

FROM VIENNA TO MADRID: A LIBERTARIAN VISION OF SCIENTIFIC AND MORAL TRUTH*

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Thank you very much to the Mises Institute and Joe Salerno for his kind introduction as well as for inviting me to deliver this “Ludwig von Mises Memorial Lecture” to celebrate the one hundredth anniversary of Murray N. Rothbard’s birthday. It is the second time I visit the Mises Institute to deliver this most important lecture: The first one was almost thirty years ago, back in April 1997, when I delivered a lecture on “The Scholastic Roots of the Austrian School”. In this second opportunity I am very happy to have been able to accept Joe’s invitation and to come with a very well represented retinue of ten of my colleagues and doctoral students. All of them are teaching as professors or making their research at our more than twenty-year-old Doctoral and Master Programs in Austrian Economics at King Juan Carlos University back in Madrid, and which is the only one officially approved and with full validity inside the whole European Union. You have already had the opportunity to hear from each one of them a detailed description of the so-called “Madrid Austrian Research Hub” and of all the activities we are developing every year, including the 54 Doctoral Theses on Austrian Economics that have been read up to now in our program. And here you have also copies of the English version of our main books published by Routledge, Edward Elgar, and by the Macmillan Austrian Series edited by my Madrid Colleagues, the German professor Philipp Bagus and the Canadian professor Dave Howden. And you will have the unique opportunity to buy these books that, as you know, have a hefty price of almost 100

* Ludwig von Mises Memorial Lecture (to celebrate Murray N. Rothbard’s 100th birthday).

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pounds each one, at the almost “stolen property” and symbolic price of 5 dollars per copy, thanks to the most generous help of the Spanish Jesús Huerta de Soto Foundation that is helping to finance our participation in this important event.

And now what I will do in the next forty minutes is to try to summarize not only my main contributions, but also “The Libertarian Vision of the Scientific and Moral Truth” as we see it from our Austrian School Hub in Madrid. And I will do it by focusing on a series of fundamental points.

Precisely, the youngest of all sciences, Economics is the one that has provided Humanity with the most important scientific contribution

The first one is that Economics, being the last science to arrive, or as Mises said, “the youngest of all sciences,” has nevertheless achieved the milestone of providing Humanity with the most important scientific contribution. For the first time, and thanks to Economic Science, human beings have discovered and understood that voluntary social cooperation, free from all institutional and systematic external coercion, generates a spontaneous order that cannot be designed nor organized by anyone, and that peacefully and without limits drives the prosperity and expansion of Humankind.

This transcendental message of Economic Science, on the one hand, resolves the impossible antithesis of attempting to apply, within the realm of interactions carried out by human beings endowed with free will, the manipulative approach of external entities that human beings have no choice but to use, supported by technology and the natural sciences, in order to dominate the subject of the material world. And on the other hand, this is a radically revolutionary message: for the first time, it has been scientifically demonstrated that states, in any of their forms, are neither necessary nor viable; that Society, understood as a process of voluntary human interactions, does not need anyone to govern it, because it regulates and organizes itself spontaneously; and that the attempt to coordinate Society on the basis of social engineering and state coercive commands is impossible, doomed to failure, and gives rise to all kinds of distortions, social conflicts and violence, that continually hinder and block human progress.

Economic science is generalized into a complete Theory of Liberty that makes it possible to reinterpret History and promote the expansion of civilization

The second point is that Economics has been generalized into a whole Theory of Liberty, understood as the most essential attribute and requirement of human nature. Liberty means that all human actions are carried out voluntarily, based on the principle of non-aggression, and free of external coercion or violence imposed and organized from above by the always minority group of human beings who, under whatever title, exercise any kind of political power.

Moreover, Economics dismantles and turns upside down the erroneous and biased account of Thomas Hobbes and his followers. Neither was the "state of nature" a terrifying situation, nor did a supposed "social contract" ever exist or was it necessary to create and maintain a State that would impose order and guarantee peace. What happened was precisely the opposite: natural evolution consisted, above all, in the spontaneous discovery of the great advantages provided by voluntary exchanges and peaceful trade. Systematic and generalized violence, war, and terror arose only with the appearance of States, as coercive institutions composed of the most antisocial and violent human beings, who wanted (and still want) to live at the expense of plundering those citizens who earn their living by working and trading peacefully with each other (Oppenheimer, 1926).

Thus, Economics, demonstrates that what Étienne de La Boétie named "voluntary servitude", is an anti-human aberration to which human beings have been subjected for centuries. And that it is not necessary to continue with the resigned habit of obeying the State; nor do governments enjoy an aura of prestige (but are literally "stripped" of any attribute of intellectual or moral superiority); nor is the caste—or "praetorian guard"—of intellectuals, "experts", and acolytes that surround states and rulers to be regarded as untouchable; nor should we allow ourselves to be seduced and deceived by subsidies or perks, whether supposed or real, with which they seek to purchase the will and secure the loyalty of exploited human beings, so that they will consent, voluntarily and permanently, to their exploitation and servitude (De la Boétie, 1975).

Economics is the Science developed by the Austrian School of Economics, which should in fact be known as the Spanish School, as it has its origins in the thinking of our scholastics of the Spanish Golden Age

The third point is that Economic Science has reached its highest level of development thanks to the Austrian School of Economics. As you know, our school is based on the realism of its analytical assumptions, in the dynamic approach based on the entrepreneurial, creative, and coordinating capacity of every human being, and in the study of the spontaneous and self-regulated order of the social process of voluntary human interactions (Huerta de Soto, 2008). The institutional and multidisciplinary approach of the Austrian School is also very relevant. As a result of the spontaneous social process important institutions emerge which, in turn, make it possible and drive it forward: Law and property rights rooted in human nature and discovered and developed spontaneously outside the state; the family, a basic and essential institution, on which the expansion of Humanity is made possible and consolidated; moral principles, which act as a true “automatic pilot” for liberty and which human beings internalize and transmit from generation to generation, thanks to the family and other community or religious institutions; economic institutions, and in particular, money, which also evolves spontaneously outside the State, [and which can and should be considered the social institution par excellence, since by overcoming the problems of barter, it enables the exponential multiplication of voluntary exchanges and human interactions, within which the rest of the social, linguistic, moral, legal, economic, and religious institutions are discovered, shaped, and perfected.]

Our fourth point is that the first theorists of the spontaneous order emerged in the field of law, led by the great jurists of classical Rome. They were the first ones to understand the organic and evolutionary nature of the social process, and so they became, without being aware of it, the first economists. Their tradition was kept alive throughout the Middle Ages thanks to the Catholic Church and, through thinkers such as Saint Thomas Aquinas, Saint Antoninus of Florence, and Saint Bernardino of Siena, eventually came to influence the Spanish scholastics of the sixteenth and seventeenth centuries gathered around the University of

Salamanca. As Rothbard demonstrated (Rothbard, 1976) these thinkers of the Spanish Golden Age should be considered the most immediate precedent of the Austrian School of Economics, which, precisely for this reason, should be called the Spanish School of Economics. And in fact, these Spanish scholastics were already able to articulate the following ten essential principles which constitute the theoretical foundation of the Austrian School:

Firstly, the subjective theory of value developed by the Bishop of Segovia, Diego de Covarrubias, who as early as 1555 clearly explained that, although the objective nature of wheat is the same in Spain as in America, its price was higher in America because there human beings subjectively valued it much more highly; from this follows the correct relationship between prices and costs set out by Luis Sarabia de la Calle, in the sense that it is market prices that determine costs and not the other way around, as equilibrium theorists mistakenly believe; the Scholastics also realized that equilibrium models and prices lack realism and theoretical meaning because they presuppose a degree of knowledge “so complex that only God, and in no case human beings, could ever acquire it” (in latin “pretium iustum mathematicum licet soli Deo notum”), as already explained by the Jesuit cardinals Juan de Salas in 1617 and Juan de Lugo in 1643, more than three hundred years earlier than Hayek could conclude that “a science which assumes knowledge that can never be acquired is not a Science”; also the dynamic concept of competition is fundamental, understood as a process of rivalry among sellers based on the dynamic conception of market processes developed by Jerónimo Castillo de Bobadilla and Luis de Molina in 1589 and 1597, and that has nothing to do with the static model of “perfect competition” of equilibrium theorists; and also the important contributions of the Spanish Scholastics related with capital theory, business cycles, and the effects of fiduciary media generated by banks; so, particular emphasis should be placed on the rediscovery of the principle of time preference by Martín de Azpilcueta, following what Lessines had already stated in 1285; as well as on the fact that bankers commit mortal sin when they operate with fractional reserves, creating bank deposits as a form of virtual money (or *chirographis pecuniarium*, as Luis de Molina said in latin) that only exists in their accounting books and distorts the

structure of relative prices, creating bubbles and deep economic crises that ultimately “bring everything crashing down,” as Saravia de la Calle and Tomás de Mercado so vividly explained in the 16th Century; and in short, the Scholastic’s idea that it is impossible to organize society through coercive commands due to lack of the information that would be required to give them coordinating content; as well as the discovery that inflation is a hidden and very harmful tax that arises from an act of tyranny, since it is neither known nor accepted by citizens, which would even justify the assassination of the King according to the theory of tyrannicide, a contribution originally made by the Castilian Comuneros eventually defeated by the tyrant King Charles V in 1521, and developed by Father Juan de Mariana almost a century later [in 1610].

This entire line of proto-Austrian scholastic thought also spread throughout the Americas, especially in the newly founded universities of San Marcos in Lima and Mexico City in 1551 where brilliant disciples of these Scholastics, who had studied at the University of Salamanca itself, came to occupy prominent academic positions. Thus, for example, we should mention the cases of Bartolomé Frías de Albornoz in Mexico, and above all the great Juan de Matienzo, who became judge and president of the Royal Audiencia of Charcas and Lima from 1560 onwards (Popescu, 1997). Finally, the doctrine of our scholastics did spread even to North America two centuries later through the books of Juan de Mariana, who greatly influenced Thomas Jefferson and the founding fathers of the United States.

However, the southern part of the continent ultimately proved unable to neutralize the wave of growing statism and centralization that first came with the arrivals of the Habsburgs in Spain, and which was intensified even further after the arrival of the Bourbons with Philip V at the beginning of the eighteenth century (Martínez Marina, 1820). How different and much more prosperous and libertarian might the historical evolution of Spain and Latin America have been, had the statist centralism of the Habsburgs and the Bourbons not prevailed, and had the far more libertarian, local, and decentralized traditional representative institutions of the kingdoms of Castile instead remained predominant—institutions that were dismantled, together with Europe’s

first libertarian revolution, beginning with the defeat of the Castilian Comuneros at Villalar on April 23, 1521 (Leonard Liggio, 2025).

The most important and far-reaching contributions of economic science

Let us now turn, in greater detail, to the most important contributions of Economics, as developed by the Austrian School.

First, human cooperation takes place spontaneously, without the need for anyone to organize it coercively from outside. This is so because human beings are endowed with an entrepreneurial and creative capacity that continually drives them to discover the multiple opportunities for profit that arise in their environment. Each of these opportunities embodies a previous discoordination in human behavior that remains latent until it is discovered and overcome by the corresponding entrepreneurial act. This entrepreneurial act always arises from a creative tension and interpretation of events of the outside world that is essentially subjective and, therefore, cannot be reproduced by any artificial intelligence algorithm; in other words, the same objective events can be interpreted in multiple ways, even contradictory ones, without it being possible to postulate which is correct until the corresponding entrepreneurial process is completed in the form of a subjective profit. In any case, every entrepreneurial act involves, firstly, the creation of information that did not exist before (regarding the profit opportunity that arose from the previous discoordination that had gone unnoticed); secondly, the transmission of that knowledge (directly to the parties involved in the entrepreneurial act and indirectly through a series of institutions and signals such as market prices); and third and finally, the coordination of the previous maladjustments takes place when the parties involved learn *motu proprio*, that is, voluntarily and for their own benefit, to discipline their behavior according to the needs of others (for example, when they discover that they achieve their ends more effectively by specializing and trading peacefully the mutual results of their efforts). The discovery of the essence of this pure entrepreneurial act, with its elements of creation and transmission of information and the spontaneous coordination of the previous maladjustments continually generated by human coexistence, constitutes the most important contribution that Economic Science has provided to Humanity,

and explains why the spontaneous process of voluntary social cooperation that drives the multiplication of human beings and the expansion of civilization does not require any statist system of institutional coercion.

Another essential contribution of Economics is the concept of Dynamic Efficiency, understood as the process of unlimited expansion of human creativity and entrepreneurial coordination that arises only within a specific institutional framework of moral and legal norms. This framework is the one grounded on the ethical principle according to which every human being has a natural right to appropriate the results of his entrepreneurial creativity; that is, a property right over what one has created and which did not previously exist, which is the most obvious and important human right. For this reason, (dynamic) Efficiency and Morality and Justice (properly understood) cannot be separated one from the other; or, as we might say, they are two sides of the same coin in the sense that only Justice and Morality induce and generate efficiency; and at the same time, what is dynamically efficient in economic terms cannot be neither unjust nor immoral. All of which, on the other hand, demonstrates the integrated order that exists in the social universe, and highlights the three levels of research (theoretical, ethical, and historical) that complement and reinforce with each other and are essential in our search for truth (Huerta de Soto, 2000).

Finally, another key contribution of Economic Science is to have demonstrated the impossibility of socialism, or better, the impossibility of statism, in the sense that it is impossible for the State to achieve and coordinate what it promises for the following four reasons:

First, because of the enormous volume of information required for such coordination, which the State cannot acquire because it is dispersed in the minds of the eight billion human beings who participate and interact in the social process every day. Second, given the tacit and inarticulate character of this information (and therefore its inability to be transmitted in an objective manner). Third, because the information that is generated is not “given,” nor is it static, but instead changes continuously as a result of human creativity, making it impossible to transmit today information that will only be created tomorrow, and which is precisely the information

that the organs of State intervention and the so-called “experts” would need today in order to direct society to achieve their objectives tomorrow. And fourth, and above all, because the coercive nature of State commands blocks the entrepreneurial activity of creating the very information which the State organization itself would need in order to give its commands a coordinating content. In sum, the State is always and everywhere violence and coercion; coercion blocks the entrepreneurial act of creation, discovery, and adjustment of disorganized human behavior, while at the same time preventing the creation of the information and the emergence of free market prices that make economic calculation and social coordination possible. For this reason, statism is not only unnecessary but is also scientifically impossible.

The impact of these essential contributions of Economics on the course of social evolution has so far been very limited

All of these scientific contributions have so far achieved only a very partial, imperfect, and limited impact on the inertia of a social and political reality that has for centuries been characterized by the coercive power of States and rulers, and by the more or less resigned servitude of the citizens. And despite the very limited nature of this impact to date, which at best has materialized in a series of naïve and “liberal” revolutions aimed, with as much arrogance as lack of success, toward the impossible objective of trying to separate and limit the powers of states and rulers through political constitutions and “liberal democracies” (Rothbard, 2009); Humanity has been propelled as never before in those places and historical moments where it has managed, despite everything, to at least partially free itself from the State and open up some of the new channels of liberty shown by the teachings of Economics. Beginning with the Industrial Revolution, which was but the first chapter of the never-completed “Revolution of Liberty” inspired by Economics. And although what has been achieved in terms of prosperity and standard of living by the now eight billion human beings seems relatively significant—and indeed it is—we cannot even conceive of the standard of living and population size that could be achieved if Humanity were able to take full advantage of and fully implement the teachings of Economic Science.

We can be few and poor in a context of servitude and submission to the State, or many and wealthy in a context of liberty (Hayek, 1988, p. 133). The globe is practically empty of human beings (the Earth's current population would fit into an area equivalent to that of the state of Alaska, with a population density equal to that of Brussels). And we cannot even imagine the prosperity that could be achieved in a free market daily driven by eighty billion, or even eight hundred billion, human beings. Economics explains and demonstrates that the increasing prosperity of an ever-growing population of human beings never results from deliberate and coercive State plans, nor from the egalitarian income redistribution, nor from increases in public spending, nor from subsidies, debt, or inflation, but only arises from the free market of the capitalist system. This consists of the process of voluntary exchanges among all human beings who, endowed with an innate entrepreneurial and creative capacity, are able to detect and assess, through the system of free prices, the relative urgency and necessity of each good and service, overcoming the relative scarcity of each and satisfying, every day and in the best humanly possible way, the desires and needs of billions of consumers. Entrepreneurs who succeed in this never-ending process of profit-seeking accumulate significant resources, which, in turn, are saved and invested in capital goods and new technologies that make human beings increasingly productive, boosting their wages and standards of living; a virtuous process of continuously expanding prosperity and population growth that, if not coerced or hindered by the State, has no limits.

Therefore, it is crucially important for the future of Humanity that it be able to take full and maximum advantage of the lessons and essential message in pursuit of human liberty that Economics provides. But this will only be possible if we are able to unmask and carefully analyze the powerful forces of the pseudoscientific and counterrevolutionary reaction that has been mobilized to prevent the advance of the theory of liberty derived from Economic Science. Despite their diverse origins, they all converge on the same objective: to attempt to justify and preserve State coercion at all costs under the appearance of scientific legitimacy. They are driven by the "fatal conceit" (Hayek, 1988) of many visionaries,

thinkers, and supposed “experts” who believe themselves to be clever enough to correct the spontaneous market order, of course, using the violence and coercive power of the State. Together with a privileged caste of rulers, bureaucrats and acolytes, they continually manipulate a Humanity that is sadly accustomed to serving the State. For all of them, it is vital that statism be maintained and that the message of liberty provided by Economics never prevail.

Next, we will list the main reactionary pseudoscientific currents that have infiltrated Economic Science like a lethal virus and constitute, in Hayek’s terminology, “the counter-revolution of science” (Hayek, 1955).

Pseudoscientific reactionary currents opposed to Economic Science. The role played as “useful innocents” by many libertarian economists of the counterrevolutionary mainstream

First, positivism and scientism as pseudoscience. By “scientism” we must understand the improper application of the methods of the natural sciences to the field of Economic Science. Thus, while the natural sciences study their object of research as something external, measurable, and quantifiable, Economics studies the implications of the voluntary actions of human beings. And given the essentially creative nature of human beings, the supposed empirical “evidence” has, at best, only a superficial, partial, and always historically contingent value. In Bastiat’s words, of “what is seen” —or rather, what is believed to have been seen— but not “what is not seen” (Bastiat, 1995); and at worst, it always entails the assumption, that human beings are an object of research that can be manipulated as the matter of the external world studied by the natural sciences. This inevitably introduces the idea that to improve the world, the State and its rulers must use their coercive power to manipulate and change the things they believe they see in their historically contingent “empirical photos.” But these “empirical photos” cannot capture the underlying dynamic essence of spontaneous social processes, let alone what is already happening spontaneously to solve and coordinate every problem. Therefore, it is not surprising that from the very first steps of Economic Science promoted by the Austrian School, its most violent opponents were the “socialists

of the chair” gathered around the German Historical School, reinforced in France by the empiricists of the school of Saint-Simon, the insane Comte, and Durkheim, who sought to create a new and alternative pseudoscience of society. And their unhealthy positivist and ultra-empirical influence has persisted to the present day, first through American Institutionalism and later through the massive compilation of empirical data, for example, in the work of Wesley C. Mitchell or Henry Schultz, the latter, as shown by Professor Salerno, having gone on to exert a decisive influence on his assistant Milton Friedman and, through him, even on the Chicago School itself (Salerno, 2023).

Secondly, the pseudoscience of neoclassical economics is characterized by its claim that only its own approach constitutes true “science,” that is, the approach based on the principles of equilibrium, maximization, and constancy. Moreover, in addition to the lack of realism of its assumptions, it adds the reductionism of a mathematical language that has developed in response to the needs and demands of the natural sciences, but which is alien to Economic Science because it does not allow for the subjective concept of time or entrepreneurial creativity. Neoclassical economists develop their pseudoscience based not on real human beings of flesh and blood, but on “ideal types” that are like “robotic penguins” who, even in their most sophisticated dynamic stochastic general equilibrium models are limited to moving and reacting to events and State coercion as if they were characters of a sort of economic video game (“videogame economics”). Yet neoclassical pseudoscience, despite its apparent and ever-increasing sophistication, is not capable of accounting for the immense complexity of the real world and rebels against the idea of spontaneous market order in two ways that are equally harmful to human liberty: on the one hand, by promoting the coercive “social engineering” of central banks, States, and governments to use “fine tuning” to force reality toward to the mathematical optimum of their models; and, on the other hand, by labeling as “market failures” everything they believe they observe in reality that does not coincide, in their empirical studies, with their ghostly models of “perfect” equilibrium and adjustment (Milei, 2023); failures that, according to them, refute the “benefits” of the spontaneous order of the market and

human liberty, and justify their elimination as soon as possible by a coercive State authority. Note also how neoclassical pseudoscience needs, and feeds upon, the empirical work of the previous pseudoscience, positivism, in order to justify its conclusions against human liberty and in favor of State coercion, so that positivists and neoclassicists join hands and end up reinforcing each other in their reactionary agenda.

Third, Keynesianism and macroeconomics as pseudoscience. The very “macro” approach already entails, inevitably, an obvious bias in favor of justifying State intervention, aggression, and coercion against the spontaneous order of the market and human liberty. As F. A. Hayek pointed out in his Nobel Prize acceptance speech in 1974 (Hayek, 1978), macroeconomists ignore everything they cannot measure, specifically truly relevant economic processes and theories. At the same time, they believe that certain aggregate concepts—which lack genuine economic meaning—possess a “real” existence, that permits to collect empirical information or evidence that can be manipulated and statistically treated. Once again, macroeconomic pseudoscience goes hand in hand with positivist pseudoscience, and the two reinforce with each other in their counterrevolutionary reaction. Furthermore, Keynesianism is particularly harmful: not only does it flatly deny the coordinating capacity of creative entrepreneurship and the spontaneous market order, but it also builds as an alternative explanation a whole model—of course—of equilibrium with permanent unemployment, to justify the coercive intervention of the State in the lives of human beings in the form of all kinds of fiscal and monetary manipulations. Moreover, the macroeconomic and Keynesian pseudoscience feeds upon, and is reinforced by, the pseudoscientific approach of the Neoclassical School, to the point that, the so-called “neoclassical Keynesian synthesis” became, throughout the twentieth century, the main reactionary movement inside Economics. Keynesians and macroeconomists thus become the champions of that intoxication with statism, manipulation, and political power which constitutes the framework, orchestrated by governments and central banks, to which we have, regrettably, become accustomed and in which we are forced to live. This context repeatedly destabilizes the spontaneous market order,

generates serious financial and economic crises and social conflicts, and continually hampers the prosperity and advance of civilization.

We have left the quasi-religious mysticism of Marxist pseudoscience for last, because Marxism was scientifically dead even before it was born: in fact, it emerged with—and was theoretically demolished by—the subjectivist revolution led by the Austrian School of Economics. From the beginning, the Austrian School's development of time preference and capital theory revealed the contradictions and grave scientific errors of Marxism, while at the same time exposing its pronounced character as an intellectual fraud (Böhm-Bawerk, 1949). This intellectual fraud was historically illustrated by the collapse of the Soviet Union, and of virtually all other communist countries, after many decades of unspeakable human suffering for a large part of the world's population, all of which was perfectly consistent with the theory on the impossibility of statism developed by the Austrian School beginning with the von Mises of 1920 (Mises, 1936), and which was the final nail that forever sealed the coffin of the corpse of Marxist pseudoscience (Huerta de Soto, 2010).

Finally, in this context, we must mention the destructive role played by a number of distinguished economists who, although they defend liberty and the market economy, could be described as a kind of “useful innocents” in Mises' terminology (Mises, 1947). This is so because, even though they officially oppose rampant statism and defend liberty, by accepting—even if only partially—some of the postulates of the reactionary pseudoscientific currents we have described, they ultimately end up, often without intending to and much to their regret, providing additional impetus to the statist reaction within our discipline; for example, when they insist on advising States with proposals aimed at making them more efficient and at helping them do somewhat better things that they should not be doing at all. By way of illustration, we should include in this category of “useful innocents”, for example, thinkers as the Karl Popper of *The Open Society and Its Enemies* (Popper, 1966, p. 366), who came to admire the “scientific capacity” and even the “humanism” of Karl Marx, and who proposed a statist strategy of “piecemeal social engineering”; or George Stigler,

when he claimed that only empirical evidence could determine which economic system, socialism or capitalism, might function (Stigler, 1975, pp. 1-13); and, more generally, the members of the Chicago School, led by Gary Becker and Milton Friedman. Becker when defending that only economics developed within the strict limits of equilibrium, constancy, and maximization, typical of the neoclassical pseudoscience, constitutes true "economic science." And even more serious could be considered the case of Milton Friedman, whose very sincere love of liberty and intense and popular media support for free markets stand in sharp contrast to his pseudoscientific approach based on the aggregate method of economics of Keynesian origin, on positivist empiricism, and on the full acceptance of the unrealism of assumptions. Only in this way it can be explained Friedman's litany of scientific errors which, much to his regret, have invariably ended up reinforcing statist interventionism, to the point that Hayek himself was forced to conclude that after Keynes's *The General Theory*, the most dangerous book for Economic Science has been Friedman's *Essays in Positive Economics* (Hayek, 1994, pp. 145).

The failure of democracy and classical liberalism: the triumph of statism

As we see, many classical liberals and advocates of liberal democracy have also acted as "useful innocents." The fatal error of classical liberals lies in the failure to realize that their program is theoretically impossible, because it incorporates within itself the seeds of its own destruction, precisely to the extent that it considers necessary and accepts the existence of a State (even if it is "minimal") understood as the monopolistic agency of institutional coercion. Therefore, the great error of classical liberals is very basic: they believe in a program of political action and economic doctrine that aims to limit the power of the State, while at the same time accepting it and even considering state's existence necessary. However Economic Science has already shown that the State is unnecessary, that statism (even in its minimal form) is theoretically impossible, and that, given human nature, once the State exists, it is impossible to limit its power. On the other hand, liberal democracy is a concept as naïve as it is impossible. Mises already warned us that democracy could only function if all its

participants accepted the classical liberal principles, which is impossible because democracy itself encourages and amplifies vote-buying and the partisan use of power. So, the inevitable conclusion is that "liberal democracy" is a contradiction in terms as absurd as speaking (following Anthony de Jasay) of a "square circle," of "hot snow," or of a "virgin prostitute" (A. de Jasay, 1990). And even Hayek considered democracy unworkable if it is understood as the exercise of absolute power by majorities (*Kratos* in classical Greek). It should therefore come as no surprise that democracy once and again tends to be a perverse system based on lying and buying votes with money stolen through taxation.

The fact is that the State attracts like a magnet the worst passions and vices of human nature, for instance, when individuals try to obtain rents produced by others using the State's coercive power. Moreover, the combined effect of the privileged groups, the phenomena of governmental myopia and vote-buying, the megalomaniacal character of politicians, and the irresponsibility and blindness of bureaucracies generate a dangerous, unstable and explosive cocktail, continually shaken by social, economic, and political crises which, paradoxically, are always used by the political caste to justify further doses of intervention and statism that, instead of solving problems, further aggravate them. Statism therefore corrupts the entire social body and at the same time blocks the spontaneous and free market solutions of social and economic problems.

In fact, the State has become the "idol" that almost everyone turns to and worships. Statolatry is the most serious and dangerous social disease of our time. We are educated to believe that all problems can and must be detected and solved by the State. Our destiny depends on the State, and the politicians who control it are expected to guarantee everything our well-being may require. Human beings remain immature and rebel against their own creative nature, which makes their future always uncertain. They demand a crystal ball that assures them not only knowing what will happen, but also that any problems that arise will be solved for them. This "infantilization" of the masses is encouraged by politicians, as it justifies their own existence and ensures their popularity, position of dominance, and capacity to control. In

addition, a whole legion of intellectuals, so-called “experts,” and social engineers join in this arrogant intoxication of power. Not even the Church and the most respectable religious denominations have been able to realize that statolatry today constitutes the principal threat to the free, moral, and responsible human being; that the State is a false idol of immense power, worshipped by all, and that does not allow Humanity to be free from its control or have moral or religious loyalties beyond those the state can dominate. Furthermore, it is kept hidden from the public that the state is the true source of social conflicts and evils, and “scapegoats” (such as “capitalism” or private property) are blamed for the problems, and they become the goal of the most serious condemnations, even from moral and religious leaders, almost none of whom have realized the deception or dared to denounce that statolatry is the main threat in the present century to religion, morality, and, therefore, to human civilization.

Perhaps the main exception within the Church is included in the brilliant biography of Jesus of Nazareth written by Benedict XVI. That the State and political power constitute the institutional incarnation of the Antichrist should be obvious to anyone with a minimal knowledge of history who reads the former Pope’s considerations on the most serious temptation that the Evil One can present to us (and I quote Ratzinger literally): “The tempter is not so crude as to propose to us directly the worship of the devil. He merely proposes that we opt for the rational solution, that we prefer a planned and organized world in which God may have a place as a private spiritual matter, but must not be allowed to interfere in our essential purposes. Soloviev attributes to the Antichrist a book entitled *The Open Road to World Peace and Prosperity*; it becomes the new Bible, and its core message is the worship of well-being and rational planning,” by the state (Ratzinger, 2007). And so, we should not be surprised that, for example, the great author of *The Lord of the Rings*, J. R. Tolkien, whose Catholic anarchism I fully share, went so far as to say that he would arrest anyone for simply daring to pronounce the word “State.” Because the State is, always and everywhere, a reality of violence and systematic coercion against the most intimate essence of the human being, which is his capacity to act freely, creatively, and spontaneously; and so, it is

unavoidable to conclude that the State is essentially immoral and that statism constitutes the principal threat to humankind.

A theological digression: the dismantling of statism as a logical necessity inseparable from the work of God

And almost without realizing it, we can go ahead with a theological digression on how dismantling the State is a logical and moral necessity inseparable from the work of God. I fully understand that referring to God in this conference may come as a shock to many of those present, but I would ask that even those who do not believe in God, at least for dialectical purposes, make an effort of imagination and, for the next few minutes, imagine that God does indeed exist.

And what do we mean by God? We must understand God to be a Supreme Being, Creator out of love for all things. And the most important creature that God has created is precisely the human being: in His image and likeness. And if there is a point of connection between God and man, it is precisely in the creative entrepreneurial ability: the capacity to discover, to see, and to create new things, goals and actions. But now I am going to go one step further and attempt to demonstrate that God is not only the Supreme, loving Creator of all things, but that—moreover—God is libertarian.

And what does it mean to say that God is libertarian? It means that God, the Lord of all the Universe, has absolute power over it, and yet He chooses not to use force, but always leaves his creatures free. To the point that He gives human beings the freedom to rebel against Him; even though, again and again, God forgives human beings and allows them to rise up and begin anew.

God always lets the universe He has created, flow in a spontaneous manner (“laissez faire, laissez passer, le monde va de lui même” could be the motto of our libertarian God). And this despite the fact that human beings tempt God again and again and demand that He manifest His absolute power, that He give us clear and indisputable signs of His existence and supreme power in order for us to believe in Him. But of course, God does not accept our challenge. Why? Because love and liberty are inseparable, and a forced conversion, for example by an evident cataclysm, would be completely contrary to that liberty with which God has created human beings out of love.

Moreover, the Kingdom of God is not of this world; Jesus himself says this to a fearful Roman state official, who was also in charge of judging him: "My kingdom is not of this world." Does this mean that there are two types of kingdoms? The kingdoms of this world or States, which would be legitimate at their own level (remember "render unto Caesar the things that are Caesar's"), and the Kingdom of God, of ("render unto God the things that are God's"). That is the standard interpretation that has prevailed until now, but I think is completely wrong. The Kingdom of God—which is the exact opposite of the kingdoms or States of this world—never makes systematic use of violence and coercion: it is a Kingdom that has already come to us and, moreover, has been given to us freely, in an act of immense mercy and love (*Deus caritas est*). And just as the hateful institution of slavery came to an end, the Kingdom of God will also dismantle the kingdoms of this world, the states of this world, or as St. Paul said, of every principality, power, and glory (Ephesians 1:21-23), because God is libertarian and man is made in the image and likeness of God.

Ludwig von Mises, in his book *Interventionism*, introduced the term "destructionism" to refer to the economic and social effects of statism. If Evil (represented by statist destructionism in Mises' terminology) were to prevail, the human race and civilization would have disappeared long ago. The fact that, despite everything and the immense power of seduction of statism over humankind, the process of social cooperation continues to unfold and even prosper in certain historical periods and geographical areas, is a clear manifestation that God does not abandon the world nor leave libertarians alone in their struggle against the Evil; and that Good, represented by liberty, the principle of non-aggression, the spontaneous order of the market, entrepreneurial creativity and coordination, and above all, moral principles, always with God's help, prevails and is capable of overcoming Evil, represented by the fatal conceit of the statist ideal and the destruction that it produces.

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with human nature. The most important intellectual and moral event that is taking place nowadays is the full fusion between Christianity and anarcho-capitalism. Because anarcho-capitalism is the only possible system of social cooperation that is truly compatible with human nature. Anarcho-capitalism is the purest representation of the spontaneous market order in which all services, including law, justice, and public order, are provided through a voluntary process of social cooperation. In this system, no area is closed to the drive of human creativity and entrepreneurial coordination; efficiency and justice in the resolution of problems are simultaneously enhanced, while the conflicts, inefficiencies, and discoordinations generated by the State are eradicated at their root.

The progressive abolition of States and their gradual replacement by a dynamic network of private agencies different legal systems, and providing all kinds of prevention and defense services, constitutes the most important social transformation that will take place in the twenty first century. Without forgetting that exactly what prevents us from knowing with precision what the future without the state will look like, the creative nature of entrepreneurship, is what gives us the peace of mind of knowing that any problem will tend to be resolved and overcome, once the entrepreneurial effort and creativity of Humanity are devoted to its solution (Kirzner, 1985).

Therefore, the revolution against the “Old Régime” carried out in the eighteenth and nineteenth centuries by the old classical liberals, today finds its natural continuation in the anarcho-capitalist revolution of the twenty-first century. The message of anarcho-capitalism is clearly revolutionary. Revolutionary in terms of its goal: the dismantling of the State and its replacement by a competitive market process consisting of a network of private agencies, associations, and organizations. And revolutionary in terms of its means, especially in the scientific, economic-social, and political fields:

- a) First, *Scientific revolution*, in the field of Economic Science, which becomes the general theory of spontaneous market order extended to all social areas. And by contrast and opposition, the theory and analysis of the effects of social discoordination generated by statism in any sphere in which it

operates, as well as the study of the transition process from the State towards liberty.

- b) Second, *an Economic and social revolution*, as we cannot even imagine today the immense human achievements and discoveries that could be made in an entrepreneurial environment totally free from statism. Today, and despite continuous governmental harassment, an unknown civilization is already developing, with a degree of complexity that is beyond the reach and control of the state, and which will achieve unlimited expansion once it manages to completely rid itself of statism. And when human beings become more and more aware of the perverse nature of the State that restricts them, and of the immense possibilities that are frustrated each day when the State blocks the driving force of their entrepreneurial creativity, the social demand to reform and dismantle the State will multiply creating a future that is largely unknown to us but that will elevate human civilization to heights that we cannot even imagine today.
- c) And finally, a *political revolution* in which, although day-to-day political struggle is important, it should not be the top priority. It is true that the least interventionist alternatives must always be supported, in clear alliance with the efforts of classical liberals in their long term impossible democratic limitation of the State (including reforms such as those proposed by Hayek in the third volume of *Law, Legislation, and Liberty*). But the anarcho-capitalist does not stop at this task, for he knows that he can and must do much more. He knows that the ultimate goal is the total dismantling of the State, and this goal leads all his imagination and political action in everyday life. And here we cannot fail to mention the unprecedented impact of our disciple and follower of our Master Program in Austrian Economics in Madrid, the President of Argentina, Javier Milei, who has done more than anyone else before to disseminate the principles of the Austrian School and the anarcho-capitalist ideal. Principles that he never ceases to quote and explain and defend once and again in all his public appearances, from the United Nations to the Davos Forum; and in all his meetings with other Heads of

State, universities, and parliaments, to whom he even gives copies of the most important Austrian works by Mises, Hayek and even myself, as he did, for example, with the two popes, Francis and Leo XIV, with the French President Macron, the Italian Prime Minister Meloni, and even with Elon Musk. For us, it is a great honor that Milei has, to a large extent, emerged from the Austrian School of Madrid and that he continually keeps drawing inspiration from us. This is, without a doubt, much more important than incremental political steps in the right direction—which should of course be welcomed—and that should never fall into a political pragmatism that could betray the ultimate goal of achieving the end of the State (Huerta de Soto, 2010).

And all this with tireless enthusiasm in the search for scientific and moral truth, an attitude that, inspired by the immortal work of Miguel de Cervantes, we could describe as follows: “It matters not whether they be giants or windmills, when the plume of our helm is stirred by the winds of tenacity and faith.” And always creating a future that, although it may seem distant today, may at any moment witness giant steps that will surprise even the most optimistic among us. History has entered into an accelerated process of change which, although it will never stop, will open a whole new chapter when humankind finally succeeds in ridding itself definitively of the State, reducing it to no more than a dark historical relic of tragic memory.

Thank you very much.

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