Beyond von Hayek: neoconservative anarchism

by Rainer Apel

In the neo-liberal think-tanks, the battle has been raging for months between "soft" and "hard" tendencies, with the latter accusing the former of watering down the Conservative Revolution by making concessions to the social market economists. (The "soft" tendency includes most of the German neo-liberals, such as Herbert Giersch and the late free-market guru Friedrich von Hayek himself.) The "hardliners" or, as they call themselves, "strict" free-market liberals, consider themselves as the only true Conservative Revolutionaries.

An insight can be gained into their thinking from the conference held in mid-March by the International Institute of Austrian Economics (IIAE) on the topic of "Hayek vs. Keynes," counterposing the two most celebrated 20th-century schools of monetarist quackery: the one tied in with the German "right-wing" economist Friedrich von Hayek, the other with the British "leftist" John Maynard Keynes.

Not only did Keynesianism come under heavy fire here, and thus to a certain degree, the "social democratic system," but even more so, the thinking of von Hayek himself. A whole series of speakers, including Gerard Radnitzki from Trier in Germany, who was presented as the spokesman for the "strict" school of the Mont Pelerin Society which von Hayek founded, claimed that von Hayek had sold his soul to the "creeping socialism" of the social market economists, and that he was to blame for the compromises which conservative politicians still make with electoral democracy today, years after his death.

Antony de Jasay from London started the IIAE conference by proclaiming that there are errors and serious inadequacies in von Hayek's thought, that the "axe" which he applied to the roots of the welfare state "lacked important parts," and that therefore he has only limited usefulness in today's debate. Von Hayek's failure in attempting to define the limits of the state has created a vacuum which others, invoking his authority, have filled with a "false conception of the state," he said.

This was the introduction to a debate which Radnitzki, with his speech "Man, Market, and State," took in a direction which could be summed up as: You talk about the Conservative Revolution? I'll tell you what the Conservative Revolution really is!

Radnitzki acknowledged right off the bat that Friedrich von Hayek, inspired by Austrian economic theorist Ludwig von Mises, had such a provocative affect on the social market economy grouping during the 1930s, that Alexander Rüstow, one of the fathers of market economic policy in postwar Germany, had sarcastically demanded, in 1938 at a symposium in Paris, that one should "preserve Hayek and his teacher von Mises in spirits and display them in a museum as the last remaining examples of a finally vanished species of liberal which is responsible for the current catastrophe." In view of the rubble heap left behind by the monetarist liberalism of the Weimar period, exemplified by a Hjalmar Schacht or a Heinrich Brüning, people like Rüstow held free-market liberal theoreticians like Hayek responsible for the post-1933 catastrophe. (Chancellor Brüning's policies paved the way for Hitler, while Schacht joined the Nazi government as economics minister.)

Radnitzki referenced this conflict of 1938 in order to clarify the irreconcilability of free-market liberalism with the social market economy, but also in order to explain that von Hayek had not recognized this front-line position but had indulged in illusions about the nature of the welfare state. "We must concede that Hayek's theory of the social order and affirmation of liberalism remain imperfect, in many parts show a lack of cohesion, and offer no effective defense against the visions of the welfare state based on 'creeping socialism,' " said Radnitzki.

To the "soft liberalism" of von Hayek, one must counterpose "strict liberalism" and understand this, above all else, as an uncompromising "freedom," the absence of external compulsion, said Radnitzki. The politicians' calls for "social justice" are indeed only raised in order to justify measures to limit individual freedom and to violate one's inherent "ethic" of a spontaneous impulse to accumulate personal wealth, just to serve the supposed "ethic" of the welfare state. That would be nothing other than socialism, expropriation, and suppression of the actual "free market" by the supposed "social market," charged Radnitzki. All the western social systems based upon this veiled socialism have altogether curtailed individual freedoms, have no moral authority, and will collapse, just like the undisguised socialist system. The "state" and the artificial "people" of the traditional democracies will be displaced by group interests and spontaneously worked out structures of cooperation—sort of the political counterpart to the restored "free market," explained Radnitzki, since the market can manage without rigid legal structures. Private agencies such as today's credit bureaus would be completely sufficient, Radnitzki opined. (The unacknowledged model is Benito Mussolini's corporate state, the cornerstone of Fascism.)

Profiteers and speculators

The deep crisis of the western economic systems should not be a cause for concern and for a call for an expanded state, continued Radnitzki, but are to be seen positively,

Schiller Institute group warns Nigeria on IMF

A delegation led by Godfrey Binaisa, former President of Uganda, Lawrence Freeman of the Schiller Institute/U.S.A., and Uwe Friesecke of the Schiller Institute/Germany, has held a series of meetings with high-level officials in Abuja, Nigeria, and made calls for the reorganization of the international monetary system for the purposes of economic reconstruction, EIRNS learned on April 26. They were joined by Nigerians Lawal Idriss and Sennussi Dagash.

The delegation was received at the office of the secretary to the federal government, Akhaji Aminu Saleh, on April 17. In the next days, Mr. Saleh organized a two-hour seminar for the delegation with the director general for the foreign ministry, and representatives of the press and the constitutional conference, on the world economic collapse and the outline for a new monetary system. The delegation met separately with the ministers of industry, commerce, and with the acting director general for foreign affairs.

The visitors received widespread TV coverage April 17-18, and their visit was featured in the Nigerian daily *The Democrat* and in the *Abuja Mirror*.

The *Democrat* headline on April 24 for its page-one story on the visit read: "World Bank-IMF: Anti-Nigeria." The article reported that the Schiller Institute had warned that the world economic system under the International Monetary Fund is at a "dead end." In paraphrase, the *Democrat* said that the delegation pointed out that in face of the collapse of important infrastructure and declining buying power of the majority of the world's population, particularly in the developing sector, a revival of the world economy is immediately required, and this can only be done with major infrastructural development. They observed that the economic potential of Nigeria, with its vast agricultural and mineral resources, is being strangled by the present conditionalities of the IMF and World Bank, especially the demand that the economy be left to the mercy of free market forces.

Mr. Saleh confirmed to the delegation that Nigeria is now at the IMF's mercy. "We opened our doors and windows to the IMF and now they are demanding we open our rooftops. This is because the focus of our policy remains payment of the debt."

On April 25, the delegation gave a two-hour briefing to the economic intelligence committee of the government led by Prof. Samuel Aluko, who expressed his grave concern over the attempts to force the government into further concessions to the IMF, through political pressure, including the attempted coup of March 1995.

since previous "mild" crises, such as the one under Margaret Thatcher in England in 1979, had not led to an actual rolling back of the state and therewith to greater freedom. Deep crises lead to a no-holds-barred competition among the states, and thereby back to the "freedom" of the market, and especially also with the "information society," an element of individual freedom in the acquisition of knowledge would be added, that would make superfluous even the present state-run school system in the West, said Radnitzki. He continued, "International trade is a shining example of a nicely functioning 'anarchy,' for a spontaneous order, and therefore the markets stand outside the law. In all these cases, the state is not needed, quite the opposite."

Thus Radnizki arrived at the kernel of his ideology, the destructive "conservative anarchism," which seeks the downfall of the state itself and everything pertaining to it. Thus it seems consistent that he demanded an end to all financial regulation and applauded the formation of financial oases (offshore banking) in the "legal no-man's land between the nation-states," thus championing the cause of speculation. It is also appropriate that Radnitzki intimated that the spread of spelling books, as was practiced in England in the early 19th century, is enough for an educational system. The potential of the "information society" would do the rest; nothing more would be necessary in the "free market" of the future. Above all, Radnitzki concluded his speech, the defeat of the ostensibly unfree "spirit of the Ecole Polytechnique," France's great scientific institution founded at the close of the 18th century, and "the Europe of Delors," the concept of a Eurasian economic recovery based on great infrastructural projects carried out by governments as proposed by former European Commission head Jacques Delors, must be defeated.

Radnitzki got backup at the conference from Gregory Christiansen (University of California), a follower of the so-called "Virginia School of Economics," which works with the conservative insurgents around Republican Speaker of the House Newt Gingrich (R-Ga.). Christiansen attacked the system of central banking and recommended a return to the system of "free banking" as it had allegedly existed in the United States after the national bank was abolished between 1838 and 1860, and the issuance of bank notes was left to the discretion of the individual private banks. The historical fact, that this very financial policy encouraged the secessionist movement in the southern states and paved the way for the Confederate secession and Civil War, went unmentioned by Christiansen.