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8TH INTERNATIONAL CONFERENCE
**"THE AUSTRIAN SCHOOL
OF ECONOMICS IN THE 21ST CENTURY"**

November 13th & 14th - 2019
Oesterreichische Nationalbank, OeNB, Otto-Wagner-Platz 3, 1090, Vienna, Austria

ORGANIZED BY





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PARTNERS



Private
Banking





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Tuesday November 12th

Pre-Conference

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| 14:30 - 17:00 | Austrian Walking Tour |
| 17:00 - 18:30 | Social Event: Meet, Greet, and Drink! Celebration of XV Anniversary of Fundación Internacional Bases |

Wednesday November 13th

Conference

| | |
|-------------------------------|---|
| 08:15 - 09:15 | Registration |
| 08:15 - 09:15 | Coffee and Networking |
| 09:15 - 10:00 | Opening and Welcome |
| Kassensaal (1st Floor) | Chair: Federico N. Fernández (Fundación Internacional Bases / Austrian Economics Center) |
| 10:00 - 10:45 | Juan Carlos Cachanosky Memorial Lecture The continuing importance of Misesian economics Robert Murphy - Mises Institute United States |



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|---|---|
| 10:45 - 11:00 | Break |
| Commission I Kassensaal (1st Floor) | Chair: Mikołaj Pisarski (Mises Institute of Economic Education PL) |
| 11:00 - 11:20 | Dynamic monetary theory and the Phillip's curve with a Positive slope Adrián O. Ravier - ESEADE Argentina |
| 11:20 - 11:40 | An Austrian perspective on political traffic planning Anders Ydstedt - Svensk Tidskrift Sweden |
| 11:40 - 12:00 | Free banking and the capital structure of production Karol Zdybel - Mises Institute of Economic Education Poland |
| 12:00 - 12:20 | The modern investigations into the structure of production: a critique Krzysztof Turowski - University of Gdansk Poland |
| 12:20 - 12:40 | The practical feasibility of a Hayekian-Buchananite Universal Basic Income (UBI) Scheme Otto Lehto - King's College London Finland |
| Commission II Veranstaltungssaal (Groundfloor) | Chair: Tomek Kołodziejczuk (Centrum Kapitalizmu) |
| 11:00 - 11:20 | Intellectual Dark Web – A series of footnotes to Hayek Žiga Turk - University of Ljubljana Slovenia |



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| 11:20 - 11:40 | The problem of information war in the framework of natural law – the paradox of tolerance revisited in the light of Soviet propaganda Agnieszka Plonka - Mises Institute of Economic Education Poland |
| 11:40 - 12:00 | Free private cities – There is an alternative Titus Gebel - Free Private Cities Germany |
| 12:00 - 12:20 | Blockchain - The new intellectual battleground within economics Max Rangeley - The Cobden Centre The Ludwig von Mises Institute (Europe) United Kingdom |
| 12:20 - 12:40 | Assistance, human dignity and economy María de Lourdes Moutin - Universidad Católica Argentina Argentina |
| Commission III Seminarraum (1st Floor) | Chair: David Chávez Salazar (Revista Estudios Libertarios) |
| 11:00 - 11:20 | The role of non-democratic institutions in a democracy according to Montesquieu, Tocqueville, Acton, Popper and Hayek applied to the EU Jitte Akkermans - KU Leuven Belgium |
| 11:20 - 11:40 | The intellectual partnership of Hayek and Popper Rafe Champion - Independent scholar Australia |



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| 11:40 - 12:00 | Law and Praxeology Alessandro Fusillo - Movimento Libertario Italy |
| 12:00 - 12:20 | Economic liberalism and praxis Dario Monasterio - Instituto de Ciencia, Economía, Educación y Salud Bolivia |
| 12:20 - 12:40 | Healthcare and the failure of market failure Marc Fouradoulas, MD - Independent Scholar Switzerland |
| 12:40 - 14:00 | Lunch |
| Commission I Kassensaal (1st Floor) | Chair: Carlos Puente (Former Official of the European Commission) |
| 14:00 - 14:20 | What is wrong with sustainable development goals? Horacio Miguel Arana - Universidad Abierta Interamericana Argentina |
| 14:20 - 14:40 | Duration as a risk measure in capital budgeting in the context of ABCT Joanna Kruk Cracow University of Economics and Jagiellonian University Poland |
| 14:40 - 15:00 | Entrepreneurship under Socialism – The case of former Soviet economies Anca Elena Lungu and Gabriel Claudiu Mursa Alexandru Ioan Cuza University of Iași Hayek Institute Romania Romania |



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| 15:00 - 15:20 | <p>The Mississippi bubble (1719-1720). An “Austrian” explanation</p> <p>Gabriel Mursa and Mihaela Ifrim Alexandru Ioan Cuza University of Iași Hayek Institute Romania Romania</p> |
| 15:20 - 15:40 | <p>Calculation of private product according to Rothbard’s approach</p> <p>Olga Peniaz - Catholic University of the West France</p> |
| Commission II Veranstaltungssaal (Groundfloor) | <p>Chair: Anders Ydstedt (Svensk Tidskrift)</p> |
| 14:00 - 14:20 | <p>Freedom in and from the West</p> <p>Georgiana Constantin-Parke - Liberty University Romania</p> |
| 14:20 - 14:40 | <p>Communication, propaganda, and freedom</p> <p>Leonardo Facco - Movimento Libertario Italy</p> |
| 14:40 - 15:00 | <p>Helping to keep the politicians honest: The local press as the fourth and one-half estate</p> <p>Giampaolo Garzarelli Sapienza - Università di Roma & IPEG, SEBS, Wits, Johannesburg Italy</p> |
| 15:00 - 15:20 | <p>The Mengerian roots of Hayek’s conservative liberalism</p> <p>Hannes H. Gissurarson - University of Iceland Iceland</p> |



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| <p>15:20 - 15:40</p> | <p>The future of the European Union seen from the perspective of the Austrian School of Economics Karl Socher University of Innsbruck Austria</p> |
| <p>Commission III Seminarraum (1st Floor)</p> | <p>Chair: Silvia Aleman Menduinna (Universidad Católica Boliviana)</p> |
| <p>14:00 - 14:20</p> | <p>Library science: A perspective from the sciences of Human Action and its interactions with Catallactics David Chávez Salazar - Revista Estudios Libertarios Marlene Salazar Ramos - CGA - Servicio Nacional de Aprendizaje Colombia</p> |
| <p>14:20 - 14:40</p> | <p>Economic Society in Kraków as Polish prewar pro-liberty think tank Marcin Chmielowski - ASBIRO Academy Poland</p> |
| <p>14:40 - 15:00</p> | <p>The Austrian School of Economics versus mainstream economic historians: The Methodenstreit (1871-1886) Facundo Gustavo Corvalán - Universidad Nacional de San Luis Argentina</p> |
| <p>15:00 - 15:20</p> | <p>Austrian Economics as a paradigm of golden mean thinking Jakub Bożydar Wiśniewski - University of Wrocław Mises Institute of Economic Education Poland</p> |



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| 15:20 - 15:40 | Paving the road to serfdom: The epistemology of elitist utopianism in contemporary social science Marc Orlitzky - University of Warsaw Poland |
| 15:40 - 16:30 | Coffee Break |
| 16:30 - 17:30 Kassensaal (1st Floor) | Special Event Free Market Road Show A Transatlantic view on economics, finance, and governance Moderator: Barbara Kolm (Austrian Economics Center / OeNB) Speakers: Rolf von Hohenhau (Taxpayers Association of Europe) Daniel Kaddik (European Liberal Forum) Franz Wenzel (AXA) |
| | Chair: Barbara Kolm (Austrian Economics Center / OeNB) |
| 17:30 - 18:15 Kassensaal (1st Floor) | Keynote Speech in Honor of Franz E. Kühnel Geopolitics, economic freedom and economic performance Erich Weede - University of Bonn Germany |

Thursday November 14th

Conference

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| 08:30 - 09:00 | Registration, Coffee and Networking |
| Commission I Kassensaal (1st Floor) | Chair: Agnieszka Plonka (Mises Institute of Economic Education PL) |



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| 09:00 - 09:20 | <p>The fiat money illusion: on the cost-efficiency of modern central banking</p> <p>Karl-Friedrich Israel Leipzig University Institute for Economic Policy Germany</p> |
| 09:20 - 09:40 | <p>The logic of the reform contained in the “Dual Track System”</p> <p>Zhu Haijiu - Gongshang University China</p> |
| 09:40 - 10:00 | <p>The Austrian School of Economics in Spain: from dictatorship to democracy</p> <p>Carlos Puente - Former Official of the European Commission Spain</p> |
| 10:00 - 10:20 | <p>Why Bitcoin is paleo – Money as a memory</p> <p>Juraj Karpis - INESS Slovakia</p> |
| 10:20 - 10:40 | <p>The Road to Serfdom is paved with the Universal Income</p> <p>Antony Sammeroff - Scottish Liberty Podcast Scotland</p> |
| Commission II Veranstaltungssaal (Groundfloor) | <p>Chair: Anca Elena Lungu (Alexandru Ioan Cuza University of Iași)</p> |
| 09:00 - 09:20 | <p>Should we be afraid of zombies? Monetary policy and resource allocation</p> <p>Arkadiusz Sieroń - Mises Institute of Economic Education Poland</p> |



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| 09:20 - 09:40 | <p>Roger Myerson’s mechanism design and his view of Hayek: A reinterpretation of moral hazard and adverse selection</p> <p>Christoph Klein - Universidad Rey Juan Carlos Spain</p> |
| 09:40 - 10:00 | <p>An alternative view on saving and investment from an Austrian economics perspective</p> <p>Youliy Ninov - Independent Scholar Germany</p> |
| 10:00 - 10:20 | <p>From Boehm-Bawerk’s “Positive Theory” to Schumpeterian dynamics</p> <p>J. Hanns Pichler – WU - Vienna University of Economics and Business Austria</p> |
| 10:20 - 10:40 | <p>Resolving the St Petersburg Paradox – a triumph for Austrian Economics</p> <p>Robert W. Vivian - University of the Witwatersrand South Africa</p> |
| Commission III Seminarraum (1st Floor) | <p>Chair: Facundo Corvalan (Universidad Nacional de San Luis)</p> |
| 09:00 - 09:20 | <p>Adoption policy in Guatemala. When the effects become causes</p> <p>Eduardo Fernández Luiña - Instituto Juan de Mariana / UFM Spain</p> |
| 09:20 - 09:40 | <p>Even virtue has a need of limits</p> <p>Scott Nelson - Austrian Economics Center Canada</p> |



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| 09:40 - 10:00 | The natural market, of the natural order, in contraposition with the “free” market Alejandro A. Tagliavini - The Independent Institute United States |
| 10:00 - 10:20 | The principle of the universal destination of goods and the right to private property Jacek Gniadek SVD - Society of the Divine Word Poland |
| 10:20 - 10:40 | Mind with a purpose: a humanistic conversation between psychology and some postulates of the Austrian School of Economics Silvia Aleman Menguina - Universidad Catolica Boliviana Bolivia |
| 10:40 - 11:30 | Coffee Break |
| 11:30 - 12:30 Kassensaal (1st Floor) | Live Recording of Podcast, by Tom Woods and Robert Murphy |
| 12:30 - 13:30 | Lunch |
| Commission I Kassensaal (1st Floor) | Chair: Otto Lehto (King’s College London) |
| 13:30 - 13:50 | A redefinition of entrepreneurship function concept Leonardo Ravier - Universidad Rey Juan Carlos Spain |
| 13:50 - 14:10 | In gold we trust – Risks and opportunities in financial markets from an Austrian point of view? Ronald-Peter Stöferle - Incrementum Liechtenstein |



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| 14:10 - 14:30 | Mengerian foundations and the Austrian Business Cycle Theory András Tóth - MTA TK Hungary |
| 14:30 - 14:50 | A unique methodology using the principles of the Austrian School of Economics applied toward investing and trading Richard Bonugli - Cedargold Pte. Ltd. Canada |
| Commission II Veranstaltungssaal (Groundfloor) | Chair: Horacio Arana (Universidad Abierta Iberoamericana) |
| 13:30 - 13:50 | The breach of the Rule of Law to save the monetary illusion Thomas Bachheimer - Bachheimer.com Austria |
| 13:50 - 14:10 | Fractional reserve banking unmasked Luis Enrique Ponce Goyochea - SBS Swiss Business School Argentina |
| 14:10 - 14:30 | The Hayek MV-Rule Pavel Potuzak - University of Economics, Prague Czech Republic |
| 14:30 - 14:50 | Israel Kirzner on dynamic efficiency and economic development Victor I. Espinosa - Universidad Rey Juan Carlos Spain |
| Commission III Seminarraum (1st Floor) | Chair: Alessandro Fusillo (Movimento Libertario) |



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| 13:30 - 13:50 | A contemporary analysis on Ludwig von Mises and his contribution to the development of modern liberal theory Artenis Peka - University of New York Tirana Albania |
| 13:50 - 14:10 | Carl Menger and his theoretical foundations to Austrian Economics Stanislaw Rzepka - Mises Institute of Economic Education (PL) Poland |
| 14:10 - 14:30 | Baumol-Tobin: an Austrian perspective Carlos Alberto Salguero, María Bernarda Salguero Universidad Nacional del Noroeste de Buenos Aires Argentina |
| 14:30 - 14:50 | Valuation of financial assets: the total demand approach Vytautas Žukauskas - Angers University, LFMI Lithuania |
| 14:50 - 15:00 | Break |
| Kassensaal (1st Floor) | Chair: Adrián Ravier (ESEADE) |
| 15:00 - 15:45 | Keynote Speech in Honor of Anthony de Jasay Rediscovering Don Lavoie to fight today's calls for industrial policy Veronique de Rugy - Mercatus Center France |
| 15:45 - 16:00 | Closing Remarks |



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ABSTRACTS

KEYNOTE SPEAKERS

The Continuing Importance of Misesian Economics

Robert Murphy | Mises Institute

Economists respect the early Austrian School for Menger's pioneering work in subjective value theory and Bohm-Bawerk's seminal contributions to capital & interest theory. The work of Ludwig von Mises is less appreciated, but has continued importance to this day. Mises' work on money & banking, as well as his circulation credit theory of the business cycle, are still the best starting point to understanding today's economy. The Misesian framework explains inverted yield curves much better than the Keynesians, and his notions of market process and equilibration are much more suitable for financial markets than the neoclassical general equilibrium.

Rediscovering Don Lavoie to fight today's calls for industrial policy

Veronique de Rugy | Mercatus Center

There is no better time for the world to rediscover the work of Don Lavoie—one of the most informed and insightful of modern economists on the socialist calculation debate. His contribution to the current moment were actually published in the 80s in the form of two books. The first one is *Rivalry and Central Planning: The Socialist Calculation Debate Revisited*, published by Cambridge University Press. Lavoie's other important book, and arguably the most important one during this troubling times, is *National Economic Planning: What Is Left?* It was written and first published by the Cato Institute in 1985, before being reprinted in 2016 by the Mercatus Center. Remarkably, both books were published in 1985, a year in which communism still had a stranglehold on Eastern Europe and Russia. As Lavoie's student — and now himself a professor of economics at GMU — Peter Boettke described this double publication: "It was like a one two punch, there wasn't a delay, it was like a Mike Tyson combination." Part of the power of the dual publication of these books is that it occurred just in time to explain, in full and understandable language, what intellectuals were finally beginning to notice — namely, why the socialist dream had everywhere become a nightmare.



Geopolitics, economic freedom and economic performance

Erich Weede | University of Bonn

Geopolitics and economics overlap in studying the rise and decline of nations. One influential explanation of the rise of Europe and the West, of them overcoming mass poverty before other civilizations, contrasts the geopolitical fragmentation of Europe with civilizations unified under repressive rule elsewhere, and explains the rise of the West by its greater degree of economic freedom than elsewhere. Economic freedom, or capitalism, implies 'creative destruction'. After World War II, the dominant economy promoted economic freedom globally and thereby granted advantages of backwardness to less fortunate peoples. This resulted in a series of economic miracles, first in the losers of the world war, West Germany and Japan, then in the four small East Asian tiger economies, since 1979 in China and other Asian nations. Although the global expansion of economic freedom lifted at least one billion people out of abject poverty during the last four decades, most of them Asians, the same process undermined American economic dominance. Using purchase power parity data, the Chinese economy is already bigger than the American one and might become twice as big in about two decades. As China is aging rapidly, and as its highly centralized economy is more vulnerable to policy mistakes than capitalist economies with more dispersed decision-making, China's economic prospects remain uncertain. But the imminent power transition between America and China implies an increased risk of war. In recent decades, economic ties between China and America promoted a 'capitalist peace' which is undermined by an atmosphere of rising protectionism. If a trade war between China and America ends the era of globalization, then the outlook becomes: less economic freedom, less prosperity, less political stability and higher risks of war.

SPEAKERS

The Role of Non-Democratic Institutions in a Democracy according to Montesquieu, Tocqueville, Acton, Popper and Hayek applied to the EU

Jitte Akkermans | KU Leuven

Montesquieu, Tocqueville, Acton, Popper and Hayek all believed that institutions, which do not reflect the majority opinion (hereafter: non-democratic institutions), have an important role to play in a democracy. Those non-democratic institutions can introduce the strengths of undemocratic forms of government into a democratic state and provide the internal checks and balances that underpin a moderate state. This paper applies their insights to the European Union.

Mind with a purpose: a humanistic conversation between Psychology and some postulates of the Austrian School of Economics

Silvia Aleman Menduinna | Universidad Catolica Boliviana

The postulates of psychology and the Austrian School of Economics are very close. In this article only approximations have been made around: the processes and mechanisms of human behavior linked to human action; human action and uncertainty; systems for the exchange of actions, products and services; price systems. There is still work to be done on this. This article aims to outline a humanistic conversation between Psychology and some postulates of the Austrian School of Economics.



What is wrong with Sustainable Development Goals?

Horacio Miguel Arana | Universidad Abierta Interamericana (Argentina)

This work analyses the results reported by the United Nations on the achievements achieved so far in Sustainable Development Goals. This is based on the 17 objectives set out in 2015 and the 2019 report and analyzed from the perspective of the Austrian School of Economics to explain the reasons why further progress is not made.

The breach of the Rule of Law to save the monetary illusion

Thomas Bachheimer | Bachheimer.com

Already since Aristotle prevails in many societies the opinion that not individuals should rule over societies but the law. Emperor Ferdinand I was probably the most subject to the Rule of Law when he stated: Fiat iustitia, pereat mundus.

Of course, no law-costum is perfectly attuned to the challenges of everyday life - too many unpredictable things happen. And then, when extremes happen, a ruler must intervene and operate outside the Rule of Law. It is precisely these decisions that make the difference between good and bad rulers.

In recent decades, however, a bad habit has emerged as "rulers" are acting too much outside the Rule of Law. It seems, we live in a permanent state of emergency. Especially in decisions concerning our troubled monetary system, the rulers like to move outside the legal framework. In his lecture, Thomas Bachheimer examines if and when the representatives of modern democracies have broken law in order to save the monetary system (illusion) at the expense of the ruled.

A Unique Methodology using the Principles of the Austrian School of Economics Applied Toward Investing and Trading

Richard Bonugli | Cedargold Pte. Ltd.

We provide a unique methodology to using the Principles of the Austrian School of Economics toward investing and trading in the financial markets. This methodology can be applied to the equity markets in any geography, sector, market capitalization or country. The methodology is based upon 7 quantitative smart-beta factors and 7 qualitative smart-beta factors, each with studies indicating positive outperformance to industry benchmarks. These 14 factors together combine for a powerful approach to outperformance. We believe this methodology is applicable to address the key challenges to investing and trading in today's challenging environment. The results generally confirm our views.

The intellectual partnership of Hayek and Popper

Rafe Champion | Independent scholar

Economists and classical liberals are paying more attention to the institutional and cultural framework of society to expand the "hourglass" of economics that contracted in the twentieth century with the influence of positivism in the philosophy of science and the turn to mathematics. Pete Boettke's recent book charts Hayek's journey from technical economics to engage with the deeper currents of thought that sustained the mathematical and Keynesian turns. Karl Popper was a partner with Hayek in that project to counter scientism and the abuse of reason and to advance the institutional analysis of science and society.



Library Science: A Perspective from the Sciences of Human Action and its Interactions with Catallactics

David Chávez Salazar | Revista Estudios Libertarios

Marlene Salazar Ramos | CGA - Servicio Nacional de Aprendizaje

The purpose of this article is to generate an interdisciplinary dialogue between the Library Science and the Misesian tradition. First, an epistemological analysis is performed in which Library Science is considered as a new field of the Sciences of the Human Action due to its unique epistemic characteristics.

In the second section, interaction with catallactics is analyzed. It was found that the library services operate under an inefficient command economy model. Then, some free-market alternatives are considered. Finally, some possible research topics that may contribute to the strengthening of ties between Library Science and the Misesian paradigm are mentioned.

Economic Society in Kraków as Polish prewar pro-liberty think tank

Marcin Chmielowski | ASBIRO Academy

Economic Association in Krakow as Polish prewar pro-liberty think tank

The aim of this paper is to show Economic Association in Krakow as an intellectual environment debating on current economical theories – with the significant role of papers and books proposed by the Austrian School of Economics. Founded in 1921 and existing till 1939 association had an aim of “supporting any endeavor determined to improve the productivity of the nation on the basis of free market ideas, nurturing the teachings of entrepreneurship in all its branches”. We can show important parallels between them and Viennese students of civilization gathered around Ludwig von Mises and other Austrian economists.

Freedom in and from the West

Georgiana Constantin-Parke | Liberty University

The paper examines the ideas of freedom and progress within non- Western societies and how the process of modernization relates to the import of concepts, practices and institutions from the Occident. Using as a case study Romania, and starting with the presentation of two important theories (‘forms without substance’ and synchronism) the article takes the reader on a brief yet meaningful journey through questions relating to freedom as it relates to both the Western influence and independent development. In the end, the paper looks at how liberty can be obtained both through and alongside the Occident.

The Austrian School of Economics versus mainstream economic historians: The Methodenstreit (1871-1886)

Facundo Gustavo Corvalán | Universidad Nacional de San Luis

At the end of the 19th century, in the context of the academic and political divergences between Berlin and Vienna, the first manifestation of the difficult scientific coexistence in history and economy was visible: the Methodenstreit. This process arose in principle as a conflict for the study of social sciences. The present paper tries to reflect the conduits of the methodological process as a dichotomous construction between the German mainstream and the Austrians as dissidence movement.



Israel Kirzner on Dynamic Efficiency and Economic Development

Victor I. Espinosa | Universidad Rey Juan Carlos (Spain)

This article explores the notion of the dynamic efficiency proposed by Israel Kirzner. This address focuses on the role of entrepreneurship in the coordinating tendency of the market process. It is argued here that dynamic efficiency is the forgotten piece in Kirzner's theory of entrepreneurship, which cannot be excluded without impairing his hypothesis of development economics as a dynamic process of plan coordination. Its relevance holds that Kirzner's dynamic efficiency thinking may reshape development economics. Thus, Kirzner's criticism of the static concept of efficiency that governs mainstream development economics is spelled out first. The central propositions of its claims on dynamic efficiency, then, are identified to elucidate the creative essence of entrepreneurship and its effects on the market. These ideas help to recognize the relationship between Kirzner's insights on entrepreneurial efficiency and economic progress in order to clarify some policy dilemmas. Finally, contemporary researches on dynamic efficiency are analyzed, especially the impact of psychology, culture, and ethics in economic development.

Communication, propaganda, and freedom

Leonardo Facco | Movimento Libertario

Freedom and communication are two sides of the same coin.

Language, to be clear, is the most important system of human communication, it is the main form of symbolic mediation that is realized through the construction of articulated figures and is useful to convey the meaning of one's thought. Language, as scholars explain, is a tool with which we build and legitimize the reality that surrounds us and, above all, is the first source of socialization.

In modern societies, technological innovation enriched language over time and the mass media become protagonist. For, whereas they expanded the possibilities of communication, they also made previously unknown propaganda tools available to authorities.

Adoption policy in Guatemala. When the effects become causes.

Pat Lynch and Eduardo Fernández Luiña | Universidad Francisco Marroquín

The analysis of public policies results from a competitive and cooperative process in which some win and others lose. Politics is a process (not a structure as many believe) that generates "strange bedfellows" (Yandle and Smith 2014). This leads to a coalition (a strategic or spontaneous association) between a "baptist" group and a group of "smugglers". The adoption policy implemented in Guatemala is the result of a political movement by international and national bureaucrats for the defense of children's rights. This article observes that defending the rights of children, it has been possible to reduce in an unusual way the number of adoptions and limit the structure of opportunities for young people living in poverty in Guatemala.

Healthcare and the Failure of Market Failure

Marc Fouradoulas | Independent Scholar

The paper addresses the concept of "market failure" in health economic theory and its significance as an economic rationale for socialized medicine. The peculiarities of the healthcare sector and healthcare services are outlined, followed by an explanation of market failure theory. A close look at its specific assumptions identifies areas of thinking errors. Furthermore, the significance of the medical establishment ("organized medicine") as a guild-like structure is taken into account as it interferes with the concept of market failure. In conclusion, the question of marketability of healthcare services is discussed and reframed separate from the structure of organized medicine.



Law and Praxeology

Alessandro Fusillo | Independent Scholar

Law is a verbal action that regulates social interaction. Law is a function of language. Language is an act of legislation that establishes rules regarding communication. Rational self-consciousness is the act of homesteading one's body that entails self-ownership and non-aggression. A legal system based on self-ownership requires laws that protect life and property. The production of such laws should be left to the market and not to monopolists like governments. Present legal systems allow violations of the non-aggression-principle for the privileged. Laws hijacked by sociopaths disrupt society as fiat money disrupts the economy.

Helping to keep the politicians honest: The local press as the fourth and one-half estate

Giampaolo Garzarelli | Sapienza - Università di Roma & IPEG, SEBS, Wits, Johannesburg, South Africa

Does the local press help to fill gaps in voters' political knowledge, which, in turn, reflects on political accountability through improved electoral turnout? We tackle this question through Dynamic Panel Data analysis with Two-step System Instrumental Variables (DPD-TSIV) estimators. Data are from a unique dataset that collects detailed national and local newspaper, politico-institutional and socio-economic information in Italy during 1980-2007. The basic results are that (i) local newspaper readership affects both national and local turnout and (ii) local and national newspaper competition positively influences turnout and improves political accountability. In short, there seems to be a fourth and one-half estate.

Free Private Cities - There is an Alternative

Titus Gebel | Free Private Cities

Imagine a private company offers you the basic services of a state, i.e. protection of life, liberty and property in a defined territory. You pay a certain amount for those services per year. Your respective rights and duties are laid down in a written agreement between you and the provider. For everything else, you do what you want. Thus, you are a contracting party on an equal footing with a secured legal position, instead of subject to the government's or majority's ever-changing will. And you only become a part of it if you like the offer.

The Mengerian Roots of Hayek's Conservative Liberalism

Hannes H. Gissurarson | University of Iceland

Hayek's political position can be characterised as conservative liberalism: conservative in its respect of tradition and awareness of the limitations of individual reason; liberal in its acceptance, indeed celebration, of a concrete historical reality, the progressive civilisation of the West, built upon liberty under the law. The theoretical case for this position is provided by Hayek and Menger, relying on the insights of Austrian economics, especially about spontaneous coordination, not only in the marketplace but also in the whole of society, enabling individuals to utilise much more knowledge than each of them possesses and to create new knowledge.

The principle of the universal destination of goods and the right to private property

Jacek Gniadek SVD | Society of the Divine Word

According to Ludwig von Mises without the right to private property rational calculation is impossible and without economic calculation there can be no economy. Every individual has a freedom of



action in the sphere of private property and his choices should not be limited by government. The Church teaches that the universal right to use the goods of the earth is based on the principle of the universal destination of goods, but it does not mean that the property rights should be violated by government. The private property is integrally related to a given person and is the will of God if the acquisition of these rights is in accordance with the Ten Commandments.

The fiat money illusion: on the cost-efficiency of modern central banking

Karl-Friedrich Israel | Leipzig University | Institute for Economic Policy

There are at least two types of arguments for unbacked fiat money. One type elaborates on the alleged benefits of a flexible money stock that can be expanded for whatever reason deemed necessary, be it social, economic, or political. The other, more traditional argument is much more mundane. It stresses the potential benefits of an unbacked fiat money in terms of its production costs. While there is an undeniable grain of truth in the traditional cost-saving argument, actual fiat money regimes around the world are belying it. The Eurosystem, the Bank of England, the Bank of Japan and the Federal Reserve System all operate under relatively high costs. In fact, their operating expenses exceed the estimated costs of a generic fractional-reserve gold standard. Yet, even when the reserve ratio of the estimated gold standard is increased up to 100%, the operating expenses of these modern central bank systems remain in a similar range. Hence, the cost-saving argument is illusory in these cases. These results suggest that a return to a money that is at least partially backed by gold might be more efficient from the vantage point of the production costs of money. The Eurosystem and the Bank of Japan are particularly expensive institutions. Their annual operating expenses as a fraction of nominal GDP are more than five times as high as those of the Federal Reserve System and the Bank of England.

Why Bitcoin is Paleo - Money as a Memory

Juraj Karpis | INESS

If money is viewed as an external memory of the society, Bitcoin is just another technology which carries this database. Monopoly, fiat money is from historical perspective particularly unstable and insecure database. Frequent interventions into money production redistribute wealth away from value producers, decrease the informational value of prices and lead to dis-coordination and malinvestments. Bitcoin creator's hope was to reprivatize and decentralize the money memory. Make it more secure, increase the signal/noise ratio in the economy. Dethroning of current fiat standard is a difficult task - one has to take over the unit of account money function. Therefore only a cryptocurrency that is truly anonymous (counterparty and third party anonymity), decentralized and pegged to fiat has a chance to successfully compete with fiat in this intermediate phase.

Roger Myerson's Mechanism Design and His View of Hayek: A Reinterpretation of Moral Hazard and Adverse Selection

Christoph Klein | Universidad Rey Juan Carlos

In his 2007 Nobel Prize lecture, R. B. Myerson claims that the conceptual tools of mechanism design, or more generally the study of incentive constraints, allow researchers to "analyze questions about efficient institutions that were beyond the analytical reach of economic theory in Hayek's day." I will first elaborate the basis on which mechanism design views—and purports to solve—the supposed problems of moral hazard and adverse selection. Based on Hayekian "informal intuitive arguments," which, according to Myerson, "tended to get lost in his [Hayek's] analysis as they could



not be expressed formally in the economic models of the time," I will show the incentive compatibility of exchange processes in competitive markets.

Duration as a risk measure in capital budgeting in the context of ABCT

Joanna Kruk | Cracow University of Economics and Jagiellonian University

This paper expands Fuller's (2013) analysis of the net present value and interest rate changes in the context of the Austrian Business Cycle Theory. During the boom phase of the business cycle the economy shifts to a more risky position as the result of entrepreneurs' profit targeting. To quantify this risk the duration, defined as the number of periods which elapse before the average present value dollar is received from a stream of cash flows, can be used. The new risk-adjusted net present value is created after applying the duration to capital asset pricing model.

The Practical Feasibility of a Hayekian-Buchananite Universal Basic Income (UBI) Scheme

Otto Lehto | King's College London

Schemes similar to Universal Basic Income (UBI) have been advanced by some libertarian authors, including, but not limited to, Friedrich A. Hayek and James M. Buchanan. I will argue that a constitutionally constrained UBI is theoretically compatible with Hayek's and Buchanan's broader "Austrian" visions of political economy. A Hayekian-Buchananite welfare state can only be justified if placed within a strict constitutional setting that facilitates the spontaneous order of complex adaptation while simultaneously restricting predatory government power. In my paper, I explore the institutional feasibility (or lack thereof) of such a Hayekian-Buchananite redistributive scheme.

Entrepreneurship Under Socialism - The Case of Former Soviet Economies

Anca Elena Lungu and Gabriel Claudiu Mursa

Alexandru Ioan Cuza University of Iași | Hayek Institute Romania

The entrepreneurial activity is inherent to human action. This is an always valid axiom, in any kind of social order. In the totalitarian societies, the scarce resources are allocated by coercion, and not by spontaneous coordination, guided by personal interest between individuals. This situation generates deep distortions between the consumers' preferences and the products offered by the governmental agencies. Nevertheless, in the centrally planned systems, the coercion used by the authorities cannot completely stop the human action and its entrepreneurial dimension. The profit opportunities, generated by the discovery of these distortions, will determine the individual to assume the risk and the uncertainty generated by the spontaneous emergence of informal and illegal markets. The main purpose of this article is to demonstrate that entrepreneurship, even strictly restricted, is present in a centrally planned economy and it partially eliminates the huge discrepancies originated by the official, formal sector of economy.

Economic Liberalism and praxis

Dario Monasterio | Instituto de Ciencia, Economía, Educación y Salud, Bolivia

Ludwig von Mises said: "the issue is always the same: the government or the market. There is no third solution." Undoubtedly, the market is the best that allocates resources in conditions where there is a certain level of competition. But what happens when there are asymmetries of information between some agents and others, when there are monopolies, natural monopolies, oligopolies,



duopolies, collusion? Or when the “optimal” quantities offered by the market are less than the minimum quantities required by society, as is in some cases in education, health and water?

Assistance, Human Dignity and Economy.

Maria de Lourdes Moutin | Universidad Católica Argentina

Public financial assistance touches different aspects of the economy. In this aspect, Austrian economic authors show us how this assistance harm not only the economy but human dignity too. While Ludwig Von Mises bequeath us in “Human Action” how useless becomes the welfare state and it help, Hayek explains that the financial public help, takes society into a contemporary way of slavery. On the other hand, private initiative solves poverty through the wealth creation and there are some NGOs which devote their tasks to teach economy to the less privileged people and provide some groups with entrepreneurial skills. That genuine work brings awesome results, without hurting economy or human being dignity.

The Mississippi Bubble (1719-1720). An “Austrian” Explanation

Gabriel Mursa and Mihaela Ifrim | Alexandru Ioan Cuza University of Iași | Hayek Institute Romania

The so-called Mississippi system was one of the largest social experiments known in history. Although it was intended to be a way to create wealth, to reduce unemployment and to pay off the debts of the French government, the economic policies followed by the French government during 1716-1720 failed, because of the erroneous theories on which they were based. The Austrian business cycle theory explains very well that an excessive increase in the quantity of money, the fundamental element of the Mississippi scheme, creates an illusory short-term boom and a long-term depression. In addition, the economic events of the Mississippi system demonstrate that the massive state intervention in the economic system inevitably leads to disaster.

Even virtue has a need of limits

Scott Nelson | Independent Scholar

Classical liberalism today is besieged by both Left and Right, who turn increasingly to state solutions. This has partly been the fault of classical liberals themselves, who, at their worst, relentlessly attack the state and emphasize only the material benefits of their philosophy. To avoid being pegged as heartless individualists, classical liberals should take up once again the language of compassion, charity, and the classical virtues. With so much outrage and pessimism in contemporary political discourse, they can recover the sense of moderation typical of Montesquieu. Finally, classical liberals can reclaim the language of optimism and individual agency.

An Alternative View on Saving and Investment From an Austrian Economics Perspective

Youliy Ninov | Independent Scholar

The contemporary Austrian economics views about saving and investment are derived from a basic Robinson Crusoe type of economy, what leads to an oversimplification. In a monetary, capitalistic economy the process of saving does not require that consumption goods be accumulated in advance or continuously produced in order for investment to take place. We also show that any economy possesses an amount of free capital which is self-sustaining and can be used exclusively for capital substitution and investment, thus avoiding the necessity for constant saving on the part of the economic agents. Secular economic growth becomes possible without net saving.



Paving the road to serfdom: The epistemology of elitist utopianism in contemporary social science

Marc Orlitzky | Independent researcher

Within the social sciences, the normative quest of a better world is booming. The root causes of this remarkable utopian impulse—sometimes implicit, at other times explicit—lie not only in social scientists' political proclivities; rather, the epistemic root cause is the Standard Social Science Model, in combination with the pragmatist renunciation of "Hume's Guillotine." One contemporary field of inquiry in which the problem manifests particularly strongly is corporate social responsibility (CSR). Greater awareness of liberty-eroding research agendas as well as a re-commitment to libertarian principles may create an effective bulwark against this currently so fashionable elitist utopianism.

A Contemporary Analysis on Ludwig von Mises and his contribution to the development of modern liberal theory

Artenis Peka | University of New York Tirana

The aim of this paper is to analyze the workings of one of the most prolific representatives of the Liberal philosophic tradition, Ludwig von Mises. The impact his ideas had and continue to have in the present day of age are visible in every aspect of the modern day development of liberal school of thought as well as its economic *raison d'être*. The paper is structured in three sections discussing three notable contributions of Ludwig von Mises in three key areas of liberal thought, concretely in section one I discuss the Missian view on Freedom and the Institute of Private ownership, followed by a detailed discussion on the economics and the critique of socialism and the fundamental aspect of Mises's disagreement with this line of thought, concluded by a discussion of some of the summary findings in his highly acclaimed writings on government efficiency and bureaucracy.

Calculation of private product according to Rothbard's approach

Olga Peniaz | Catholic University of the West

The Gross Domestic Product is the most commonly used indicator for economic growth and fluctuations in the world. At the same time, criticisms of the GDP measure are numerous and constructive. Rothbard (1963) proposed an alternative measure of production - private product. In this paper Rothbard's method of calculation of the private product will be analyzed. Applying Rothbard's method to the French macroeconomic data, the private product is evaluated during the last crisis in France and then the results are discussed.

From Boehm-Bawerk's "Positive Theory" to Schumpeterian dynamics

J. Hanns Pichler | Vienna University of Economics and Business

Boehm-Bawerk's famous "Positive Theory of Capital" (1889, engl. 1891) – resembling a center piece of Austrian School capital theory – at the time was meant as a provocatively „capitalist“ answer to Marx' negative interpretation (1867) of the capitalist process; arguing thereby that capitalism in its mature stage, with marginal cost of every unit of capital added tending towards zero, becomes "classless" as well out of its own forces, quite independent of Histomat dialectics. While such typically neoclassical theorizing remains essentially static, Schumpeter – being familiar with both Marx and his Austrian peers – extended this reasoning in his seminal "Theory of Economic Development" (1912, engl. 1934) into a dynamic interpretation of the economic process as (non static) continuous change by way of shrewdly formulating a kind of - non-Marxist–capitalist dialectics driving the system "from within".



An assault on the individual: a preliminary comparative study between the psychology of a socialist state and narcissistic abuse

Agnieszka Plonka | Mises Institute Poland

We present a preliminary qualitative comparison between the manipulation techniques of a person with clinical Narcissistic Personality Disorder and those of a socialist state, as reported by survivors. We refer to the methods of intimidation in the Eastern Bloc and compare them with what is currently known about narcissism.

We state that the use of the defense mechanisms recommended by psychologists specializing in personality disorders can be expanded into our defense against propaganda. We also point out the importance of stating that socialism is emotionally abusive, and hope such comparisons can improve communication and advocacy for liberty.

Fractional Reserve Banking Unmasked

Luis Enrique Ponce Goyochea | SBS Swiss Business School

Building up on the debate of fractional versus 100 percent reserve banking, there arises the key role of maturity mismatching as the underlying cause of unsustainable booms leading to subsequent busts, within the classical framework of Austrian Business Cycle Theory (ABCT).

Therefore, fractional reserve banking emerges as the underlying inflationary driver of unsustainable bank credit expansions in the first place. Behind the veils of such a banking system, an inherent accounting insolvency is bound to be unmasked, once actual time preferences become evident at the onset of the inevitable bust.

The Hayek MV-Rule

Pavel Potuzak | University of Economics, Prague

This paper examines the Hayek rule of constant MV. Shifts in AD caused by IS and LM shocks test robustness of the MV-rule along with the AS-shocks. In the economy with expanding natural output, the MV-rule is passive under specific circumstances. Secular deflation provoked by this rule may depress the nominal interest rate to zero. A close resemblance to the Friedman rule of the optimum quantity of money is studied. It is shown that the Hayek rule is less deflationary compared to the Friedman rule if the economy is dynamically efficient. The two rules coincide at the golden rule.

The Austrian School of Economics in Spain: from dictatorship to democracy

Carlos Puente | Former Official of the European Commission

The paper is a synthesis of the trend of studies of Economics of the Austrian School since the foundation of the first Faculty of Economic Sciences in Spain during the dictatorship until the arrival of democracy. The role of some professors in the Law Faculties that were the embryo of liberalism and the teaching of the liberal economy since the last period of the dictatorship are underlined. Friedrich A. von Hayek's visit to Spain in 1949 and other economists who had a great influence on the formation of Spanish liberal economists and the challenges coming from modern populism are treated.

Blockchain - The New Intellectual Battleground Within Economics

Max Rangeley | The Cobden Centre | The Ludwig von Mises Institute (Europe)

Blockchain technology has been hailed as a technology that could transform large sectors of the economy. The key tenets of the Austrian School will be complemented by blockchain as it allows for



private digital currencies and decentralised trading networks free from the control of authorities. Several Austrian School economists, including Hayek, have written about the benefits of private, competing currencies. Orthodox economics will struggle intellectually to model the consequences as it is axiomatic for much of their macroeconomics that central banks can stimulate the economy through the money supply. For the Austrian School, reducing the monetary policy tools of central bankers - a consequence of widely used blockchain currencies - will bring benefits to the economy.

Dynamic monetary theory and the Phillip's curve with a Positive slope

Adrián O. Ravier | ESEADE

Don Bellante and Roger W. Garrison (1988) compared two alternative explanations of monetary dynamics: those based on a vertical long-run Phillips curve and those derived from analysis of Hayekian triangles. The authors concluded that the only factor differentiating the two models is the "process" whereby the initial cause is converted into the final "neutral" effect. This article refutes that conclusion. To do so, it suffices to demonstrate that the long-term effect of monetary policy is never neutral. While it is true that after the boom and bust the economy returns to the natural rate of unemployment, the crucial point is that the "natural rate" at the end of the cycle is quite different from the one evident at the start. This requires an "Austrian" Phillips curve with a positive slope.

A redefinition of entrepreneurship function concept

Leonardo Ravier | Universidad Rey Juan Carlos (Spain)

From Ludwig von Mises, through Murray Rothbard, Israel Kirzner and Jesús Huerta de Soto, the concept of entrepreneurial function has been evolving and improving to the point of requiring a redefinition that better responds to the current state of its meaning. In this work the concept of entrepreneurial function is presented as the use or exercise that human being makes of his capacity for creative and coordinating association and/or combination under general principles of law. And at the same time, a distinction is offered between it and the exercise of invasive or intervener function of creative and uncoordinating essence.

Carl Menger and his theoretical foundations to Austrian Economics

Stanislaw Rzepka | Mises Institute of Economic Education (PL)

The aim of the article is to assess Carl Menger's views in the light of the foundations of the theory of Austrian Economics, which he believes, create a theory that explains the functioning of the economic system. Based on his work, the main elements of the theory have been identified, i.e. the concept of an economic man, uncertainty, time and money in economic processes. In addition, it has been pointed out, what the influence Menger's findings had on the shaping of the Austrian School, for which the precursor and master is he considered.

Baumol-Tobin: an Austrian Perspective.

Carlos Alberto Salguero | Ma. Bernarda Salguero | Univ. Nacional del Noroeste de Bs As (UNNOBA)

The dominant research program that underpins social engineering is developed under the theoretical sieve of the Austrian School of Economics. For this, the origin of Austrian thought at the heart of the Baumol-Tobin money demand model is analyzed.

In the model addressed, an algebraic expression can be obtained for the real demand for money,



M^D/P , and results are generalized using a function F in its three key variables: real income, Q , the interest rate, i , and the broker's fee, b .

The interest rate that has been treated as an exclusive prerogative of the monetary authority and, as the orthodox theory adheres without exception, emanates from the central bank's decision: it is nothing other than temporal preference, a category inherent in all the human action.

The Road to Serfdom is paved with the Universal Income

Antony Sammeroff | Author and Podcaster

The Universal Basic Income Guarantee is being widely advocated as a cure-all for social and economic ills ranging from the abolition of poverty to the emancipation of women, and it has even been suggested that the UBI can "fight climate change". Rutger Bregman calls it "Utopia for Realists" - but how realistic, and indeed utopian, is the Universal Basic Income proposal?

In this paper I will argue that, far from creating a paradise on earth, liberating humanity from the drudgery of work to follow their greater aspirations, the UBI threatens a totalitarian dystopia where the state wields the purse strings of its citizens and browbeats them into compliance with fear of having their funds suspended.

Should We Be Afraid of Zombies? Monetary Policy and Resource Allocation

Arkadiusz Sieroń | Mises Institute of Economic Education (PL)

One of the crucial assumptions about monetary policy is that it is neutral – i.e., that in the long term an increase in money supply does not impact the real variables, only the nominal variables. The article shows that monetary policy can actually impact the volume and structure of production, as it entails resource-allocation effects. In particular, I focus on the zombification, which is an important side effect of the easy monetary policy, significantly inhibiting creative destruction, and slowing down the economic growth. I argue that resource misallocation due to the increase in the share of "zombie" firms in the aftermath of the financial crisis has been one of the reasons behind the recent productivity slowdown.

The Future of the European Union Seen from the Perspective of the Austrian School of Economics

Karl Socher | University of Innsbruck

The history of the European Union shows that the fundamental aim is peace and economic welfare. But the instruments for reaching these aims, "an ever closer union" leading to a centralisation of policy, has been criticized from the beginning by the Austrian School of Economics, because it reduces freedom and self-determination and creates tensions, not peace. The paper will show examples of the result of the wrong policies created crisis and proposes reforms in the sense of the Austrian School to avoid the crisis in the future, by more federalism and free markets.

Austrian investing: Investing between inflation and deflation – The practitioners view

Ronald-Peter Stöferle | Incrementum

Trust is the basic value of interpersonal cooperation and the cement of our social order. One prerequisite for this is a medium of exchange that enjoys general trust, because otherwise the exchange of goods and services becomes inefficient and costly. Money is thus nothing more than an abstract energy store. But in order for fairness of exchange to be maintained over time, money should be a



stable. When it comes to trust in money, our vote is clear. As monetary asset, gold can look back on a five-thousand-year history in which it was able to maintain its purchasing power. Gold is the universal reserve asset to which central banks, investors, and private individuals from every corner of the world return again and again.

The natural market, of the natural order, in contraposition with the “free” market

Alejandro A. Tagliavini | Center on Global Prosperity, The Independent Institute

The “economy” was not a science but was derived from moral: the study of human behavior - in the market – within the pre-existing natural order, until rationalism – as did to all other “sciences” - diverted the issue to a rational construction of an autonomous “science” for it was created by reason independently from pre-existing order. Such “independence” implies that it does not occur spontaneously since it does not respond to the nature of things and, therefore, must be coercively imposed. We will attempt to return to the origins to the natural market, i.e. the market of the natural order.

Mengerian foundations and the Austrian Business Cycle Theory

András Tóth | MTA TK

The paper discusses how the post-Mengerian development diverged into two conflicting concepts concerning the role of credit: one conceptualized by Schumpeter and one by Mises. In the paper, I argue that the reformation of ABCT based on the combination of the original Mengerian framework and the Misesian insights explains both the resilience and success of credit based monetary system, but also warns is that the real danger is the rise of omnipotent government on the back of credit expansion, which paves the road to serfdom.

Intellectual Dark Web – A Series of Footnotes to Hayek

Žiga Turk | University of Ljubljana / Federico Reho | Wilfried Martens Center for European Studies

Because human nature changes only very slowly a body of right-thinking about man, society and their evolution has been accumulated over time and is captured in traditional mores, institutions and teachings. Since Edmund Burke, the protection of this heritage of wisdom against the arrogant encroachment of modern Enlightened rationalism is the core mission of conservatism. Towards the end of his life, his studies on the price mechanism, the dispersal of knowledge, and spontaneous order brought Hayek to develop a theory of societal evolution that attempted to vindicate scientifically what Burke had enunciated doctrinally: the essential role of traditional morals and institutions in the maintaining and evolution of the extended order on which human prosperity and progress depend. Arguments and theories put forward since Hayek’s death by contemporary scientists and thinkers of the so-called Intellectual Dark Web are now coming close to offering a comprehensive rational - if not scientific - vindication of the worldview of Old Whigs. This vindication shows the assumptions about man and society of modern progressive thinking that have come to dominate contemporary discussion to be questionable and misguided and to lead to regressive results.

The modern investigations into the structure of production: a critique

Krzysztof Turowski | University of Gdansk

This paper criticizes the usage of the assumption of invariable money put forward in Reisman (1998) in present-day discussions about the structure of production. It is shown that typical changes of personal preferences in ERE violate this condition and therefore it cannot be used consistently in the analysis.



Building on this observation, we note that the arguments in the literature based on this particular assumption, showing the possibility of both the shortening of the structure of production and the fall of the rate of interest, are therefore non-conclusive.

Moreover, additional critical conclusions follow concerning the policy of stabilizing money spending flow.

Resolving the St Petersburg Paradox – a triumph for Austrian Economics

Robert W. Vivian | University of the Witwatersrand

Austrian economics favours ordinal utility over cardinal utility which was ushered in by Daniel Bernoulli as a solution to the St Petersburg Paradox. Since it appeared to provide a solution to what appears to be an insoluble problem, cardinal utilities place in economics became assured. Von Neumann and Morgenstern elevated Cardinal Utility to be part of mainstream economics. However, the St Petersburg game is presented as a game in isolation. Once presented as part of a competitive market spilled by profit maximising firms to utility maximising gamblers matters change. It is then clear not only that cardinal utility is unnecessary, but that it also produces the wrong answer. Resolving the St Petersburg paradox via the competitive market is a triumph for Austrian Economics.

Austrian Economics as a Paradigm of Golden Mean Thinking

Jakub Bożydar Wiśniewski | University of Wrocław | Mises Institute of Economic Education (PL)

The main contention of the present paper is that the tradition of the Austrian School is a paradigmatic example of the application of the Aristotelian golden mean to the realm of economic theorizing. Consequently, it argues that the Austrian tradition allows for uniquely clear and perceptive interpretation of the workings of the catallactic order and it is uniquely placed to develop economics as a methodologically and substantively distinct scholarly discipline, which does not have to borrow the tools or subject matter of any other field of inquiry.

An Austrian perspective on political traffic planning

Anders Ydstedt | Svensk Tidskrift

From Adam Smith we learned that a farmer by specializing did not himself need to be baker, butcher and brewer. Specialization made products better and less expensive. The “extent of the market” increased, enabled by better and faster transportation. While in other areas central planning has been ruled out, in traffic it has become widely accepted. Today we see forces trying to regulate and limit free mobility of goods and services. Politicians give priority to scheduled mass transit and regulators want to replace mobility, particularly in cities, with accessibility – but this requires that someone knows everyone’s needs. FA Hayek explained, in the Use of Knowledge in Society, how knowledge is dispersed among people and why central planning will fail.

Free Banking and the Capital Structure of Production

Karol Zdybel | Mises Institute of Economic Education (PL)

The paper argues that the fractional reserve monetary system with competitive note and deposit issue is compatible with well-balanced capital structure of production. The monetary equilibrium theory and the Austrian capital theory can go hand in hand – there is no theoretical reason to believe that only a full reserve monetary regime can prevent trade cycles. In advancing this argument, the paper focuses, in a critical manner, on the approach of Prof. Jesus Huerta de Soto who considers fractional reserve systems as always cycle-inducing.



The Logic of the Reform Contained in the "Dual Track System"

Zhu Haijiu | Gongshang University

This article explores the logic of Chinese reform. Reform is possible only when the reformer have learned rationality from the generated institution. When the regulation is relaxed, the new institution spontaneously emerged. "Reform" is essentially a rational action to discover and confirm the spontaneously generated institutions, rather than design a plan and implement it once and for all. The "dual track system" recognizes the legitimacy of the market price originally generated in some areas, it also creates conditions for the further formation of the new institution, this leads to the expansion of the market order.

Valuation of financial assets: the total demand approach

Vytautas Žukauskas | Angers University

This paper analyzes the connection between monetary policy and prices of financial assets. Following Wicksteed and Rothbard, the paper adopts a "total demand" approach together with subjectivist notions of value and price formation. The analysis claims that the impact of monetary policy on the prices of financial assets is broader and more extensive than is usually assumed in the mainstream framework of transmission mechanisms of monetary policy. Incorporation of the overlooked channels benefits our understanding of the workings of the monetary policy. It will also provide us with a more comprehensive view of valuation and pricing of financial assets.



MY NOTES











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