and imperialism could be argued in those rational terms, but this is not what was being done: socialism, that is, the transfer of the means of production from the private ownership of individuals into the ownership of society³³ is the consistent prosecutor of imperialism not only in the fact that it accelerates the process of destruction of free-trade by elimination of free competition and growing of bellicism, but also in the fact that it is an irrational 'doctrine of salvation,' close to religious ideas.³⁴ Not only socialism is imperialist in its destruction of freedom, said Mises, but it argues on the basis of feelings and cannot, therefore, be rationally refuted: there is a religious belief of a paradise on earth that will solve all problems of humanity. Mises went even further and stated that, if socialists spread and destroy the social cooperation brought by liberalism, then it would be an end of civilization equivalent to the fall of the Roman Empire: by destroying free-trade, they are destroying the market's competition that efficiently allocates resources and, by doing so, the socialists are digging their own graves.³⁵

Mises concluded by saying that the German-speaking people only have two ways out: either the imperialistic way of waging a war of revenge against the winning countries; or the opposite way of creating full-freedom at home, working to restore the German greatness. If this last way is not followed, modern civilization will fall.³⁶

After reading *Nation, State, and Economy*, we could be tempted to see Mises as a disciple of Bentham, David Hume or Adam Smith, but this would be a mistake. Throughout this work, what is remarkable about the Austrian economist is his palpable originality in handling political and historical problems: he did not (not yet) consistently follow the creed of those philosophers that he quoted and he made idiosyncratic historical generalizations. He conflated 'ideas of 1789' and 'utilitarianism'.³⁷ He also seemed to conflate consequentialism in general and Bentham's utilitarianism³⁸: he thoroughly legitimized his position by saying that it brought the best consequences, but avoided to reduce utility to minimize pain and maximized pleasure as Bentham. While reading this book, one cannot

³³ Mises, 1919, p. 205.

³⁴ Mises, 1919, pp. 211-214 and 242.

³⁵ Mises, 1919, p. 253.

³⁶ Mises, 1919, p. 255.

³⁷ Mises, 1919, p. 250.

³⁸ To satisfy the conditions of utilitarianism is ipso facto to satisfy the conditions of consequentialism but the reverse is not true. Not all consequentialists are utilitarians.

help feeling that Mises did not know much about those authors that he used superficially. Even Max Weber's influence, which Hülsmann rightly points out,³⁹Mises was not consistent either: yes, he tried to be scientific in the Weberian sense by only describing things as they are and not as they should be, but in fact he did say how things should be throughout his book. He inferred norms from facts, conflating descriptive and normative claims. .

Menger's influence can still be felt throughout this work, but at the time he wrote *Nation, State, and Economy*, Mises was not yet decisively influenced by strictly political thinkers. He was, above all, an economist that was trying to sketch an ideological and political map. In *Nation, State, and Economy*, one can clearly feel that Mises was out of his intellectual comfort zone. *Nation, State, and Economy* is an all-encompassing, general, and powerful ideological-narrativistic map that, in a coherent way, makes sense of Mises' political and social experiences. For Mises, liberalism was the great movement that was directing humanity toward a world of wealth, freedom, democracy, and 'eternal peace.' What went wrong was the implementation of those ideas in the mixed-language communities that created imperialism. Then, the great movement was stopped: free-trade was limited and bellicism started to grow. Not only those ideas originated the First World War, but their heir, war socialism, accelerated the inevitable defeat of the mixed populations. State interventions, Mises said, were responsible for the defeat of the German-speaking countries. In his mind, the deviations from the principles of liberalism were, in fact, responsible for all the problems that lead to war and, if the German-speaking countries do not come back to the right path, then civilization will fall.

What we have here is Mises revolting against everything the war brought and he does so, for the first time, in the way he will be more famous for: a staunch advocate of liberalism and an uncompromising defender of laissez-faire. Such is the vibrant political-narrative that Mises draws that makes him so different from his pre-war counterpart.

Criticism of Socialism

Now, more things should be said about this shift. First, Mises heavily criticized socialists, notably in the last part of *Nation, State, and Economy*, but it is quite interesting to see that he was mimicking them by being a reversed mirror of his adversaries.

For instance, Mises criticized the socialists because of their claim to know the 'true science' that will foresee the communist world; but Mises did the same with his 'true

³⁹ Hülsmann, 2007, p. 307.

science' of economics that will foresee the global economy. He also accused them of doing teleological history, but Mises also did the same when he interpreted every historical event in the light of a global economy that was bound to come. He refuted their accusation that capitalism favours the few at the expense of the many and that socialism brings general welfare, but Mises said the same thing simply by inverting socialism and capitalism. Furthermore, he criticized them of systematically favouring state intervention, but Mises was also quite consistent in his systematic preference for the market.

Finally, it is also interesting to see in detail the way he criticizes the socialists' 'utopia.' He defines 'utopia' as follow:

"If one calls utopian all those social theories which, in outlining the future social system, start with the view that after introduction of the new social order people will be guided by essentially different motives than in our present conditions, then the socialist ideal of Marxism is also a utopia."⁴⁰

Mises finds utopian the socialists' hope that their new system will eliminate man's self-interest. Now, Mises himself was not entirely immune to the same charge. In fact, three years later, he appears to use the same manner of arguing that he criticized, but in a reversed way. In *Socialism*, he argues that every man is intrinsically egoistical and, therefore, wants to achieve a free-trade system because it leads to the best outcome.⁴¹ The argumentation has a Machiavellian flavour: it is because men are egoistical that they have to act in an egoistic way. However, and if it can be consistently argued that men are self-interested, as he asserts, since not everyone appears to wish free-trade, a change of hearts seems to be necessary. In order to turn every man into an egoistical man, in Mises' sense, it would be necessary to achieve a change in men's motives as radical as the socialists' proposal and, therefore, we could say, as utopian.⁴²

The point we wish to make here is the remarkable way in which Mises reacted against socialism. He did not so much create an entirely different ideological narrative but rather reversed the socialist's ideological program. This is indeed a curious point: both Mises'

⁴⁰ Mises, 1919, pp. 226-227.

⁴¹ Mises, 1922, p. 402.

⁴² We do not claim that the problem with Mises' view is that it assumes that everyone is intrinsically egotist but that everyone wants free-trade. Free-trade is not a motive and thus not have a conceptually necessary connection to people's motives. What we do argue is that Mises holds that there is an important connection between the two, egotism and free-trade, and that, because of that, Mises, by his own lights, winds up with a utopian view.

free-market liberalism and the socialism of his times, on the basis of a 'true science,' used a very similar way of doing politics and representing their own ideologies.

Mises was probably partially conscious of these (a)symmetries. Indeed, Mises' lifelong writings generally cue to this (a)symmetrical relation between liberalism and socialism, individualism and collectivism, rationalism and irrationalism, and so on. Throughout his life, and since *Nation, State, and Economy*, Mises held that only two political paths were possible to mankind, and that these two alternatives were both largely, if not completely, symmetrically antithetic.

"In the sixteenth and seventeenth centuries religion was the main issue in European political controversies. In the eighteenth and nineteenth centuries in Europe as well as in America the paramount question was representative government versus royal absolutism. Today it is the market economy versus socialism. This is, of course, a problem the solution of which depends entirely on economic analysis. Recourse to empty slogans or to the mysticism of dialectical materialism is of no avail.

There is no means by which anyone can evade his personal responsibility. Whoever neglects to examine to the best of his abilities all the problems involved voluntarily surrenders his birth right to a self-appointed elite of supermen. In such vital matters blind reliance upon "experts" and uncritical acceptance of popular catchwords and prejudices is tantamount to the abandonment of self-determination and to yielding to other people's domination. As conditions are today, nothing can be more important to every intelligent man than economics. His own fate and that of his progeny is at stake. Very few are capable of contributing any consequential idea to the body of economic thought. But all reasonable men are called upon to familiarize themselves with the teachings of economics. This is, in our age, the primary civic duty."⁴³

It would be too hasty to dismiss Mises' political narrative as being exaggerated. In the end, what Mises' wants to show us is that one should not trust too much in state interventions in the economy, that our good will can lead to unintended consequences, and

⁴³ Mises, 1949, pp. 878-879.

that the State is composed of men, each endowed with their motives to act for their own self-interest. Both Mises' and the socialists' striking political narratives, in favour or against capitalism, are both healthy reminders of the flaws and benefits of each side of individual and collective action.

Such healthy reminders, however, usually come with a price. Indeed, political narratives of global proportions often advance with strong epistemological claims and, in our specific examples, they come with a 'Marxist science,' on the one hand, and a (a)symmetrical 'economic science,' on the other. Such epistemological claims are problematic because, as Mises would say in *Liberalism in the Classical Tradition* (1927), if a doctor knows perfectly well what should be done in order to heal a body, why should it be different in politics?⁴⁴ Inspired by this way of thinking, ideologies based on a 'true science' might tend to hinder pluralism, advocate one unique way of solving political problems, and condemn anyone that do not arrive at the right/same conclusions. Once one sees politics in a strong technocratic fashion, ideologies with strong binary, black-and-white propositions might tend to emerge. While politics usually entails some degree of uncertainty that enables a legitimate pluralism and diversity of solutions, a technocratic-based ideology might tend to hinder these features.

Concluding Remarks

This paper navigated between exegesis on Mises' work and methodological claims about that work. We however intended to provide more than a critical review and raised the question of the relation between technocratic views that used 'true science' as foundations for the existence of wide worldviews or ideologies.

What Mises, the 'technician,' wrote before the First World War offered us what we would expect from a technical economist and statistician. However, it is only when he wrote *Nation, State, and Economy* that Mises, the 'ideologist,' drew his first full-blow political narrative for which he is most famous for.

Regarding the nature of the relationship between technical economic analysis and political-economic advocacy, there is an extensive literature that we did not even try to summarize here. An unmissable reference, however, is Lionel Robins's "An Essay on the Nature and Significance of Economic Science" (1932) where he famously tried to clarify such a relationship, acknowledging Mises own influence. Robins' work argues that there is a

⁴⁴ Mises, 1927, p. 8.

difference between (descriptive) economic science and (normative) political economy. The latter, said Robins, takes the results of the former, adds normative premises, and leads to normative conclusions.

Our essay, notwithstanding, tried to show a shift in Mises' thought according to what his writings evoke and encompassing both (descriptive) economic science and (normative) political economy. That is, we preferred to show that the pre-War Mises gives more emphasis to economic description and explanation, while the post-War Mises gives more emphasis to political narrativity. While the 'technician' Mises evokes in us the rigor and the precision of the economist, the 'ideological' Mises presents us a world where socialism and liberalism lead a civilizational battle deciding the course of humanity itself. He moved from a technical minded view to an enlarged ideological approach.

Ludwig von Mises undoubtedly is considered by modern free-market libertarians as one of their founding fathers and, indeed, one can see a lineage coming from Mises to contemporary libertarians such as Murray Rothbard or Hans Hermann Hoppe.⁴⁵ Many modern libertarians were able to ground their political ideas on Mises' works on economics but, above all, it seems that they received from him a different and original worldview. What is unique in Mises' liberalism is its stunning political narrative where a world-changing struggle between individualism and collectivism is taking course. In that sense, the significance of his work is also better highlighted when the label 'libertarian' is applied to him instead of 'classical liberal.' It truly shows how original and innovative he is. Mises was not simply passing on a liberal heritage. Rather, he was fundamentally transforming this heritage in order to face what he perceived was the biggest threat of all: socialism and its attack on the market and private property.

"In this defensive posture, the program of liberalism—and, for that matter, that of every movement—is dependent on the position that its opponents assume towards it. Where the opposition is strongest, the assault of liberalism must also be strongest; where it is relatively weak or even completely lacking, a few brief words, under the circumstances, are sufficient. And since the opposition that liberalism has had to confront has

⁴⁵ Although we cannot safely call him a 'libertarian,' Friedrich Hayek was also decisively influenced by Mises (Caldwell, 2004, pp. 143-149). Robert Nozick, who offers a vigorous defense of libertarian minarchism in *Anarchy, State, and Utopia*, was influenced by Rothbard (Bader, 2010, pp. 2-3).

changed during the course of history, the defensive aspect of the liberal program has also undergone many changes."⁴⁶

We would like to finish with two last points on Mises and his work. On the one hand, it is usually argued that the neoliberal reaction against state centralization started in the 20s and 30s with Hayek and Mises, but we would suggest, rather, that it started with Mises' *Nation, State, and Economy*. It is true that nothing indicates that *Nation, State, and Economy* had any kind of broad influence, unlike Mises' essays and books on socialism and the calculation problem that he wrote in the 20s, but we think that *Nation, State, and Economy* marked the beginning of the anti-state reaction in 1919, not in the 20s. We hope that a greater focus on this work will help to get a better understanding of the subsequent debate about state centralization in the 20s and 30s.

On the other hand, much of what has been written on Mises was done by enthusiasts of his work. However, it would be regrettable to leave such an interesting figure exclusively in the hands of his admirers. It would be interesting if, through the clash of different and sometimes opposite interpretations, we could reach more interesting conclusions and give Mises the relevance that, we believe, he deserves.

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⁴⁶ Mises, 1927, p. 137.

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