

THE CULTURAL WAR IN ECONOMIC SCIENCE*

JESÚS HUERTA DE SOTO**

Fecha de recepción: 24 de octubre de 2024

Fecha de aceptación: 13 de diciembre de 2024

Resumen: La guerra cultural en la ciencia económica es un conflicto que gira en torno a los principios fundamentales de la libertad, el libre mercado y el papel del Estado. La ciencia económica, gracias a la teoría que nace de la Escuela Austriaca de Economía, revela que la sociedad humana, cuando se deja libre de la coerción estatal, se organiza espontáneamente en un orden voluntario y de mayor riqueza. La teoría de la Escuela Austriaca enfrenta diversas escuelas pseudocientíficas que defienden la necesidad del Estado, como el positivismo, la escuela neoclásica, el keynesianismo y el marxismo. Estas corrientes de pensamiento, aunque difieren en sus especificidades, comparten un punto común: justificar la intervención coercitiva del Estado en la economía. La lucha por la libertad económica requiere una estrategia intelectual que desmonte los cimientos pseudocientíficos del estatismo y promueva los ideales libertarios encapsulados en el anarcocapitalismo. El artículo argumenta que solo a través de la implementación completa de un sistema de libre mercado, la humanidad podrá desbloquear su potencial para una prosperidad y armonía social sin precedentes, alejándose de las ineficiencias y la violencia inherentes a la intervención estatal.

Palabras Clave: Economía Austriaca; Mercado Libre; Estatismo; Guerra Cultural; Anarcocapitalismo.

Clasificación JEL: B53; D63; E02; H11; P16.

Abstract: The cultural war in economic science is a conflict that revolves around the fundamental principles of liberty, free markets, and the role of the state.

* Madrid 8th Conference on Austrian Economics. Keynote Lecture by Jesús Huerta de Soto.

** Catedrático de Economía Política, Universidad Rey Juan Carlos, Madrid. Web: www.jesushuertadesoto.com. Correo: huertadesoto@dimasoft.es

Economic science, primarily advanced by the Austrian School, reveals that human society, when left free from state coercion, spontaneously organizes itself into a prosperous, voluntary order. The Austrian School's theory challenges various pseudoscientific schools that defend the state's necessity, such as positivism, neoclassical economics, Keynesianism, and Marxism. These schools of thought, though differing in their specifics, share a common agenda: justifying coercive state intervention in the economy. The war for economic freedom requires a comprehensive intellectual strategy, one that dismantles the pseudoscientific foundations of statism and promotes the libertarian ideals encapsulated in anarcho-capitalism. The paper argues that only through the full implementation of a free market system can humanity unlock its potential for unprecedented prosperity and social harmony, moving away from the inefficiencies and violence inherent in state intervention.

Keywords: Austrian Economics; Free Market; Statism; Cultural War; Anarcho-Capitalism.

JEL Classification: B53; D63; E02; H11; P16.

Introduction: The Emergence of a New Science that Revolutionizes Humanity

Economics is the youngest of all sciences and has been a major milestone in the history of Mankind. For the first time, Economics has shown how voluntary social cooperation free from institutional and systematic coercion creates a spontaneous order of prosperity and civilization which no one has designed or organized. Economics is the science of human interaction and has been expanded into a complete theory of liberty, understood as the most fundamental characteristic of human nature. Liberty means that every human interaction takes place voluntarily; that is, without any outside coercion or violence systematically imposed from above by the small group of human beings who exercise the political power.

The essence of this new science, Economics, is revolutionary. For the first time in the history of Mankind, it has been scientifically demonstrated that the state, in any of its forms, is unnecessary. It has been shown that society, understood as the process of

voluntary human interactions, does not need anyone to govern it, because it spontaneously organizes itself. It has been shown that it is impossible to coordinate society based on coercive commands emanating from the state, and that any attempt to do so is doomed to failure causing violence and conflicts.

Economic Science also dismantles Thomas Hobbes: The “state of nature” was not an inevitable and dreadful situation, nor was there a “social contract” to keep order and guarantee peace. On the contrary, natural evolution has consisted precisely of the spontaneous and voluntary emergence of trade, while at the same time, states appeared as coercive institutions composed of the most antisocial, violent human beings, who wished (and wish) to live by plundering productive citizens (Oppenheimer 1926). Thus, Economics, as a new science, shows that what Étienne de La Boétie termed “voluntary servitude” is an anti-human aberration to which human beings have been subjected since time immemorial. In other words, for the first time in History, Economic Science has opened the eyes of Mankind: There is no need to go on following the custom of obeying the state; nor do governments have actually any superior prestige (indeed, they are literally devoid of any intellectually or morally superior attribute); nor are the establishment of politicians untouchable; nor must we allow ourselves to be bought, seduced, and deceived by the subsidies or perks intended to gain the loyalty of exploited human beings so they will voluntarily consent to being plundered (de La Boétie 2008).

Economic Science has reached its highest level of development at the hands of the Austrian School of Economics, which should be known as the “Spanish School,” since the scholastics of the Spanish Golden Age were its forerunners. The Economic Science formulated by the Austrian School is grounded in the realism of its analytical assumptions, and in the dynamic approach of its analysis based on the creative, entrepreneurial, and coordinating capacity of each human being, and in the spontaneous order of the social process of voluntary human interactions (Huerta de Soto 2008). This process gives rise to a number of vital institutions which, in turn, make it possible and stimulate it: Law — especially property law — understood as a custom-based discovery and inseparable from human nature; the family as an essential institution which permits, and furthers the expansion of Humanity; moral principles,

which act as a true “automatic pilot” for liberty and which human beings internalize and pass on from generation to generation, thanks to the family and other community and religious institutions; economic institutions and particularly money, which evolves spontaneously and should be considered the quintessential social institution, because by solving the problems of bartering, it makes possible an exponential increase in voluntary human interactions, in which all other institutions are discovered, shaped, and perfected.

However, this fundamental scientific message of Economics has, up to now, achieved only a very limited impact upon the inertia of the political reality dominated by the coercive power of the state and its governments. This very limited impact has, at most, taken the form of a series of “liberal” revolutions with the naive, arrogant, and unsuccessful aim of achieving an impossible goal: the separation and limitation of political power through constitutions and “liberal democracies” (Rothbard 2009). And even so, Mankind has been driven forward like never before in the historical moments when, in spite of everything, there has been a certain partial liberation from the power of state. We must mention the period beginning with the Industrial Revolution, which was just the first chapter in the never-completed “Capitalist Revolution fueled by the teachings on liberty uncovered by Economic Science,” which, despite all sorts of obstacles and opposition, has made possible an increase in prosperity and population never before seen in the history of Mankind. And we cannot even imagine the standard of living and volume of population we could reach if Humanity could make the most of and culminate the teachings of Economics by implementing and enabling the full reception of its revolutionary theory of liberty. As Hayek writes, “We can be few and savage [in a context of servitude to the state] or many and civilised [in a context of liberty]” (Hayek 1988, 133). The globe is practically empty of human beings. (Earth’s current population would fit into an area slightly larger than half of the territory of Argentina, with a population density equal to that of Brussels.) And we cannot even imagine the prosperity that could be achieved in a free market in which eighty billion or even 800 billion human beings take part daily...

Economics shows and explains that rising prosperity for an ever-increasing world population of human beings never results

from coercive plans for redistribution, nor from growth in public spending, subsidies, debt, or inflation, but only from the capitalist system. This is a process which consists of the voluntary interactions of entrepreneurs (and, ultimately, we are all entrepreneurs) capable of detecting and calculating, based on the system of free-market prices, the urgency and relative need for each good and service; and of investing the labor and material resources necessary to produce them to overcome their scarcity. In this manner, entrepreneurs satisfy every day, in the best way humanly possible, the desires and needs of billions of consumers. Entrepreneurs who succeed in this never-ending process of profit seeking, accumulate considerable wealth which, in turn, is saved and invested in capital goods and new technologies that make labor increasingly productive. This drives up workers' wages and living standard and creates a virtuous circle of prosperity that has no limits.

Therefore, it is crucial for the future of Mankind that we are able to take full advantage of the teachings Economics gives us in favor of human liberty. However, this will be possible only if we first manage to uncover and carefully analyze the powerful — pseudoscientific and counter-revolutionary — reactionary forces that have banded together to form a united front to prevent the culmination of the theory of liberty developed by Economics. Despite their different origins, these reactionary forces all have the same goal: maintaining state coercion at all costs and justifying it with an apparent scientific backing, and blocking the fulfillment of the immense possibilities of Mankind in an environment with no state coercion.

We will now identify the main pseudoscientific, reactionary schools of thought whose advocates conspire against Economics and which constitute, in Hayek's words, *The Counter-Revolution of Science* (Hayek 1955).

The Counter-Revolution against Economic Science: Pseudoscientific, Reactionary Schools of Thought

The common denominator of all these schools of thought is the attempt to justify, with the appearance of scientific backing, the

continuation of state coercion and of the corresponding servitude of Mankind. Complete systems of pseudoscientific thought have been formulated, with the aura, prestige, and supposed support of science, to arouse all sorts of doubts and discredit the essential message of Economic Science in favor of liberty.

These pseudo-scientific counter-revolutionary formulations are based on the fatal conceit (Hayek 1988) of many visionary thinkers and “experts” who believe themselves so intelligent as to improve on the result of spontaneous social processes, of course by using the violent, coercive power of the state to impose on everyone their ideas. These fall on the fertile ground of a Humanity accustomed to serving the state and its governments, and the privileged establishment of politicians and public officials, whose privileges and drunkenness on power require that the revolution begun by Economics be blocked, and not allowed to prevail and be culminated. In short, for the establishment, it is vital to water down and replace the teachings of Economics with a series of disciplines which justify the maintenance of coercive statism. The main pseudoscientific, reactionary schools of thought that have banded together in a counter-revolutionary movement against Economics and have infiltrated it like a deadly virus (Huerta de Soto 2023) are the following:

First: *Positivism and scientism*. By “scientism” we mean the undue application of the method of the natural sciences, which study their subject of research as something external, measurable, and quantifiable, to the sphere of Economics, which studies the implications of the voluntary human interactions. Given the creative nature of free human beings, the so-called empirical “evidence” gathered in any particular moment can have, at best, only a superficial, partial, and always historically contingent value. In other words, it can reflect, in the words of Bastiat, “that which is seen” — or rather, that which is believed to have been seen — but not “that which is not seen” (Bastiat 2007, 2009, 47-105). At worst, such evidence inevitably entails the notion that human beings, as subjects of research, are as easy to manipulate as all the other elements of the outside world which are studied by the natural sciences. This invariably introduces the assumption that the state and its governments are responsible for detecting and diagnosing every

problem and, through their coercive power, improve things as they believe they see them. But the empirical data cannot reflect the underlying dynamic essence of spontaneous social processes, much less what is already taking place spontaneously to coordinate and solve maladjustments. Therefore, it should come as no surprise that from the first steps of Economics led by the Austrian School, its fiercest opponents were the academic socialists gathered around the German Historical School, who were supported in France by the empiricists of the School of Saint-Simon, the insane Comte, and Durkheim. These men wanted to create a new and alternative social pseudoscience, and their unhealthy influence has spread over time through American Institutionalism and has reached the present day with the mass collection of historical data and the ultra-empirical approach of people like Wesley C. Mitchell and Henry Schultz, who would exert a strong influence on his assistant Milton Friedman and, through him, on the Chicago School.

Second: *The pseudoscience of neoclassical economics* is characterized by the view that the only true economics is the type it favors; in other words, that based exclusively on the principles of equilibrium, maximization, and constancy. Moreover, to the essential unreality of its assumptions it adds the reductionism of a mathematical language which has arisen mainly to fulfill the needs and requirements of the natural sciences. However, this mathematical language is incompatible with the subjective concept of time and with entrepreneurial creativity, which are inseparable from the nature and free will of each human being. In contrast, neoclassicals base the development of their pseudoscience on "ideal types," which are simply like robotic penguins that, even in their sophisticated dynamic stochastic general equilibrium models, merely move and react to events and state coercion as if they were stick figures in a video game. Despite its apparent and ever-increasing sophistication of these "video game economics", the pseudoscience of neoclassical economics cannot account for the vast complexity of the real world and rebels against the idea of the free and spontaneous market order in two ways which are equally harmful to human liberty: on the one hand, by promoting the coercive "social engineering" of central banks, states, and governments to

force reality or at least fine-tuning it closer to the mathematical optimum of their mathematical models; and on the other hand, by labeling as a “market failure” anything which they believe they observe in their empirical studies of reality and which does not adjust with their models of equilibrium (Milei 2023, 2024). Such so called “failures” would, of course, refute the bounties of the spontaneous order of the market and human liberty and justify the coercion of the state and governments to eliminate the failures as soon as possible. Furthermore, note that neoclassical pseudoscience needs and finds support in the empirical studies of the first mentioned pseudoscience, positivism, to justify its conclusions against human liberty and in favor of state coercion, and thus, positivists and neoclassicals join hands and ultimately reinforce each other’s reactionary agenda.

Third: *Keynesianism and macroeconomics* as pseudoscience. The “macro” approach itself inevitably involves a bias toward the justification of state intervention, aggression, and coercion against the spontaneous order of the market. As F. A. Hayek made clear in his 1974 Nobel Prize acceptance speech (Hayek 2008b), the economic processes that truly take place but cannot be measured are ignored, while certain statistical aggregates that appear to provide empirical information are wrongly assumed to exist in real life. Here we see again how the pseudoscience of macroeconomics works together with the pseudoscience of positivism, and the two become allies in their counter-revolutionary response to Economic Science. Moreover, Keynesianism has been especially perverse, not only for its flat denial of any coordinating capacity of entrepreneurship and the spontaneous market order, but also for elaborating as an alternate explanation an entire model, again, of equilibrium but now with permanent unemployment, which obviously would justify coercive state intervention into the lives of human beings. Here, we see how Keynesian pseudoscience draws support from the pseudoscientific focus of the Neoclassical School, to the point that the so-called “neoclassical-Keynesian synthesis” became, throughout the twentieth century, the principal reactionary movement against the original revolution of Economics. Sadly Keynesians and macroeconomists have become the supporters of the binge of statism and political power which provides the framework

(orchestrated by governments and central banks) within which, unfortunately, we have all become used to living. It is a context which, like the state and taxes, is falsely thought to be as inevitable as death itself and again and again, it destabilizes the market order, provokes deep crises and social conflicts, and continually hinders prosperity, and the expansion of life.

Fourth: *Marxism* as a “quasi-religious” pseudoscience. We have left until the end the quasi-religious mysticism of the pseudoscience of Marxism, because intellectually it was killed almost before it was born. Indeed, Marxism was completely demolished by the theory of time preference and the subjectivist revolution of the spontaneous market order led by the Austrian School of Economics. The Austrians from the beginning, revealed the contradictions and deep scientific errors of Marxism while exposing it as, essentially, an intellectual fraud (Böhm-Bawerk 1890, 1949). What is more, this was all historically illustrated by the fall of the former Soviet Union and almost of all other communist countries, after many decades of unspeakable human suffering endured by a very large part of the world’s population. Later, the theory of the impossibility of statism and of an economy without a free market — developed by the Austrian School, beginning with Mises’s 1920 essay (Mises 1990, 2019) — was the final nail in the coffin for the pseudoscience of Marxism (Huerta de Soto 2010). However, since no one had yet produced a detailed critical analysis, almost section by section and paragraph by paragraph, of Marx’s leaden volumes, which, regrettably, are still being taught at certain universities, mainly in Latin America, my esteemed disciple Professor Juan Ramón Rallo has filled this need with a monumental work titled *Anti-Marx: Crítica a la economía política marxista* [Anti-Marx: Critique of Marxist political economy] (Rallo 2022). This book will go down as the final critique of the quasi-religious pseudoscience of Marxism.

However, despite this clear intellectual defeat and the historical failure of Marxists social experiments, a complementary movement of “cultural Marxism,” has spread with vigor. Originally foreseen by Gramsci and others, it has been remarkably successful at slipping in through the most significant social, cultural, religious, or scientific fields, including within our own Economic Science.

The War of “Cultural Statism” against Economic Science

We see that our discipline has indeed been invaded and corrupted by a cultural war waged by statisticians from both outside and inside Economics. The similarity with the war waged by *cultural Marxists* in society could not be more obvious. A historic and scientific failure underlies Marxism, though an attempt is being made to reverse this failure on a social level following a very clear strategy: the avoidance of direct confrontation and the slow but steady undermining of the basic principles of western culture. Thus, the attitudes furthest removed from it are presented as equally acceptable alternatives through the constant repetition of slogans and the manipulation and takeover of education, the media, and the maximum number of institutions, intellectuals, and social leaders. The strategy of cultural Marxism involves avoiding direct confrontation while undermining, little by little, each and every one of the fundamental principles of the spontaneous market order: For instance, the biological division of the sexes is not explicitly denied, but the argument is made that, ultimately, sex is an intellectual construct that permits each person to choose their own. The traditional family is not directly attacked, but it is argued to be only one among many other equally respectable types of living arrangements. Christianity is not openly attacked, but any other system of religious or moral belief is presented as equally good and acceptable. Equality before the law is not directly criticized, but it is stressed that what is truly important is equality of opportunities and, above all, of results. Free enterprise is not rejected, but the public sector is praised and is always given prevalence over the private sector. Wealth is not condemned per se, but we hear ad nauseam that if there are rich people, it is at the expense of poor people, and so on. And when these and other similar slogans are repeated over and over again, as Goebbels advised, they are turned into “official” truths which most people come to automatically accept and which enter the “politically correct” and hegemonic ideology. Moreover, in its process of becoming and remaining strong, cultural Marxism focuses on winning the reformist agenda of the main political parties (left and “right”).

Now, in parallel with “cultural Marxism,” a “cultural statism” began to emerge in our Science since the very moment economists discovered the processes of creativity and coordination that spontaneously arise from free human interaction. As these processes created prosperity never before seen in the history of Humanity, it exposed and caused great anxiety among statist and members of the political establishment (of all stripes), who have traditionally exploited and coercively managed the lives of human beings.

It was in reaction to this reality, which was very dangerous for the coercive and statist status quo, that, one by one, the pseudoscientific schools of thought we have already mentioned emerged. They share a common denominator: an all-out attempt to downplay the revolutionary importance of the scientific support given by Economics to human liberty, the free market, and free enterprise; and an attempt to justify, at all costs, the maintenance of the instrument of systematic coercion — that is, the state — by presenting it as something necessary and highly beneficial to Humanity and arguing that, therefore, human beings should continue to accept their condition of servitude as something not only inevitable, but also even good for themselves. Moreover, the strategy of cultural Marxism is copied, and a “consensus” in favor of the state is assumed within Economics and is repeated endlessly until it is generally considered as obvious and indisputable.

And so, within *empirical pseudoscience*, every area of social life is subjected to the most intense empirical scrutiny, with the illusory end of obtaining, in each historical period, “objective evidence” to guide the coercive intervention of governments and politicians. Each year, thousands and thousands of empirical research projects are financed and promoted by governments, universities, and public and private institutions and foundations, thus giving work, employment and subsidies to thousands and thousands of young and not-so-young economists, who end up wrongly believing that, by working as natural scientists do, they will be able to understand what is happening in the real economy (Hansen 2019). At the same time, and as we have seen, *neoclassical pseudoscience* undermines faith in human liberty and free markets as much as possible. Indeed, neoclassical economists argue that optimal results are achieved only in certain idealized circumstances which never exist

in real life and that, obviously, because markets do not meet “perfect” neoclassical criteria and such ideal circumstances do not exist, coercive government intervention is essential to bring reality as close as possible to the ideal described in neoclassical models. It never occurs to them — and they reject even the thought — that although markets are human processes which are never in equilibrium, nor are they “perfect” in the narrow, reductionist neoclassical terms, they drive creativity, coordination, and prosperity in a way that cannot be matched nor improved on by any system of coercive state adjustment (Huerta de Soto 2010, chap. 3).

And a multitude of professional economists collaborate on the state management of the economy by means of “fine-tuning” and social engineering. Today, this approach has reached its most typical level of interventionism through *macroeconomic pseudoscience*, which is applied by governments and central bankers determined to achieve the impossible goal of guaranteeing financial stability and prosperity through the manipulation of money and interest rates (Romer 2016). A passion for controlling, ordering, commanding, regulating, spending, incurring debts, and setting prices and (especially) interest rates is becoming the defining characteristic of modern economies, and it is shared by a legion of “economists” whose arrogance leads them to defend with great energy and even verbal aggression the idea that only what they do is the true economic science and that markets must be constantly monitored through empirical studies and regulated, when what economists believe they see in them does not coincide with what their sophisticated models indicate. Moreover, they continually invent and endlessly repeat ad hoc narratives; for instance, that only the active intervention of central banks avoided enormous evils not only following the Great Recession of 2008 (which, incidentally, was provoked by central banks themselves) but also through the Pandemic of 2020 (when central banks created the foundations of the most soaring inflation in forty years, which none of these economists foresaw). And when the (always stubborn) facts no longer permit the concealment of the impossibility of coercively and centrally managing economies and their markets, the most distinguished economists, those most representative of these pseudoscientific schools of thought, never admit their errors and limitations. Instead,

they rush to declare, as Ben Bernanke did regarding the model used by the Bank of England (*Financial Times*, April 12, 2024), that the problem was that the corresponding models were not sophisticated enough and that, for instance, the five hundred variables and 170 equations of the Federal Reserve's FRB/US model (*Wall Street Journal*, April 19, 2024) were clearly insufficient, and so it becomes necessary to significantly increase the number of variables and equations, to be able to better describe the extremely complex reality. And although the very president of the European Central Bank, Christine Lagarde, finally acknowledged that her main error was to believe the economic model of the ECB (*Financial Times*, October 27, 2023), that bout of honesty was of no use, since she is still attempting to direct the monetary policy of the Eurozone based on the empirical "evidence" and the (supposedly improved) models which her Chief "Economist" provides.

The only way to understand this unbelievable situation is to consider the near-complete control these counter-revolutionary, pseudoscientific schools of thought have acquired within the institutional framework of Economic Science. The vast majority of economics departments belong to universities that are either state owned or receive considerable public funding. Economics education programs are decided on by public employees in the service of the state or of the universities themselves, and for these bureaucrats the primary objective of universities is to train experts in public intervention in the markets or professors to research and promote statist ideology. At the same time, the entire process of faculty selection and promotion, is essentially conditioned by "cultural statism," as are the "most prestigious" (JCR) scientific journals, in which young professors and researchers are constantly obligated to publish if they wish to advance in their professional careers. And the same pro-statist bias can be found in the economic agendas of public and private international agencies and of the most "prestigious" national and international prizes in economics. In short, "cultural statism" is scoring a clear and resounding triumph in Economic Science, and in fact, in relative terms, its victory could be deemed to exceed even the obvious and increasing success reached up to now by cultural Marxism in the battle of ideas.

The Role of “Useful Innocents” in the War of “Cultural Statism” against Economic Science

We should also mention the very significant and often harmful role which, in this cultural war for statism in Economic Science, is being played by a number of distinguished economists, journalists, media, and even whole schools within the discipline, whom, though they generally present themselves as defenders of liberty and the market economy, we could describe as “useful innocents,” to use Mises’s terminology (Mises 2010). For though they officially oppose statism and defend liberty, they accept — even if partially — some of the assumptions of the pseudoscientific, reactionary schools of thought we have described, and hence, they end up (often without desiring it and much to their dismay) boosting further the statist reaction within our discipline — especially when they insist on advising states with proposals on how to improve at doing things they should not do at all.

For example, one thinker who could fall into this category of “useful innocent” is the unquestionably classical liberal Karl Popper of the 1945 *The Open Society and Its Enemies* (Popper 1966, 396), in which he not only admires the scientific ability and even the humanism of Karl Marx, but also (what is even worse) winds up proposing as an alternative a strategy of “piecemeal social engineering,” which states and authorities should perform, of course coercively, with the supposed goal of being able to judge on a case-by-case basis, and in light of empirical results, the aptness of each coercive intervention of the state. Along the same lines, another example (among many) would be George Stigler (winner of the Nobel Prize in 1982), who went so far as to state (Stigler 1975, 1-13) that only empirical evidence could clarify which economic system — socialism or capitalism — could work and which couldn’t; an assertion that obviously presupposes that, before deciding, it would be necessary to “try them,” at the huge cost to humankind which, as we sadly know, can result from such kind of “trials.” Despite their liberalism, both Karl Popper and George Stigler propose that specialists in intervention act through the use of social engineering (even if “piecemeal”) and empirical studies, an approach which, as we have seen, lies at the heart of the most statist of the reactionary,

pseudoscientific schools of thought in our discipline. Such behavior could be compared to others who, in the field of biology and natural science, support, for instance, the genetic manipulation of viruses harmless to man in their natural state, with the aim of making them capable of infecting the human body (the so called “gain of function”) on the pretext of furthering research, but at the terrible risk of ultimately triggering very severe pandemics (as it appears may already have happened).

Others who can and must be included in this category of “useful innocents” in the war of cultural statism against Economics are, in general, the members of the so-called Chicago School and, in particular, free-market economists as prominent as, let us say, Gary Becker or, even, Milton Friedman (both of whom also received the Nobel Prize in economics, in 1992 and 1976 respectively). Becker defended to the hilt the methodological reductionism of neoclassical pseudoscience and he always insisted on viewing as economic “science” only that formulated within the strict bounds of equilibrium, constancy, and maximization.

We could deem even more serious the case of Milton Friedman, whose very sincere love of liberty and whose strong, popular media support for free markets, contrast head-on with his pseudoscientific approach based on positivist empiricism and the aggregate method (of Keynesian origin) used in macroeconomics. This is the only way to understand Friedman’s litany of grave errors and scientific concessions which, much to his dismay, have invariably ended up strengthening statist interventionism. For example, when he left out of his mechanistic quantity theory of money the most important factor: the distortion inflation causes in relative prices. Or when, ignoring the Austrian theory of capital and cycles, he attributed recessions solely to central banks’ not having injected enough money, thus encouraging their future deadly interventionism. For instance, when he argued that the Great Depression of 1929 was due to insufficient intervention on the part of the Federal Reserve (!), an argument still used today ad nauseam (by Bernanke and many others) to justify the unorthodox and ultralax and “quantitative easing” monetary policies adopted on a massive scale following the Great Recession of 2008 and, later, in connection with the Pandemic of 2020, policies which have ended up causing a historical soaring inflation.

Or when he promoted the introduction of withholding taxes to make the American tax system more “efficient” at collecting taxes after World War II. Or when statisticians relied on his idea of a “negative income tax” to provide a foundation for “minimum social income” systems, on the pretext of fighting poverty. And as for Friedman’s so much celebrated but fundamentally weak “criticism” of Keynes, it can ultimately be reduced to the feeble empirical argument that consumption seems to act as if it were a permanent function of income. But we might wonder, “What would happen if this empirical data, whose validity is, at most, historically contingent, appeared to behave differently in the future? Then, might Keynes’s whole macro approach again could justify the crudest and wrong Keynesian conclusions?” Once more, it appears there is more than ample justification for describing Friedman’s monetarism as “useful foolishness.” And, in light of all these ramifications of Friedman’s methodological errors, Hayek (winner of the Nobel Prize in 1974) seems to have been perfectly right in stating that, after Keynes’s *General Theory*, up to date the book that had done the most harm to Economic Science has been Friedman’s *Essays in Positive Economics* (Hayek 2008a). Really, in the cultural war against statisticians within Economic Science, with “friends” and “useful innocents” like these, it appears defenders of the great message of Economics in favor of liberty have enough to tackle with, and need no additional enemies in the form of “official” cultural statisticians.

Finally, within the field of journalists, whom Hayek calls “second-hand dealers in ideas,” there are also a legion of “useful innocents,” perhaps led today by the prestigious *Financial Times* columnist Martin Wolf, who, particularly as he is approaching the end of his career, keeps justifying markedly statist prescriptions for solving all of the world’s economic problems. And within the realm of institutions, there are even important universities and private institutions which, amid fears of losing “scientific” respectability and being labeled politically incorrect, are quick to surrender completely to the tenets of the pseudoscientific schools of thought. The same can be said for most prizes and academic honors, in which the predominant approach is to play it safe at all times and “avoid mistakes,” and thus, the selection criteria usually give priority to the tyranny of consensus and of political correctness.

Now, we will present a brief sketch of what could be an effective strategy for reversing this pitiful state of our discipline dominated by the cultural statisticians.

How to Win the Cultural War against Statists within Economic Science Tactical and Strategic Principles

Only a steady and tireless pursuit of a clear strategy and the use of appropriate tactical principles will make it possible for scientific truth to triumph in the war against “cultural statism” within Economic Science.

The primary long-term and strategic goal is to continue studying and researching all of the implications of the spontaneous market order and of the creative, coordinating processes of voluntary social cooperation, the knowledge of which constitutes the key contribution of Economics. Thus, our discipline becomes the Science of voluntary human interaction and, at the same time, the Science that constantly exposes and reveals all of the maladjustments, conflicts, and discoordination which continually result from statism in every social area under its influence and to the extent of its impact on voluntary human interaction. Indeed, all coercive state intervention rests on partial, empirical observations that are invariably outdated and historically contingent, and fail to reflect the spontaneous processes already in motion to solve each problem. State intervention blocks these processes and thus prevents problems from being solved and actually makes them worse (Kirzner 1995, 136-145). Clearly, an immense playing field is open to independent researchers and scholars who are not committed to the statist bias of the pseudoscientific, reactionary schools of thought. Therefore, we must devote our utmost efforts to the tireless search for scientific truth in the field of Economics without any type of statist bias. And here, leadership lies with the cultivators of the Austrian School of Economics, who, since its foundation, have fought in every intellectual battle, to defend liberty and advance Economic Science.

Researchers in Economic Science must never fall into defeatism nor remain in their ivory towers as impassive witnesses to the

daily assault launched by the followers of the different reactionary schools of thought. In contrast, honest and unbiased economists must constantly, tirelessly, and without hesitation denounce every manifestation of the pseudoscientific reaction: They must never let down their guard and must dismantle errors whenever and wherever they emerge, explain their — often very grave — consequences, and, in short, expose to Humanity those responsible for them. For in the field of scientific ideas, no concessions are allowed, and no prisoners are taken.

Therefore, it is an error to nobly always consider that one's adversaries may have been victims of a simple error or scientific mistake. In fact, this is the error that has been committed by even some leading Austrian economists, including Hayek himself (who, here, may have come close, at least in appearance, to falling into the category of "useful innocent"). Instead, we must go much further and denounce whenever necessary the severe social implications of the supposed "simple mistake," as well as its origin and reactionary, pseudoscientific nature. A limit should be established to the concessions to political correctness in Economic Science. There is too much at stake for Mankind to grant such concessions: seen from the outside, they can be misinterpreted and, above all, they may cause essential economic principles to go unnoticed and be ignored if they are presented in a timid, fearful manner.

Another important, tactical principle is that of keep entering the statist, institutional framework predominant in Economics, with the aim of undermining and dismantling this framework, in scientific terms, from the inside. Here, the main risk lies in the possible temptation to make unacceptable scientific concessions to guarantee a respectable position and professional career. From my own experience and that of some of my colleagues, I can say that, though it is still exceedingly difficult, it is perfectly possible to climb within the system of government certification, obligatory publication in JCR journals, economics departments, and publicly funded universities without betraying any fundamental scientific principle and while systematically leading, from inside the system, the scientific criticism of it and its possible dismantling and reform.

At the same time, it is also essential to make the best use of all of the tactical possibilities to be found in new communications

technologies: social networks, YouTube videos, podcasts, online economics courses, Artificial Intelligence, etc. These tools are available today and make it possible to expose, literally at the speed of light, all of the statist biases of the pseudoscientific counterrevolution that are infecting Economic Science.

In addition to using these tactics, we must tirelessly promote new scientific journals (like *Procesos de Mercado*) to publish the most promising scientific research, independently of the de facto monopoly which, due to statist legislation, the most eminent (JCR, etc.) journals have — by artificially means — come to hold. To this, we must add the role the best-trained economists can play as influencers, the non-stop organization of conferences, the use of social networks like X (formerly Twitter) and others, the promotion of independent publishing companies — such as Unión Editorial and others — the awarding of national and international prizes (like the Juan de Mariana Prize) not biased by statism, and the establishment of international associations like the Mont Pelerin Society (founded by Hayek in 1947) and the one Hans Hermann Hoppe founded in 2006 (The Property and Freedom Society) to study and defend liberty and property, etc.

Only the enthusiastic, systematic, and tireless pursuit of these strategic and tactical objectives through the use, at all times, of every available means within our reach will guarantee final victory in the cultural war against the rampant statism within Economic Science, regardless of the short-term results of each particular daily battle, which, in any case, we must fight and never run away from.

Conclusion: The Study of Anarchocapitalism as the Culmination of the Revolutionary Effects of Economic Science

And now, to conclude: Will it be possible to dismantle the State with the teachings of true Economics? That is the great current challenge facing our Economic Science: to shake off the reactionary counterrevolution which insists on maintaining and justifying, the coercive, systematic, and monopolistic power of states and their governments; and to open up, once and for all, every area of society to voluntary cooperation and human interaction

based on liberty. Even Justice, “public” order, and the prevention, suppression, and punishment of crime are to be provided by market processes based on voluntary cooperation. To scientifically demonstrate that this strategic objective is not only possible but also very useful for advancing civilization and the growing number and limitless well-being of people, is the great challenge before our Science. And our Science will continue to move forward only if it culminates its initial Great Discovery on the creative, coordinating effects of the spontaneous market order. Due to their complexity, these effects cannot be imagined, designed, or directed from above based on coercive commands from those with political power. Furthermore, the study of the most suitable transition, in each case and historical circumstance, to the proposed ideal system based on complete liberty from the state is another of the great, unavoidable challenges facing our Science at the present time. The transition must rest both on the avoidance of sudden regulatory vacuums and on the privatization and gradual, continuous, and specific dismantling (“piecemeal social deregulation”) of the entire framework of statist interventionism that today frustrates the free processes of voluntary cooperation. In short, the definitive triumph in the war of Economic Science against the “cultural statism” that today corrupts and confines it will become clear only with (first) the complete theoretical formulation and (later) practical realization of the libertarian ideal of an anarchocapitalist system. It is certain that only if we manage to culminate this ambitious scientific program will it become possible for the future of Humanity to expand exponentially, with a prosperity that today, due to its magnitude and complexity, we cannot even imagine.

Formentor, Friday, August 2, 2024
Feast day of Our Lady of Angels

Conflict of interest

The author declares it has no conflict of interest.

References

- Bastiat, M. Frederic. 2007. *That Which Is Seen and That Which Is Not Seen: The Unintended Consequences of Government Spending*. West Valley City, Utah: Waking Lion Press.
- 2009. *Obras escogidas*. Madrid: Unión Editorial.
- De La Boétie, Étienne. 2008. *The Politics of Obedience: The Discourse of Voluntary Servitude*. Auburn, Alabama: Ludwig von Mises Institute.
- Böhm-Bawerk, Eugen von. 1890. "The Exploitation Theory." Book 6 of *Capital and Interest: A Critical History of Economical Theory*. London: Macmillan and Co.
- 1949. *Karl Marx and the Close of His System*. New York: Augustus M. Kelley.
- Hansen, Lars Peter. 2019. "Purely Evidence-Based Policy Does Not Exist." *Chicago Booth Review* (February 11).
- Hayek, Friedrich A. 1955. *The Counter-Revolution of Science*. New York: The Free Press.
- 1988. *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press.
- 2008a. *Hayek on Hayek: An Autobiographical Dialogue*. Indianapolis: Liberty Fund.
- 2008b. "The Pretense of Knowledge." In *A Free-Market Monetary System*. Auburn, Alabama: Ludwig von Mises Institute.
- Huerta de Soto, Jesús. 2008. *The Austrian School: Market Order and Entrepreneurial Creativity*. Cheltenham, UK and Northampton, MA: Edward Elgar.
- 2010. *Socialism, Economic Calculation, and Entrepreneurship*. Cheltenham, UK and Northampton, MA: Edward Elgar.
- 2023. *Statism and the Economy: The Deadliest Virus*. London and New York: Routledge.
- Kirzner, Israel. 1995. "The Perils of Regulation: A Market Process Approach." In *Discovery and the Capitalist Process*. Chicago: University of Chicago Press.
- Milei, Javier. 2023. "Capitalism, Socialism, and the Neoclassical Trap." In *The Emergence of a Tradition: Essays in Honor of Jesús Huerta de Soto, Volume II*. Edited by D. Howden and P. Bagus. Cham: Palgrave Macmillan.

- 2024. *Capitalismo, socialismo, y la trampa neoclásica*. Madrid: Unión Editorial.
- Mises, Ludwig von. 1990. *Economic Calculation in the Socialist Commonwealth*. Auburn, Alabama: Ludwig von Mises Institute.
- 2010. *Planned Chaos: An Excerpt from "Socialism: An Economic and Sociological Analysis" (1951)*. Auburn Alabama: Ludwig von Mises Institute.
- 2019. *El socialismo: análisis económico y sociológico*. 8th ed. Madrid: Unión Editorial.
- Oppenheimer, Franz. 1926. *The State: Its History and Development Viewed Sociologically*. New York: Vanguard Press.
- Popper, Karl. 1966 (1945). *The Open Society and Its Enemies*. Princeton, N.J.: Princeton University Press.
- Rallo, Juan Ramón. 2022. *Anti-Marx: Crítica a la economía política marxista*. Deusto: Bilbao.
- Romer, Paul. 2016. "The Trouble with Macroeconomics." Stern School of Business. New York University. (September 14).
- Rothbard, Murray N. 2009. *Anatomy of the State*. Auburn, Alabama: Ludwig von Mises Institute.
- Stigler, George. 1975. *The Citizen and the State*. Chicago: University of Chicago Press.