SEMANTICS OF LIBERTY AND AUTHORITARIAN APOLOGETICS

—

The Austrian School of Liberal Economics and *International Relations*

By

Julius Gruber

Submitted to

Central European University

Department of International Relations

In partial fulfillment of the requirements for the degree of Master of Arts in International Relations

Supervisor: Professor Alexander Etkind

Vienna, Austria

2024

Abstract

Previous International Relations literature has described the Austrian School of liberal economics and Friedrich August Hayek as *"the outstanding twentieth century representative of the classical liberal tradition, with an immense influence on economics and politics."* (Van de Haar 2009 4, 5) At the same time, *"Hayek has not been given the priority or space he arguably deserves within this field."* (Spieker 2014 920) Over the past decade, an extensive critical research program in the disciplines of historiography and economics has traced the Austrian School's significant impact on the construction of contemporary international economic governance institutions. (Slobodian 2018); (Wasserman 2019) At the same time, authors such as Leeson (2017) and Yagi (2023) have repeatedly highlighted the apologetic rhetoric of Austrian School economists towards various authoritarian regimes, contrasting the school's persisting image as an economic and political philosophy of individual liberty. (Eberstein 2001) In this paper, I problematize the limited contextualization of the Austrian School's authoritarian tendencies in International Relations literature. Grounded in the critical analyses of recent scholarship, I compare Austrian School economists' defense of international authoritarianism in various contexts, both *inside* and *outside* the explanatory scope provided by previous IR literature. Based on this examination, I conclude that particularly considering the Austrian School's outstanding impact on international economic governance institutions and international policy-making in the 20th and 21st centuries, International Relations literature must integrate adjacent disciplines' identification of inherent authoritarian tendencies and of the centrality of the sociocultural embeddedness of Austrian economics into its contextualization of this outstandingly impactful branch of liberal economic and political thought.

Acknowledgements

I want to thank *Professor Alexander Etkind* for helping me to find my own language in conducting International Relations research by encouraging me to integrate my passion for historical analysis with my academic interests and for trusting me with my own pace of work.

I also want to thank *Chris* for listening to my ideas and for accompanying me throughout the writing process.

Table of contents

List of Abbreviations

IR: International Relations

IMF: International Monetary Fund

IBRD: International Bank for Reconstruction and Development

WBG: World Bank Group

ITO: International Trade Organization

ANC: African National Congress

Introduction

"For the liberal, the world does not end at the borders of the state…. His political thinking encompasses the whole of mankind." (Ludwig Mises 1927 148)

In the 1930s, as the fragile political and economic structures of interwar Europe started to collapse, the continent's liberal economists began to think about orders. As the fallout of the great depression rippled through societies, banks, and minds, the men assembled in Geneva to prevent a repetition of October 29, 1929, came to presume that *"neither statistics, nor mathematically informed theory, nor the nascent science of econometrics would suffice to forecast or stave off future crises."* (Slobodian 2018 58) Ernst-Ulrich Petersmann, a former student of Friedrich August (von) Hayek, stated in 1983 that *"The common starting point of the neoliberal economic theory is the insight that in any well-functioning market economy the 'invisible hand' of market competition must by necessity be complemented by the 'visible hand' of the law."* (Petersmann as cited by Slobodian 2018 7) Nascent neoliberalism performed a genuine 'turn towards the law,' away from economic prediction and statistical analysis, towards *"cultural and social bonds but also to the framework of tradition and the rule of law, all of which they perceived to be disintegrating in the 1930s"* (Slobodian 2018 58) Slobodian concludes that in defense of a *global* economy, resurgent liberal economics, represented by figures such as Ludwig (von) Mises, Friedrich August Hayek, William Rappard, and Wilhelm Röpke, located the line of defense not on the national but on the *global* level.

Through his books *'The Road to Serfdom'* (1944) and *'The Constitution of Liberty'* (1960), Friedrich August Hayek has attained international acclaim as an ardent defender of individual liberty. In this context, Hayek's biographer Alan Eberstein described Friedrich August Hayek as *"the great philosopher of liberty during the twentieth century"* in 2001. (Eberstein 2001 i) This judgment, extended to the wider Austrian School, is still prevalent in liberal circles, both economic and political. In this context, the repeated and unapologetic defense by Hayek and other Austrian School economists of some of the 20th century's most brutal authoritarian regimes, such as the Pinochet dictatorship in Chile (1973-1990) or the South African Apartheid regime (1948-1994) appears antithetical. (Filip 2018 428); (Slobodian 2018 150)

In his 2014 article *'F.A. Hayek and the Reinvention of Liberal Internationalism,'* published in *'The International History Review,'* Jorg Spieker ties the Austrian School's 'authoritarian apologetics' to the defense of the liberal international economic order that Austrian and Geneva School liberal economists strived to produce in line with their political and economic considerations made throughout the 1930s and 1940s. Spieker provides a detailed analysis of the Austrian School's origins in 19th century liberal theory, the restatement of which was the grand intellectual design of the 20th century's preeminent Austrian economists such as Ludwig Mises and Friedrich August Hayek. Spieker particularly underscores the Austrian School's lineage to the *"evolutionary turn"* of 19th century liberal internationalism. 19th century liberal internationalism thus perceived the international system as a dual order, whereby culturally and developmentally distinct segments would have to be governed through different sets of rules and norms. Inherited by the Austrian School from preceding liberal internationalist thought, this distinction, according to Spieker, *"provides the basis for a two-tiered hierarchical conception of international relations which is implicit in Hayek's work."* (Spieker 2014 934)

Spieker argues that this perspective of the international system as a dual order with one segment structured by liberal rules and norms with the remaining segment considered developmentally unready to comply with that organizing principle is the reason for the Austrian School's repeated *"rationalisation of, and justification for, imperialist policies between the liberal federation and the non-liberal rest of the world."* (Spieker 2014 934) I argue that the growing volume of critical research addressing the Austrian School's impact on international affairs fundamentally challenges this perspective. This critical research program does, however, not come from IR literature but mainly from disciplines adjacent to International Relations, such as historiography (Slobodian 2018); (Wasserman 2019) and macroeconomics (Leeson 2013); (Leeson 2018); etc. While the mentioned publications directly problematize and recontextualize the authoritarian apologetics of Austrian School liberalism, recent IR literature has primarily underlined the school's relevance to the discipline by giving renewed acclaim to its federalist and liberal internationalist perspectives. (Van de Haar 2009); (Van de Haar 2011); (Nientiedt 2011); etc.

Questioning whether the recent critical research about the Austrian School and international affairs in disciplines adjacent to International Relations necessitates a re-evaluation of the IR literature's positionality vis-à-vis the Austrian School of liberal economics, I aim to answer the following questions. Firstly, *has International Relations literature previously misappreciated the scope of the authoritarian apologetics of the Austrian School towards authoritarianism in international politics?* And secondly, *if so, what alternative interpretation of the Austrian School's repeated defense of these regimes can be identified given the critical re-evaluation by adjacent disciplines, such as historiography and economic theory, throughout the past decade?* To answer these questions, I first present an overview of the Austrian School's remarkable impact on international governance and international policy-making.

Following a review of previous IR literature on the Austrian School by authors such as Edwin van de Haar, Daniel Nientiedt, and Jorg Spieker, I problematize Spieker's classification of the Austrian School's authoritarian apologetics as a reflection of cultural and structural biases inherited from previous classical liberal thought. Based on recent critical evaluations from adjacent scientific disciplines, I compare the apologetics of Austrian School liberal economists towards authoritarian regimes in the cases of Chile and South Africa to the case of Austria and briefly touch upon the case of Portugal to inquire whether the scope of these apologetics transcends what Spieker calls a *"two-tiered hierarchical conception of international relations."* (Spieker 2014 934)

Grounded in the analysis of historians and economists such as Quinn Slobodian, Robert Leeson, and Birsen Filip, as well as the primary literature of the Austrian School, I contend that the Austrian School of liberal economics, despite its continuing prominence as a theory of individual emancipation, has defended as well as directly impacted the constitution and maintenance of authoritarianism in the international system, both inside and outside the scope that preceding IR literature has documented.

Methodology and case selection

The methodology I opt for is a comparative case analysis. This analytic model seems particularly appropriate since I aim to understand the analyzed cases *"across multiple contexts."* (Goodrick 2014 2) In his work *'Case Study Research: Design and Methods,'* the American social scientist Robert K. Yin outlines his suggested steps for selecting relevant cases for a comparative analysis. *Firstly*, the clarification of the key questions and the purpose of the evaluation. *Secondly*, A presentation of existing hypotheses that explain observed results. And *thirdly*, the definition of why specific cases are, in this context, included in a new comparative analysis. (Yin 2014)

The key question I ask in this paper is whether Jorg Spieker's contextualization of the Austrian School's repeated defense of authoritarian regimes as rooted in a *"two-tiered hierarchical"* view of the international system inherited from 19th century liberal internationalism can be upheld considering recent critical analyses of authoritarian tendencies in the Austrian School of liberal economics in disciplines, adjacent to IR. The existing hypothesis that I challenge is this very assumption, which I touched upon in the introduction. To test Spieker's analysis, I compare cases both *inside* and *outside* the scope of Jorg Spieker's analysis. Spieker's reasoning thereby posits that the defense of international authoritarianism by the liberal economists of the Austrian School represents a modern instance of the earlier liberal internationalist notion of *"imperialist policies between the liberal federation and the non-liberal rest of the world."* (Spieker 2014 934)

This reasoning is further contextualized by Slobodian's underscoring of Hayek's insistence on negative rights, or *"xenos rights,"* as the foundation of the international economic order that liberal economists within the Austrian and Geneva Schools aimed to construct after the Second World War. These *"xenos rights"* thereby imply the guarantee of the free *"movement of goods, capital, and people,"* with no recourse to protectionist domestic measures, subsidies to domestic industries, or the isolation of specific markets. (Slobodian 2018 122)

I aim to compare recent critical analysis by authors such as Slobodian (2018), Wasserman (2019), Leeson (2017), Yagi (2023), and others to the *"state of the art"* of IR literature. In this context, I analyze the cases of Chile and South Africa, which fall *inside* the explanatory scope of Spieker's assumption, as a part of the postcolonial context of what Hayek called the *"New Nations,"* the countries of Latin America and the African states that gained independence after the Second World War. (Slobodian 2018 14) I subsequently explore the cases of Austria and Portugal that fall *outside* this scope, in line with Robert Yin's suggestion for the new analysis of existing data to *"consider and test alternative explanations for outcomes."* (Goodrick 2014 3)

Chapter 1 – The Austrian School and International Relations

Previous International Relations (IR) literature has deemed the Austrian School of liberal economics and particularly its preeminent 20th century representative, Friedrich August Hayek, *"the outstanding twentieth century representative of the classical liberal tradition, with an immense influence on economics and politics."* (Van de Haar 2009 4, 5) This influence the Austrian School has exercised on economic and political international structures has been of significant concern to the research of authors such as Slobodian (2018), Wasserman (2019), and McPhail and Farrant (2017). In this light, an overview of the Austrian School's outstanding influence on the institutional frameworks of contemporary international economic governance, as well as its impact on foreign policy-making since the Second World War, provides crucial context to the analysis of this paper.

1.1 The Austrian School and international politics

In July 1944, the representatives of 44 allied nations convened at the Mount Washington Hotel in the town of Bretton Woods, New Hampshire, for the 'United Nations Monetary and Financial Conference.' The task given to the illustrious group of government officials, diplomats, and economists was nothing less than to, for the first time in history, *"design a global monetary system, to be managed by an international body."* (Steil 2013 1) In the following weeks between July 1 and July 22, 1944, those present framed the agreements that created the core institutions of international financial governance for the second half of the 20th century.

The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), the latter of which became part of the World Bank Group (WBG) in 1946.

In his 2018 book *'Globalists: The End of Empire and the Birth of Neoliberalism,'* the Canadian historian Quinn Slobodian highlights how liberal economists from the Austrian and Geneva Schools fundamentally impacted the institutions shaped at Bretton Woods. Slobodian's account of the 'Globalists'' success in moving the Bretton Woods framework towards the ideals of international economic order they had devised throughout the 1930s and 1940s is an eminent testimony of the Austrian School's comprehensive impact on the current institutional framework of global governance. Slobodian outlines that the impact of liberal economics on the Bretton Woods order was initially relatively limited. As John Maynard Keynes British economist, and Nobel laureate, was among the central figures shaping its institutions, *"Policy autonomy—the ability to tailor economic policy toward the goal of the welfare state—was the hallmark of what was called the Bretton Woods system."* (Slobodian 2018 119) Keynes's emphasis on allowing the 'insulation' of domestic economic policy from interference by the newly constructed international economic governance structure was a crucial factor. (Slobodian 2018 130) The two institutions created at Bretton Woods, the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD), thus initially committed themselves to abstain from interfering with member states' domestic economic policies.

The cornerstone of the policy of domestic economic insulation, advocated for by Keynes, was the International Trade Organization (ITO), which was designed as the third institution of the Bretton Woods order. The ITO-Charter, discussed by the delegates of the participating nations in Havana between November 1947 and March 1948, fundamentally challenged the free trade principles that Geneva-based Austrian School economists such as Ludwig Mises and Friedrich August Hayek had advocated throughout the pre-war era within the frameworks of the International Chamber of Commerce (ICC) and the League of Nations. *"Latin American and Asian delegates pushed the agenda away from free-trade orthodoxy…these nations sought to enshrine a parallel right to deviate from the orthodox rules of free trade to protect nascent industries against foreign competition and to pursue domestic development and full employment."* (Slobodian 2018 126) According to Slobodian, in Havana, uniform international economic norms were rejected by developing countries in the name of special treatment for the cause of development. This special treatment preeminently included a democratic governing principle. *"Unlike the IMF and World Bank, the ITO was to be organized on the principle of one-country-one-vote. Democracy was to be brought to the stage of global economic governance."* (Slobodian 2018 126)

To the 'Globalists' of the Austrian and Geneva Schools, the logic of domestic economic insulation had the capacity to *"destroy the universal society"* and to *"shatter the world."* (Slobodian 2018 12) As the European interwar order collapsed in the face of growing totalitarianism throughout the 1930s, the liberal economists of the Austrian School confronted two central, in essence political, questions of their century. *"First, how to rely on democracy, given democracy's capacity to destroy itself; and second, how to rely on nations, given nationalism's capacity to 'disintegrate the world.'"* (Slobodian 2018 13)

The new liberals that assembled in Geneva thus developed a notion of international economic structure, decisively more capable, more resistant, more uniform, and most importantly, more binding than the one constructed at Bretton Woods. A structure where *"the right institutions, laws, and binding commitments would safeguard the well-being of the whole."* (Slobodian 2018 13) An order that, as Slobodian outlines, resembled the eventual duality of the IMF and the World Bank without the ITO much more closely.

In the context of the *"battle over the ITO,"* Friedrich August Hayek convened the first conference of the Mont Pèlerin Society in Geneva in the spring of 1947. Slobodian highlights that liberal economics have often developed through loose groups of individuals within a common intellectual framework. (Slobodian 2018 4) The Mont Pèlerin Society unquestionably represents one of the most crucial such frameworks in the 20th century, convening individuals from Hayek, Mises, and Röpke to the later founder of the Chicago economic school, Milton Friedman. Over the following months, the liberal economists of the Mont Pèlerin Society organized global resistance against the construction of the ITO. Particularly through the unrelenting activity of the American section of the ICC, the men of Geneva were able to prevent the ratification of the ITO-Charter in the US Congress as *"neoliberals outflanked the official government position and helped doom an organization committed to a level of decision-making parity with the poorer nations of the world."* (Slobodian 2018 133) In the present day, the system of July 1944 is a frequent target of international criticism, with continuing calls for a restructuring of the international economic order established after the Second World War. (Saranya 2024 565) Alternative financial institutions such as the Contingency Reserve Arrangement (CRA) or the New Development Bank (NDB) within the BRICS format represent a direct challenge to the primacy of the Bretton Woods system. (Agarwal and Kumar 2023 185, 188)

The competition with Chinese financial institutions such as the China Development Bank that the World Bank and the IMF have entered in the past decade has arguably moved the Bretton Woods order into the sphere of what the German political scientist Michael Zürn has called *"Contestation of the Liberal International Order"* (Ruehl 2023); (Börzel and Zürn 2021) Regional scholars, such as Gorden Moyo, researcher at the University of the Free State in Bloemfontein have described the IMF and the World Bank as *"sustainers of international financial subordination in Africa,"* whose *"neo-liberal policy prescriptions […] have been detrimental to Africa's economic and social development,"* resulting in an international financial system whose mechanisms of trade liberalization and public sector privatization have kept African economies at the global periphery. (Moyo 2024 57) After eight decades, contemporary contestation underlines the impact of the elimination of the insulating principle from the Bretton Woods institutions.

In his 2019 book *'The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas,'* Janek Wasserman, historian and Associate Professor at the University of Alabama, underlines that the Mont Pèlerin Society itself represents a successful instance of institution building by the Austrian School of economics. Wasserman showcases that the Society has, since its creation in 1947, significantly impacted international economic and political networks. *"Past members have included a president of the US Federal Reserve, presidents of Italy and the Czech Republic, a chancellor of the German Federal Republic, a prime minister of Sri Lanka, and eight Nobel Prize winners. The MPS remains a significant forum for the dissemination of liberalism and for discussions on the contemporary importance of concepts like the rule of law, defense of property rights, free markets, and globalization. Alongside the Davos World Economic Forum, the MPS is perhaps the best-known and best-articulated elite network connecting economic liberals around the globe."* (Wasserman 2019 197)

The literature furthermore documents a number of instances wherein the Austrian School, particularly through the public figure of Friedrich August Hayek, exercised a directly traceable impact on foreign policy generation processes. This is especially well documented for the premiership of Margaret Thatcher. (Farrant and McPhail 2017) The great intellectual impact of Hayekian thought on Margaret Thatcher is well exemplified by an occurrence documented by Edward Feser in the introduction to his book *'The Cambridge Companion to Hayek.' "Thatcher famously tried once to end debate on Conservative Party policy by slamming a copy of Hayek's more dryly academic tome The Constitution of Liberty (1960) down on the table and exclaiming, ''This is what we believe!''"* (Feser 2006 1)

"'I am too much aware of my limited knowledge of political possibilities to presume to advise her [Margaret Thatcher] on particular decisions'." (Hayek as cited by Farrand and McPhail 2017 263) Despite this 1981 statement of Friedrich August Hayek, the researchers Andrew Farrant and Edward McPhail document that Hayek and Thatcher conducted an active correspondence throughout the early 1980s that they connect to the United Kingdom's foreign policy vis-à-vis Chile. (Farrant and McPhail 2017 264) Without implying that Hayek in any way *'directed'* Thatcher's foreign policy decisions, Farrant and McPhail present an instance from the year 1982 in which Thatcher discussed British foreign policy towards the Pinochet regime with Hayek. *"She told him that she had taken much pleasure in being able to informally chat with Hayek: she found his views 'instructive.'"* (Farrant and McPhail 2017 270) While stating that she found many of the Pinochet regime's measures "*manifestly incompatible with 'our democratic institutions and the need for a high degree of consent',"* Thatcher acknowledged Chile's economic transformation under the regime as a *"'striking example of economic reform from which we can learn many lessons.'"* (Farrant and McPhail 2017 270)

Farrant and McPhail further identify the exchange and proximity between Friedrich August Hayek and the former German minister of defense and later Minister President of Bavaria, Franz Josef Strauss. Strauss visited Chile in 1977 and thereby publicly embraced the Pinochet dictatorship. (Farrant and McPhail 2017 265, 266) During the visit of Strauss and Hayek to Chile in 1977, both men met in Santiago for a private discussion. (Farrant and McPhail 2017 269) According to Farrant and McPhail, this meeting initiated a continued exchange between Hayek, Strauss, and his party, the Bavarian CSU. In 1977, the prominent German newspaper *"Frankfurter Allgemeine Zeitung"* rejected an article submitted by Hayek in in which he, in his own words, expressed *"protest against the international treatment of Chile and South Africa."* (Farrant and McPhail 2017 268) That same article was published by the CSU's associated Hanns Seidel Foundation after the encounter of Strauss and Hayek in 1978. (Farrant and McPhail 2017 278) According to Hayek's biographer C. E. Cubitt, Hayek subsequently expressed his desire to support Strauss's bid for the chancellorship of the Federal Republic in 1980. (Farrant and McPhail 2017 269)

It would be unquestionably rewarding for subsequent International Relations research to further inquire into and compare these cases. Particularly considering David Teacher's analysis of Strauss's outstanding position within Cold War covert diplomacy circles such as the *"Cercle Pinay,"* which connected a considerable number of conservative European foreign policy makers to both secret service environments as well as to business circles with significant ties to the Mont Pèlerin Society. (Teacher 2018 326) Apart from going significantly beyond the scope the present format can provide, I reason that such research necessitates a preceding critical reexamination of the IR literature's positionality vis-à-vis the Austrian School.

This concerns particularly the Austrian School's conciliatory rhetoric vis-à-vis various instances of authoritarianism in international politics. An endeavor that I aim to contribute to. The above-stated cases, however, crucially underscore that the Austrian School's views of international politics were not merely empty constatations. They contrarily played a significant, if not extensively researched, role in shaping 20th century international politics in a diverse variety of contexts.

1.2 Liberal Federation and Liberal Empire – the Austrian School and International Relations literature

In his 2009 book *'Classical Liberalism and International Relations Theory: Hume, Smith, Mises, and Hayek,'* the Dutch scholar Edwin van de Haar argues that *"there is hardly any classical liberalism in IR, even though it comprises some of the greatest liberal thinkers like Hume, Hayek, and many other influential philosophers and political economists"* (Van de Haar 2009 2) In this context, van de Haar points out that despite not being frequently analyzed in International Relations literature, Classical Liberalism holds key insights regarding central questions of international affairs, such as war and peace, the possibility of international cooperation, international law, and the balance of power. While van de Haar accredits this *"lack of classical liberalism in IR"* to the discipline's focus on *social* liberalism in the Kantian tradition, it must be underscored that there has been at least *some* appreciation of the Austrian School in recent International Relations literature. Not least due to scholars like van de Haar himself. Recent publications of International Relations literature regarding the Austrian School have thereby primarily focused on its contribution to the reinvigoration of Liberal Internationalism and to international federalist thought.

In his 2009 book, van de Haar links Ludwig Mises's belief in the peaceful impact of commercial externalities and the division of labor on the international system to Mises's appreciation of preceding liberal authors such as Bentham, Ricardo, Bastiat, and the Cobden and Manchester Schools of 19th century liberalism. (Van de Haar 2009 93, 94) Apart from the stabilizing impact of commercial interdependence, the author judges Ludwig Mises's endorsement of international federalism as the most central aspect of the economist's perspective of the international system. Van de Haar argues that Mises's favorable view of supranational organizational structures does, however, not mirror adherence to any kind of Wilsonian liberal internationalism. A commonwealth of sovereign states, bound chiefly by shared commercial externalities, should rather act as a line of defense against revisionist powers in both the economic and the political arena (Van de Haar 2009 99) Therein, the author sees a fundamental divergence of the Austrian School from *social* liberal views of international federation, originating in works such as Immanuel Kant's *'Perpetual Peace: A Philosophical Sketch'* from 1795. (Van de Haar 2009 4)

Van de Haar traces Friedrich August von Hayek's concern with federal international structures to the influence of the French diplomat and historian Alexis de Tocqueville and of the British liberal politician and historian John Dalberg-Acton, 1st Baron Acton on Hayek's work. (Van de Haar 2009 120) While van de Haar concedes at least a limited proximity of Hayek's federalist views to the impact of Kantian thought, the functional logic of Hayek's federalist model is, however, essentially divergent. To Hayek, it is not the *Republican* constitution that enables the construction of supranational organizational structures but a shared economic architecture and joint regulatory norms. (Van de Haar 2009 109) Van de Haar's perspective of the Austrian School's views of international federation thus locates them closer to ideas such as the concept of 'Complex Interdependence,' outlined throughout the 1970s by Robert Keohane and Joseph Nye. (Keohane and Nye 1973)

Van de Haar devotes significant attention to the exploration of Friedrich August Hayek's views on the role of international law. While endorsing international law in its capacity to provide general regulatory frameworks, the economist was, accordingly, hesitant vis-à-vis the prospect of supranational legal structures as a power capable of curtailing both state action and individual liberty *"beyond the classical tasks of the state in a laissez-faire situation."* (Van de Haar 2009 111) Hayek underscored this hesitation in his 1960 book *'The Constitution of Liberty,'* stating that *"Until the protection of individual liberty is much more firmly secured than it is now, the creation of a world state would probably be a greater danger to the future of civilization than even war."* (Hayek 1960 262, 263) Hayek, however, expressed disdain for the breach of regulatory norms in international affairs. According to van de Haar, Hayek generally rejected the notion of a primacy of political necessity in international affairs, in this context labeling Carl Schmitt *"the Nazi theoretician of totalitarianism."* (Van de Haar 2009 121)

In his recent article *'Ludwig von Mises and Friedrich Hayek: Federation as Last Resort,'* van de Haar underlines that Mises's and Hayek's endorsement of international federalist positions is to be seen in the light of the assault by totalitarian Germany on the international order throughout the 1930s and 1940s. (Van de Haar 2022 106) According to van de Haar, both economists saw federation as a possibility to limit the overreach of state actors on individual liberties as well as on economic freedoms. (Van de Haar 2022 111) The chief Austrian School economists thus saw federation as a means to an end, and while contributing significantly to the federalist debates of the 1930s and 1940s, eventually continued to support *"a "Westphalian" world of states, who cooperate internationally, but also guard their sovereignty and security."* (Van de Haar 2022 115)

Daniel Nientiedt, researcher in the field of political economics and graduate of Hayek's former institute at the Albert Ludwig University of Freiburg, has equally produced research on the federalist aspect of Austrian School perspectives of international politics. In his 2022 publication *'F. A. Hayek and the World of Tomorrow: The Principles of International Federalism,'* Nientiedt claims that Hayek's advocacy for liberal federalism rested on a firm belief that inter-jurisdictional competition within a federative structure can serve the protection of both economic and individual liberties. (Nientiedt 2022 97) Nientiedt's publication aims to showcase Hayek's genuine optimism regarding the prospect of creating a more peaceful and prosperous international order as *"nation states band together to engage in close economic cooperation."* (Nientiedt 2022 101) The author understands Hayek's later hesitation regarding international federalism in light of the American economist James M. Buchanan's critique that *"Hayek put too much trust in the beneficial working of evolutionary processes."* (Nientiedt 2022 101)

The only identifiable contextualization of the Austrian School's authoritarian apologetics in international politics from the ranks of recent IR scholarship is the article *'F.A. Hayek and the Reinvention of Liberal Internationalism'* published by Jorg Spieker, Lecturer in Political Theory at Birkbeck, University of London, published 2014 in *'The International History Review.'* In his article, Spieker analyzes the character of Hayek's conception of international order in the context of the Austrian School's overall intellectual aim of restating 19th-century Classical Liberalism for the modern order.

A central argument the author makes is that despite being scattered throughout his life's work, Hayek's writings on international affairs represent a relatively coherent restatement of core tenets of 19th century liberal internationalism. *"Hayek can be placed among those inter-war economists (like J.A. Hobson, John Maynard Keynes, and Lionel Robbins), who contributed to the emerging discipline of international relations by focusing on the bearing of international economic relations on the problem of world order."* (Spieker 2014 921) This is, furthermore, the context in which Jorg Spieker sees Mises's and Hayek's interest in international federative models throughout the 1930s and 1940s. Spieker thus cites from the final chapter of Hayek's 1944 book *'The Road to Serfdom'* in which the economist claims that the price the West had paid for abandoning 19th century liberalism had been particularly high in the sphere of international affairs, with *"the advance of collectivism and economic planning had made the probability of lasting peace recede."* (Spieker 2014 919) According to Spieker, the end of the Second World War, however, made the structured re-institution of an authentically liberal global order possible. Quinn Slobodian describes this as the neoliberal turn towards thinking in *"orders."* (Slobodian 2018 58)

Spieker links the Austrian School's defense of regimes such as the Chilean military dictatorship to its advocacy for international federalism. As outlined in the introduction, Spieker connects Hayek's federative ideas to earlier 19th century liberal internationalism. Spieker showcases the interrelation of Hayek's work and the writings of the 19th century English liberal intellectual Henry Sidgwick who, in his work *'The Development of European Polity,'* posthumously published in 1903, advocated for international federalism as an ideal not only for Kantian but also for Classical Liberals, with the potential of mitigating anarchic international structures. (Spieker 2014 931)

In his work, Sidgwick illustrated international politics as a *"two-tiered hierarchical system in which the relations among liberal states are governed by the principle of equality, while the relations between liberal and non-liberal states are conceptualised in imperial terms."* (Spieker 2014 933) Spieker argues that a paternalistic understanding of international federation necessitating the appreciation of developmental difference was an essential element of 19th century liberal internationalism. *"Liberal internationalism and liberal imperialism went hand in hand."* (Spieker 2014 933) Through Hayek, Spieker argues, this has been included in the Austrian School's reformulation of 19th century classical liberalism for the modern age. *"In his attempt to revive the tradition of nineteenth-century liberalism, Hayek thus adopts one of its most controversial aspects. Like many of his liberal predecessors and successors, Hayek developed a conception of international relations which envisages a pacific federation of liberal states governed by liberal principles. And like Sidgwick and other liberal thinkers, he provided a rationalisation of, and justification for, imperialist policies between the liberal federation and the non-liberal rest of the world."* (Spieker 2014 934) Spieker anchors the authoritarian apologetics of the Austrian School in the two-tiered hierarchical vision of international policy-making, rooted in *"the 'evolutionist turn'"* of 19th-century liberalism. (Spieker 2014 934)

I believe it necessary to problematize the extensive appreciation of the Austrian School's advocacy for federative international models in recent IR literature on the one hand and the severely limited critical insight into its defense of authoritarianism in international politics on the other. This limitation must be especially accredited to the overall limited attention the discipline gives to the subject, as *"Hayek has not been given the priority or space he arguably deserves within this field."* (Spieker 2014 920) Jorg Spieker's analysis of Austrian School views of the international system as a 'two-tiered hierarchical structure,' tied to earlier classical liberal scholarship is, in this context, of extraordinary theoretical depth. In the following two chapters I aim to showcase, however, that the extent of the Austrian School's authoritarian apologetics significantly contradicts the assumption of them being rooted merely in a two-tiered international order where *"relations between liberal states are governed by the principle of equality, while the relations between liberal and non-liberal states are conceptualised in imperial terms."* (Spieker 2014 933)

Chapter 2 – 'A dual international order' – Chile and South Africa

What is the scope, and how wide is the reach of the *"visible hand of the law"* on the international level? Elaborating on his views about international law in *'The Constitution of Liberty,'* Hayek stated, *"that only makeshift solutions to problems of international relations seem possible so long as we have yet to learn how to limit the powers of all government effectively and how to divide these powers between the tiers of [supranational]authority."* (Hayek 1960 379) Is this the context in which to understand Jorg Spieker's 2014 judgment that the Austrian school's defense of authoritarian regimes in emerging economies must be seen in the light of its lineage to 19th century liberal internationalism? As *"imperialist policies between the liberal federation and the non-liberal rest of the world"* (Spieker 2014 934) Policies, that, however, still genuinely aim to preserve the liberal, uniform regulations, the *"xenos rights,"* and the institutional structures that make the *"liberal federation."* Quinn Slobodian's chapter *'A World of Rights'* from his 2018 book underscores that the 'Globalists' of the Austrian and Geneva Schools included *"rights"* just as much as *"orders"* in their designs for the reconstructions of an authentically liberal international order after the end of the Second World. The kind of rights that the Austrian and Geneva School liberal economists envisioned were, however, essentially different from the positive, participatory rights that figured prominently in the context of the economic debates accompanying the contemporary birth of the United Nations. Rights propagated by *"social democrats like the Swedish Gunnar Myrdal and the Hungarians Nicholas Kaldor and Thomas Balogh."* (Slobodian 2018 124) Wilhelm Röpke noted, in this context, that the participatory economic principles discussed at the United Nations, focused on issues of development and *"development economics,"* amounted to little more than *"the sacred right of a state to expropriate a power plant."* (Slobodian 2018 124)

Throughout his writings, Friedrich August Hayek employs the terminology of *"xenos rights,"* referring to the ancient Greek practice of granting a stranger *"protected rights to safe passage and unmolested ownership of their property and capital, regardless of the territory."* (Slobodian 2018 123) According to Quinn Slobodian, the defense of these *negative* rights, Hayek's *"xenos rights,"* became a crucial aspect of the work of most Austrian and Geneva School economists in the Mont Pèlerin Society to construct a post-war, liberal international economic order. As was their opposition to the ITO, their defense of the *"World of Rights"* was thereby in part informed by the pre-war work of economists like Ludwig Mises at the ICC and at the League of Nations. *"Like Hayek, they focused on the expropriation of foreign-owned property and controls on capital movements as being the central violations of rights. They would help design institutions that would safeguard the "negative rights" of freedom from expropriation and capital control."* (Slobodian 2018 123) Hayek believed that the new liberal international structures *"must above all be able to say 'no'": no to obstacles to the movement of goods, capital, and people, and, thus, no to protections for infant industries, increased taxation for state spending, and insulation of labor markets."* (Slobodian 2018 122)

The cases of the Austrian School economists' ardent defense of the Pinochet and Apartheid regimes illustrate Spieker's hypothesis of *"the relations between liberal and non-liberal states…conceptualised in imperial terms,"* should contestation of the post-war liberal economic international order, that the 'Globalists' upheld, by the *"non-liberal rest of the world,"* unfold what they perceived it to represent, the capacity to *"destroy the universal society"* and to *"shatter the world."* (Spieker 2014 933, 934); (Slobodian 2018 12)

2.1 Chile – the Austrian School at the Andes

Peter Winn's contribution to the 2010 book *'A Century of Revolution: Insurgent and Counterinsurgent Violence during Latin America's Long Cold War'* provides the background to the Austrian School's involvement with Chilean politics. After winning the 1970 elections, the government of the *Unidad Popular*, headed by Salvador Allende Gossens, pursued the so-called *"Chilean Way to Socialism,"* whereby the democratic political structure would be preserved, coincidental with large-scale socio-economic reforms aimed at tackling the country's long-standing social inequalities and the disparate living conditions along class and ethnic borders. (Flores, Sanhueza, Atria, and Mayer 2019) Chile's left-wing administration subsequently enacted measures such as nationalizing the country's copper industries from foreign investors, an expansionary monetary policy, and large-scale subventions for public commodities. (Winn 2010) While the monetary policy of the *Unidad Popular* initially resulted in an increase in industrial output and a reduction of unemployment, consequential inflation eroded the growth of average wages throughout the years 1972 and 1973. (Marcel and Solimano 1993 12) As legal disputes about compensation followed the expropriation of foreign-owned assets in the copper industry, the traditional North American buyers of Chilean raw materials diverted to other markets. A significant decrease in foreign direct investment and Chile's reliance on its copper exportation gave rise to the economic crisis of the year 1973 that set the stage for the military coup of September 11, 1973. (Nove 1986 13); (Flores, Sanhueza, Atria, and Mayer 2019 862)

The military Junta named General Pinochet, commander in chief of the armed forces, President by decree in 1974, a position that Pinochet retained until 1990, extensively legalizing his presidency through the introduction of Chile's current constitution in 1980. The new regime implemented an economic policy to the diametrical opposite of the *Unidad Popular*. A policy *"closely related to monetarist ideals. The main reforms included the privatization of public firms, budget cuts for social spending, a change of currency, and the liberalization of the labor market. The latter was enforced by the most violent repression of demonstrations, unions, and political activity."* (Flores, Sanhueza, Atria, and Mayer 2019 862) This violent repression, widely reported across the globe, included the practice of anesthetizing dissidents before throwing them to their death from airplanes and helicopters, organized rape and other forms of sexual violence against women, and an overall program of mass torture, often without any trial or judicial evidence. (Franklin 2001); (Comisión Nacional sobre Prisión Política y Tortura 2005 249, 250); (Lira 2023).

Regarding the regime's economic policies, Flores, Sanhueza, Atria, and Mayer underline that even after the Pinochet regime agreed to a slow process of transition towards democracy in the 1990s, *"the foundations of the socioeconomic model established by the dictatorship remained in place, as reforms in education, health, pensions, and housing continued to be mostly based on private markets."* (Flores, Sanhueza, Atria, and Mayer 2019 863) As outlined by Javier Couso, Professor of Constitutional Law at Universidad Diego Portales (Chile) and at Utrecht University, Chile continued to be shaped politically as well as economically by legal, constitutional, and economic pathways determined during the dictatorship. Couso argues that the continued authoritarian features of the 1980 constitution remain at the roots of a *"deep crisis of representation."* in the country. (Couso 2012 393)

Friedrich August Hayek visited Chile twice during the presidency of General Pinochet. The first time in November 1977, and the second time in April 1981. Earlier analyses by authors such as Bruce Caldwell and Leonidas Montes (2014/2015) interpreted Hayek's visits as a reflection of the economist's genuine desire to convince himself of the *"effectiveness of Pinochet's transitional dictatorship in bringing inflation under control, increasing productivity, and improving efficiency via shock therapy."* (Filip 2018 426) Birsen Filip, researcher of economic theory at the University of Ottawa, problematizes this view. In the context of his visits, Hayek publicly embraced the regime of General Pinochet despite his at least limited degree of knowledge of the regime's severe human rights abuses. (Filip 2018 428, 460) In an interview with Chile's largest newspaper *"El Mercurio*" Hayek praised the regime for its *"willingness to run the country 'without being obsessed with popular commitments or political expectations of any kind'."* (Filip 2018 428) Birsen Filip interprets this as a committed defense of the Pinochet dictatorship in the context of the regime's mass torture, mass incarceration, and extrajudicial executions. In a subsequent letter to the London Times in August 1978, Hayek stated that *"He had 'not been able to find a single person even in much maligned Chile who did not agree that personal freedom was much greater under Pinochet than it had been under Allende."* (Filip 2018 428)

According to Robert Leeson, researcher at the Department of Economics of Stanford University, *"In Pinochet's Chile, Hayek promoted dictatorship as a means of establishing a stable democracy and liberty, clean of impurities …democracy needs 'a good cleaning' by strong governments. (Cited by Farrant, McPhail, and Berger 2012, 533, n23)."* (Leeson 2017 66, 67)

2.2 South Africa – the Austrian School at the Cape

The Austrian School economists' defense of the South African Apartheid regime shares many commonalities with the case of Chile. After winning the 1948 general elections, on a program of Afrikaner nationalism and revanchism for the Afrikaners' defeat at the hands of the British Empire during the Boer Wars (1880-1881 and 1899-1902), the South African National Party introduced a political program of racial segregation and transforming South Africa into an Afrikaner nation-state. (Wilkins and Strydom 1978) Roughly two decades after gaining power, the Apartheid regime under the leadership of Prime Minister B. J. Vorster faced increasing international pressure, particularly from the newly independent African states to its north. Attempting to reinvigorate South Africa's international standing, Vorster formulated the so-called 'Outward-Looking policy' of engaging Western states politically and economically. (Beck 2000 151)

Vorster's initiative was met with mixed responses from Western governments. Particularly Nordic states such as Sweden, under the government of Olof Palme, continued to provide substantive financial aid to the African National Congress (ANC). (Bangura 2004 104) Other governments were significantly more reluctant to put pressure on their ties with South Africa. During the Nixon administration, Henry Kissinger introduced a policy that became known under the pseudonym *"Tar Baby Option."* In the context of the Cold War, the strategy paper that adopted the policy noted its aim to *"maintain public opposition to racial repression but relax political isolation and economic restrictions."* (Sebenius, Burns, Mnookin, and Green 2016 5) Apart from the power politics of the Cold War, economic considerations, particularly the protection of private investment, crucially informed Western governments' reluctance to introduce economic measures against the Apartheid regime.

In their 1996 publication *'Terror and Taboo: The Follies, Fables, and Faces of Terrorism,'* Joseba Zulaika and William Douglass analyze the Reagan administration's labeling of the ANC as a terrorist organization while simultaneously evading already existing sanctions against the regime and lending support to South Africa in international organizations like the United Nations that treated it as a pariah state. (Zulaika and Douglass 1996 12) In this context, Chester Arthur Crocker, Assistant Secretary of State for African Affairs during the Reagan administration, devised the so-called policy of *"constructive engagement,"* which postulated that it is not the task of foreign powers to *"'choose between black and white' in South Africa, where the United States sought 'to build a more constructive relationship . . . based on shared interests, persuasion, and improved communication.'"* (Ungar and Vale 1985 244)

The case of the Swiss-South African Association is particularly illustrative. The association, founded in 1956 and functioning as a Chamber of Commerce, promoted economic ties between the Swiss Confederation and the Union, since 1960, the Republic of South Africa. The controversial nature of its impact is explored in great detail in the final report of the National Research Programme 42+, *'Switzerland and South Africa 1948-1994,'* commissioned by the Swiss Federal Council and published in 2007 under the authorship of Georg Kreis. Apart from representatives of Swiss companies such as the arms manufacturer Oerlikon-Bührle and various banks, the association counted individuals such as Georg Meyer, vice president of UBS, among its members, who received the Order of Good Hope from Apartheid president P. W. Botha. (Kreis 2007 220) To justify its activity, the association integrated the rhetoric of the South African National Party into its own publications, declaring racial segregation to be an integral element of the Afrikaner's right to exist as a political nation. (Kreis 2007 220)

In this context, Friedrich August Hayek vehemently defended the Apartheid government against international criticism. *"Particularly against international initiatives to sanction and embargo the regime."* (Slobodian 2018 150) In his biography of Hayek, the author Alan Eberstein implies that his criticism of international sanctions against the Apartheid regime included a decisive rejection of any external attempt to pressure the South African government to end the practice of minority rule. (Eberstein 2001 299) Andrea Franc, historian at the University of Luzern, cites Wilhelm Röpke, president of the Mont Pèlerin Society 1961-1962, who stated in the Swiss magazine for politics, economics, and culture *'Schweizer Monatshefte'* in 1964 *"that the [n.] of South Africa are not only humans of an, in essence, extremely distinct race but also belong to a fundamentally different level of civilizational development."* Röpke reasoned that, accordingly, the policy of Apartheid *"is neither stupid nor evil."* (Röpke as cited by Franc 2015)

The Austrian School economists' defense of the Apartheid regime needs to, in any case, be seen in the light of a wider Western unwillingness to cut economic ties with what was, at the time, Africa's largest and most dynamic economy. In this context, the South African scholar Sizwe Mpofu-Walsh, holder of a PhD degree in International Relations from the University of Oxford, underlines in his 2021 book *'The New Apartheid'* that Western governments' maintenance of economic ties with the Apartheid Regime was a crucial factor in making the policy of minority rule sustainable for the National Party regime until the end of the 1980s. (Mpofu-Walsh 2021)

2.3 Beyond the dual hierarchy?

"Xenos rights" and a *"pacific federation of liberal states governed by liberal principles."* (Spieker 2014 934) The cases of the Austrian School economists' public rallying to prevent international, particularly international economic action against the Pinochet dictatorship and the Apartheid regime, confirm Jorg Spieker's hypothesis that Austrian School economists perceived the necessity to condone violent authoritarianism in emerging economies for the prize of safeguarding the rules, structures, and legal frameworks that constituted the post-war liberal economic international order. Wilhelm Röpke's defense of minority rule in South Africa directly corresponds to Spieker's anchoring of the Austrian School's authoritarian apologetics in *"the evolutionist turn"* of 19th century liberal internationalism. (Spieker 2014 934)

Evidently, the expansionary monetary policy and the expropriation of foreign-owned assets by the *Unidad Popular* represented a direct challenge to the economic and ideational principles that Friedrich August Hayek and his colleagues considered to be the conditio sine qua non of the liberal international economic order after the Second World War. Both at the Andes and at the Cape, the defense of the Hayekian *"xenos rights,"* the rights of investors and of inviolable private initiative, the free movement of goods and people, anti-protectionism, and the non-isolation of domestic markets, in short; the principles that construct what Spieker describes as the *"pacific federation of liberal states governed by liberal principles,"* were the primary rationale of the Austrian economists' authoritarian apologetics.

Both Chile and South Africa appertain to the postcolonial context of what Hayek called the *"New Nations,"* the countries of Latin America and the African states that gained independence in the aftermath of the Second World War. A context relating to which Hayek stated his uneasiness about whether these states' political traditions are entirely adequate for democracy and that *"limiting the powers of democracy in these new parts of the world is the only chance of preserving democracy in those parts of the world."* (Hayek as cited by Slobodian 2018 14)

Critical analyses of the Austrian School's authoritarian apologetics from the fields of historiography and economics have, however, throughout the past decade, produced extensive novel insight concerning instances in which Austrian School economists have publicly and unrelentingly defended authoritarian positions and relativized the necessity of participatory politics for the 'constitution of liberty.' Developments such as the rediscovery of the Mises Papers, the private documents of Ludwig Mises, in a formerly secret Moscow archive, informed the research of authors such as Leeson (2017), Farrant, McPhail, and Berger (2012), Leeson (2013), Wasserman (2019), and of course by Quinn Slobodian (2018). I reason that the findings of this research program, which to date has not widely impacted scholarly work in the discipline of International Relations, necessitates a recontextualization of the Austrian School's perception of and impact on international policy-making by IR literature, reaching significantly beyond the boundaries of Spieker's dual hierarchy.

Chapter 3 – Semantics of Liberty and authoritarian apologetics

"In 1927, democracy had ceased to fulfill its primary function. It did not prevent revolution. In that case, Mises believed, it was perfectly legitimate to suspend it and enforce order by other means." (Slobodian 2018 45) Ludwig Mises's statement formulates, in essence, the economist's endorsement of a suspension of participatory constitutional structures should the democratic order fail to uphold existing property relations. Mises's statement does, however, by no means relate to the postcolonial context of the *"new nations"* or to the protection of transnational rights of initiative and ownership. The statement comes from the context of the July Crisis in Ludwig Mises's native Austria, during his work at the Vienna Chamber of Commerce and as an economic advisor of the Austrian government. In the second chapter, I aimed to underline the high explanatory value of Spieker's assumption that the Austrian School *"provided a rationalisation of, and justification for, imperialist policies between the liberal federation and the non-liberal rest of the world."* (Spieker 2014 934) Mises's statement does, however, in no way align with Jorg Spieker's contextualization of the Austrian Schools' authoritarian apologetics as an inherited bias from preceding liberal internationalist literature that conceptualizes the international system as two distinct developmental spheres where authoritarian measures may be condoned or employed by the community of liberal states to protect and preserve the liberal economic rules and structures that make their federation. If the Austrian School's apologetics of authoritarian regimes, however, thus extend beyond the explanatory scope provided by previous IR literature, the Austrian and Portuguese cases beg the question of whether these apologetics imply, beyond duality, a more general conditionalization of participatory democracy by the Austrian School.

3.1 Conditional democracy – Austria and Portugal

Over the past decade, critical researchers have devoted substantial attention to the Central European origins of the Austrian School of liberal economics. The works of Leeson (2013, 2017), of Farrant, McPhail, and Berger (2012), of Yagi (2023), Wasserman (2019), and of course of Slobodian (2018) have, in this context, provided new insight regarding the roots of the Austrian School's authoritarian apologetics. Thereby, the Austrian School's Central European origins evidently concern the Austrian School's roots in Viennese intellectual circles and in the composite, cosmopolitan nature of the Habsburg state. More importantly, perhaps, they concern the development and positioning of the Austrian School and its representatives during and after the processes that transformed this Central European space of origin during the first decades of the 20th century.

Slobodian and Yagi stress the relevance of the violent changes to established property relations in the context of the collapsing structures of the composite Central European Empire after the end of the First World War as an explanatory factor of the intrinsically high value that the Austrian School of liberal economics later gave to the guarantee of individual property rights as the conditio sine qua non of any form of liberty. Slobodian elaborates that the collapse of the Austro-Hungarian Monarchy was accompanied by the general contestation of private property rights that had formed the backbone of Central European societal relations after the end of feudalism. For instance, through the establishment of the Hungarian Soviet Republic under Béla Kun. (Slobodian 2018 29)

In the Austrian countryside, conservative farmers organized paramilitary squads to counteract the challenge to private ownership structures they perceived from urban workers and their political organizational structures, such as the Social Democratic Workers' Party of Austria. (Yagi 2023 9) According to Yagi, the experience of this quasi-revolutionary re-evaluation of private property relations, as an old order made way for a new one, crucially informed the later views of Austrian School economists, such as Ludwig Mises. Mises, who at the time already held a high-ranking position at the Lower Austrian Chamber of Commerce, later the Vienna Chamber of Commerce, remarked in his memoires of the immediate post-war period that his only work at that time was: *"forestalling of a Bolshevist takeover," "putting an end to inflation," "avoiding a banking crisis," and "campaign against annexation by Germany"* (Yagi 2023 9, 10) Yagi showcases that during these formative experiences of 20th century Austrian School economists, political ambitions, such as preserving the sovereignty of Austria, were already intrinsically tied to econometrics, such as controlling inflation.

As the immediate revolutionary challenge to established principles of property and ownership subsided by the beginning of the 1920s, Mises began to see the social-democrat-ruled city of Vienna, '*Red Vienna,* as a fundamental threat to both economics and society in the new Austrian Republic. According to Yagi, Mises believed that economically, as well as politically, the liberal rule of the Austrian central government was quintessentially undermined by the *"socialist hegemony"* exercised by the socialist city-state of Vienna. A fifth column waging a *"war to destroy capitalist orders."* (Yagi 2023 12) As Austria's political climate deteriorated towards the end of the 1920s, both conservatives and socialists began to organize paramilitary forces, the conservative *'Heimwehr'* and the socialist *'Schutzbund.'* The historian Tim Kirk noted in 2016 that the *'Heimwehr'* generally tended to represent *"a fairly homogenous transnational milieu of predominantly middle- and upper-class political radicals characterized by youth and war-induced militancy."* (Kirk 2016 91)

Kirk's analysis allows the conclusion that Mises's vehement anti-socialism was rooted in the same class milieu as those conservative, reactionary movements that eventually discarded the parliamentary system and were a primary actor in the elimination of Austrian democracy. Mises himself outlines in his memoires that he and his confidants within the Austrian School of economics, such as Friedrich August Hayek, concluded at the time that that *"the threat posed by the Social Democratic Party could only be opposed by violence."* (Yagi 2023 12) Tim Kirk emphasizes, in this context, that the Austrian Social Democratic Worker's Party proclaimed at the time that it would remain a party, while Marxist in its policy and outlook, unlike the Bolsheviks, fundamentally aligned with bourgeois democracy. (Kirk 2016 88) Ludwig Mises's memoires, published in 1978, suggest further that members of the Austrian School of liberal economics consistently radicalized during this period, embracing violent, anti-democratic action to protect the established economic order against what they perceived as political overreach. *"'They identified democracy with Social Democracy and therefore saw in it 'the worst of all evils.' (Mises 1978 (2014) 75 36)"* (Yagi 2023 12)

As mentioned at the end of the last chapter, the publication of Ludwig Mises's private documents after the opening of previously secret Moscow archives has crucially informed the recent critical research program concerning the Austrian School's authoritarian apologetics. The so-called *'Mises Papers'* have provided a reliable account of Mises's close involvement with Austria's Chancellor Engelbert Dollfuß before his emigration in 1934. (Hoppe 1997) Mises served as an economic advisor to Dollfuß, who established the quasi-fascist 'Federal State of Austria' after the suspension of democracy in 1933 and the brief Austrian Civil War of 1934.

Years before the elimination of Austrian democracy, Mises, in his position at the Vienna Chamber of Commerce, openly embraced anti-revolutionary state violence during the July Revolt of 1927. As the acquittal of right-wing activists by a Viennese court after the assassination of members of the Social Democratic Party prompted mass unrest in the city, the police opened fire on the crowd, resulting in the death of 89 protestors. *"In 1927, democracy had ceased to fulfill its primary function. It did not prevent revolution. In that case, Mises believed, it was perfectly legitimate to suspend it and enforce order by other means."* (Slobodian 2018 45)

In 2017, Robert Leeson directly compared Austrian School economists' responses to the repressive measures of the Pinochet dictatorship with their positioning vis-à-vis the *"white terror"* of the Austrofascist regime in the school's country of origin. Leeson judges Mises to have provided the organic economic basis for the Austrofascist regime (1934-1938) as a *"producer-controlled state"* in his initial position as Dollfuß's most prominent economic advisor. (Leeson 2017 340 37) The German terminology of *"Ständestaat"* underscores the regime's specific corporativist, organic economic structure. Mises defended this authoritarian political and economic structure as necessary to uphold existing socio-economic relations. *"The parties of special interests, which see nothing more in politics than the securing of privileges and prerogatives for their own groups, not only make the parliamentary system impossible; they rupture the unity of the state and of society."* (Leeson 2017 340) The same logic whereby democratic interest representation that includes an agenda of restructuring established property relations makes the usual functioning of democratic order impossible was repeated 50 years later by Friedrich August Hayek, in an almost parallel manner, in defense of the Pinochet regime. *"Although I am an eminently democratic person, I think that the democratic system cannot be unlimited, as it needs protections to avoid the influence of power and interest groups."* (Leeson 2017 314)

Apart from the school's native Austria, this conditionalization of constitutional democracy outside the context of the *"New Nations"* is also recorded for Friedrich August Hayek's relations with Portugal's *Estado Novo*. The case of Portugal underlines that the general conditionalization of democracy does not merely concern a singular instance of political bias in Mises's and Hayek's home country. Slobodian notes that the 'model constitution' of federative governance that Hayek devised during the Second World War was chiefly intended for the Portuguese government of António de Oliveira Salazar, himself a public economist and his country's former finance minister. (Slobodian 2018 14) Throughout the 1960s, the *Estado Novo* faced increasing international opposition regarding the ardent defense of its politically authoritarian and economically liberal governance model as well as its staunch insistence on preserving Portugal's *Ultramarine Empire*. In this context, Friedrich August Hayek personally sent a copy of his bestselling 1960 book *'The Constitution of Liberty'* to António Salazar. Hayek included a personal note, conveying his hope that the book may aid Salazar *"in his endeavour to design a constitution which is proof against the abuses of democracy."* (Farrant, McPhail, and Berger 2012)

The *"Austrian case"* informs about a context that Spieker's 2014 analysis did not explore. The research of Leeson, Yagi, and Slobodian goes extensively beyond the scope of Spieker's contextualization of Hayek's and Röpke's affiliation with the Pinochet and Apartheid regimes and their excuses for those regime's excesses as a *"rationalisation of, and justification for, imperialist policies between the liberal federation and the non-liberal rest of the world."* (Spieker 2014 934) I aim to showcase, in the previous chapter, that this contextualization's explanatory value remains crucial to understanding the impact of Austrian economics in the postcolonial context of Hayek's *"New Nations."*

The cases of Austria and Portugal, however, underscore that this perspective must be expanded by an appreciation of a more general conditionalization of constitutional democracy by the Austrian School's preeminent 20th century representatives in the IR literature. *"How to rely on democracy, given democracy's capacity to destroy itself?"* (Slobodian 2018 13)

3.2 Central Europe, the Global Order, and the Semantics of Liberty

The Austrian School economists' defense of authoritarianism in various domestic and international contexts appears antithetical to the appreciation the Austrian School has received throughout the 20th century as a political and economic philosophy in defense of individual liberty, which Spieker's 2014 analysis retains. This seeming antithesis relates strongly to the Austrian School's Central European origins, these origins' interrelatedness with the school's "*Ordoglobalist"* vision for the post-war international economic structure and grounds in the school's distinct *semantics of liberty*, rooted in the tradition of 19th century classical liberalism.

Beyond the challenge to the established order of property and ownership in the wake of its collapse, as discussed in the previous section, Yagi and Slobodian illustrate the extraordinary impact that the cosmopolitan nature of the composite Austro-Hungarian Monarchy had on the Austrian School's later vision of the (re-) construction of a global liberal economic order. Yagi notes that while primarily maintained by the loyalty of its multi-ethnic elites to the house of Habsburg, its bureaucracy, and its military, the Empire's economic setup was a crucial factor in sustaining the state across ethnic boundaries.

Constructed around its Viennese center, this setup was primarily characterized by an organized domestic market *"guarded by the common tariff of the Austro-Hungarian Empire and the financial network of Viennese banks."* (Yagi 2023 3) Slobodian reasons that the economic organizational structure of the Central European Empire, wherein diverse, often conflicting ethnic interests were restrained via joint regulating economic structures, shaped the Austrian School liberal's international vision. *"Even during its existence, many thought fondly of the empire as representing "the international order of mankind in miniature." For neoliberals, the empire's cosmopolitanism modeled and prefigured a future world."* (Slobodian 2018 105, 106)

The Austrian School's *"Ordoglobalist"* international vision must be seen as fundamentally rooted in this Central European heritage. Slobodian defines *"Ordoglobalism"* as the Austrian School economists' belief in the importance of constructing meta-economic or extra-economic structures on the international level to protect the liberal international societal and economic order from popular contestation and form overreach by political authority. The terminology of *"Ordoglobalism"* internationalizes Petersmann's statement that for a well-functioning economic structure, *the 'invisible hand' of market competition must by necessity be complemented by the 'visible hand' of the law."* (Petersmann as cited by Slobodian 2018 7) In this context, Slobodian notes the innate difference between the 'Neoliberals'' own concept of *"market insulation"* vis-à-vis Karl Polanyi's notion of the liberal unshackling of the market, widely popularized by Polanyi's 1944 book *'The Great Transformation.'* (Slobodian 2018 4, 5)

Whereas the so-called Ordoliberals, such as Alfred Müller-Armack and Ludwig Erhard, the originators of the German Social Market Economy, designed *"economic constitutions"* at the national level, the Neoliberals, or Ordoliberals of the Austrian and Geneva Schools aspired to construct such constitutions at the international level. (Slobodian 2018 11, 12) *"At the core of the Geneva School imaginary was a vision for what Hayek first saw in the Habsburg Empire—a model of what he called "a double government, a cultural and an economic government."* (Slobodian 2018 12)

The analysis undertaken in this paper showcases that 20th Austrian School economists, particularly Friedrich August Hayek, were ready to fiercely defend the post-war economic order they had helped to shape. Not merely vis-à-vis anti-uniformist, developmentalist claims coming from the *"New Nations,"* as suggested by Spieker, but also vis-à-vis redistributive democratic interest representation in the Western and Central European context. I argue that this underscores a more global readiness of the *"Ordoglobalists"* to resolutely defend their vision of international order. In the following, I aim to outline two tentative explanations for the origin of this readiness to thus transcend the scope of participatory interest representation domestically, as well as in international politics.

Yagi notes the formative impact of the collapse of the Central European economic and structural order during and after the First World War on the 20th century's Austrian School economists. (Yagi 2023 9, 10) Largely unnoted, however, is how significantly the socioeconomic structures of the late Habsburg Empire shaped the lives and trajectories of individuals such as Friedrich August Hayek and Ludwig von Mises.

Both belonged to the Viennese upper middle class, and both were of non-German ancestry. Hayek's family was of Czech origin, and Mises was raised in the culturally diverse context of Lviv's Jewish community, speaking German, Russian, and Polish, as well as some Yiddish and Ukrainian as his native languages. (Feser 2006); (Kuehnelt-Leddihn 2019) In this context, both men owed their socioeconomic positions at the beginning of their careers in large part to both the Habsburg Empire's turn away from German-centered absolutism towards a poly-ethnic, federating, and politically pluralizing model since 1860/67 as well as to the interrelated emancipation of the urban middle class, *'Bürgertum'* in German, from the tutelage of the hereditary aristocracy and the landed gentry. This process, fundamentally tied to the guarantee of the emerging middle class's liberal property rights by the Empire's 1860 and 1867 constitutions, is extensively outlined by Pieter Judson in the chapter *'Mid-Century Modern: The Emergence of a Liberal Empire'* in his 2016 publication on the Habsburg Empire *(*Judson 2016 218 et sqq.)

A second explanatory model for the Austrian School's conditionalization of constitutional democracy accrues from Hayek's preeminent political work, *'The Road to Serfdom'* (1944), and the school's roots in 19th century liberalism. Hayek's general argumentation throughout his acclaimed book posits that the protection of negative freedoms, the sovereign rights of the individual, domestically foundational to Slobodian's description of Hayekian *"xenos rights"* on the international level, are the only guarantee for the preservation of liberty and for the defense against totalitarian overreach. Hayek further claims that any attempt by governmental institutions to impose regulative forms of socioeconomic structuring on the individual's material conditions represents a certain descent towards authoritarianism. Throughout the first chapter of his book Hayek interprets the economic history of Europe since the High Middle Ages as a consecutive path towards *"freeing the individual from the ties which had bound him to the customary or prescribed ways in the pursuit of his ordinary activities."* (Hayek 1944 15)

Hayek argues that it was particularly during the European Renaissance that the recourse to *"the foundations laid by Christianity and the Greeks and Romans"* through the individualist tradition *"inherited by us from Erasmus and Montaigne, from Cicero and Tacitus, Pericles and Thucydides"* laid the material groundwork for human freedom in the modern age. (Hayek 1944 14, 15) According to Hayek, the medieval serf becoming a conscious, enlightened individual enabled the *"conscious realisation that the spontaneous and uncontrolled efforts of individuals were capable of producing a complex order of economic activities."* (Hayek 1944 15)

This consideration innately reflects the Austrian School's methodological belief in the spontaneity of orders. Van de Haar comprehensively discusses Hayek's use of the Greek terms *Kosmos (grown order)* and *Taxis (made order)*, in this context. Kosmos implies a degree of complexity transcending the individual level and resting on the collective structure of abstract and unknowable relations the information about is inherently societally dispersed. Kosmos thus arises from a succession of spontaneous order assemblages. Hayek assumes that the rules that govern these assemblages are intricately complex and inexplicable by rational action models. Hayek thus assumes that administrative intervention may significantly disrupt these assemblages and the intricate rules that structure them. These are described as *"unintended effects,"* as side results of supposedly rational planning procedures. (Van de Haar 2011 104) In *'The Road to Serfdom,'* this originally economic tenet becomes a political argument against what Hayek perceives as the hubris of economic planning by non-liberal economic and political models, the *"Great Utopia"* that Hayek sees as the 20th century's most crucial threat to the productive individual tradition that Hayek anchors in classical antiquity, in the Renaissance, and in 19th century liberalism.

Hayek in no way endorses strict governmental non-intervention. *"Probably nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of laissez-faire."* (Hayek 1944 18) The nightmare scenario Hayek illustrates, the *"Road to Serfdom,"* he bemoans is rather the path *"towards a totalitarian, purely negative, non-economic society of unfreedom and inequality"* that he exemplifies, for instance, in the case of Soviet *"dekulakization."* (Hayek 1944 29, 143) To Hayek, the hubris of socioeconomic structuring signifies a return to the shackles of the medieval serf and the loss of both economic and political freedom. The alternative Hayek projects to the *"Great Utopia"* of the modern age is what he ultimately sees as a recourse to core values of European enlightenment, of the Renaissance, and of classical philosophy. *"The respect for the individual man qua man, that is the recognition of his own views and tastes as supreme in his own sphere, however narrowly that may be circumscribed, and the belief that it is desirable that men should develop their own individual gifts and bents…Tolerance is, perhaps, the only word which still preserves the full meaning of the principle which during the whole of this period was in the ascendant and which only in recent times has again been in decline, to disappear completely with the rise of the totalitarian state.* (Hayek 1944 14)

Hayek's unique interpretation of political and economic freedom, his *semantics of liberty*, are communicated concisely in a paper he submitted to the 1966 conference of the Mont Pèlerin Society in Tokyo. *"The progressive displacement of the rules of conduct of private and criminal law by conceptions derived from public law is the process by which existing liberal societies are progressively transformed into totalitarian societies. This tendency has been most explicitly seen and supported by Adolf Hitler's « crown jurist » Carl Schmitt who consistently advocated the replacement of the « normative » thinking of liberal law by a conception of law which regards as its purpose the «-concrete order formation» (konkretes Ordnungsdenken)."* (Hayek 1966 609)

Conclusion

The remarkable impact of the Austrian School of liberal economics on both economic and political and past as well as contemporary structures of international policy-making is an evidenced reality. Through their theorizing of international governance, their shaping of global institutions and networks, and their engagement with high-ranking decision-makers, individuals like Ludwig Mises, Friedrich August Hayek, and Wilhelm Röpke have made true to the speech given by Erik Lundberg at the award ceremony of Hayek's 1974 Nobel Prize in Economics. *"Nobody can be a great economist who is only an economist."* (Lundberg 1974)

These men have, over the course of their century, been ardent defenders of individual liberties and simultaneously ardent defenders of repressive authoritarian regimes. How can the discipline of International Relations thus perceive this legacy at a time when many of the institutions the Austrian School contributed to are the target of rising contestation? I argue, firstly, that IR literature has not *sufficiently* appreciated the impact of the Austrian School on international politics in general. This is particularly true regarding the conciliatory rhetoric of Austrian School economists towards international authoritarianism with preceding IR literature almost exclusively addressing the school's liberal internationalist contributions and its theoretical foundations. The present analysis of the cases of the Pinochet dictatorship and the Apartheid regime underscores that Jorg Spieker's 2014 explanatory model of the school's authoritarian apologetics as a defensive reaction of liberal imperialism vis-à-vis the contestation of liberal international order structures in a postcolonial context retains tremendous explanatory value. Spieker's model is particularly enlightening considering the defense of transnational economic structures in the context of Hayek's insistence on global-level negative rights, or *"xenos rights."*

I argue, however, that Spieker's model is unable to sufficiently contextualize the support Austrian School liberal economists have given to the constitution and maintenance of authoritarian political systems and structures *outside* the postcolonial context. This different context of Austrian School authoritarian apologetics, recorded primarily by critical historians and economists, requires an expansion of the explanatory scope that IR literature provides vis-à-vis authoritarian tendencies in the Austrian School beyond Spieker's contextualization. Based on Friedrich August Hayek's opposition of negative and positive rights, as outlined in *'The Road to Serfdom'* and in his contribution to the Mont Pèlerin Society's 1966 Tokyo conference, I suggest that the Austrian School's authoritarian apologetics must be interpreted as a radical political defense of the classical liberal tradition as prefigured by the scholarship *"of Cobden and Bright, of Adam Smith and Hume, or even of Locke and Milton."* (Hayek 1944 13)

Carl Schmitt, whom Hayek called *"Adolf Hitler's « crown jurist »"* (Hayek 1966 609), interpreted the central aim of 19th century liberalism as the distinction between two separate realms, the sphere of *imperium*, concerning the administrative and legislative authority of the modern state and the sphere of *dominium*, as a transnational "*non-state sphere of economy permeating everything: a global economy."* (Schmitt as cited by Slobodian 2018 10) According to Slobodian, Schmitt had a distinctly negative view of the 19th century liberals' desire to remove the sphere of *dominium* from the access of political reach. In 1927, Ludwig Mises approved of the *"right to kill with impunity under emergency powers"* should participatory democracy prove unable to retain the sphere of *dominium* outside the access of *imperium.* (Slobodian 2018 45)

Throughout the ensuing century, Austrian School economists condoned the use of authoritarian state violence to restrain governmental reach on Carl Schmitt's *dominium* in their native Austria, in Chile, in South Africa, and in Portugal. To defend *dominium*, the private domain, against what Hayek referred to towards Salazar as *"the abuses of democracy."* (Hayek as cited by Farrant, McPhail, and Berger 2012) In his 1922 essay *'Political Theology,'* Carl Schmitt defines the 'state of exception' as *"a case of extreme peril, a danger to the existence of the state, or the like,"* in which circumstantial necessity justifies the suspension of the usual constitutional order. (Head 2017 16) Based on this paper's analysis, I suggest that to the economists of the Austrian School, the reach of the state for substantial authority over the private domain and the introduction of positive, societally, and economically structuring rights signified a 'Schmittian moment' justifying the suspension of the usual constitutional order. Contrary to Spieker, I argue that to Austrian School economists such as Mises, Röpke, and Hayek, this was valid, regardless of the geopolitical context, domestically as well as in an international context.

My aim in this paper is, however, in no way to, in the words of the Bulgarian economist and member of the Mont Pèlerin Society, Stefan Kolev, taint the recent history of the school with *"with crypto-normative allegations about the hidden agenda of powerful "masters of the universe."* (Kolev 2020) I rather suggest that any interpretation of the Austrian School's impact on international politics in IR literature must take the generative conditions of 20th century Austrian economics into account. This concerns the school's sociocultural embeddedness in a specifically Central European context as well as its intellectual lineage.

To the 20th century's preeminent Austrian School economists, the reach of the state for control over the public domain represented the utmost danger to human freedom. While I outline in the previous chapter that the biographies of individuals like Hayek and Mises relate to specific socioeconomic positions, there is no indication that this stance reflected a mere instance of *"class retrenchment."* It is crucial to note that, not unlike other contemporary scholars, the economists of the Austrian School, from the standpoint of their intellectual tradition, aimed to address the great question of defending against totalitarianism. In his publication *'The Open Society and Its Enemies,'* written contemporaneously to *'The Road to Serfdom,'* Hayek's and Mises's compatriot Karl Popper published his vision of how to defend the liberal order in the face of 20th century totalitarianism. *"We should therefore claim, in the name of tolerance, the right not to tolerate the intolerant. We should claim that any movement preaching intolerance places itself outside the law, and we should consider incitement to intolerance and persecution as criminal, in the same way as we should consider incitement to murder, or to kidnapping, or to the revival of the slave trade, as criminal."* (Popper 1945 265) Popper's statement, although essentially different in meaning and in context, is, in its call for a radical defense of liberty, not unlike Hayek's *'Road to Serfdom.'*

Reference List

Van de Haar, Edwin. 2009. *Classical Liberalism and International Relations Theory: Hume, Smith, Mises, and Hayek*. London: Palgrave Macmillan.

Spieker, Jorg. 2014. "F.A. Hayek and the Reinvention of Liberal Internationalism." *The International History Review* Vol. 36 (5), Special Issue: Traditions in British International Thought (October 2014): 919-942. Accessed April 30, 2024. doi: 10.1080/07075332.2014.900814.

Slobodian, Quinn. 2018. *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, Massachusetts: Harvard University Press.

Wasserman, Janek. 2019. *The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas*. New Haven, Connecticut: Yale University Press.

Leeson, Robert. 2017. "Clerical Fascism: Chile and Austria" In: Hayek: A Collaborative Biography Part IX: The Divine Right of the 'Free' Market, edited by Robert Leeson. 305-355. London: Palgrave Macmillan.

Yagi, Kiichiro. 2023. "Emergence of Fundamental Liberalism in the Economics of the Austrian School After WWI: In the Case of Ludwig Von Mises." In: The Austrian School of Economics in the 21st Century: Evolution and Impact, edited by Annette Godart-van der Kroon and Joseph Salerno. 3-16. Berlin: Springer.

Eberstein, Alan. 2001. *Friedrich Hayek: A Biography*. New York City: St. Martin's Press.

Mises, Ludwig. 1927 (1985). *Liberalism: In The Classical Tradition*. Irvington-on-Hudson, New York: Foundation for Economic Education.

Filip, Birsen. 2018. “Friedrich Hayek and His Visits to Chile: Some Austrian Misrepresentations.” In: Hayek: A Collaborative Biography Part XIII: 'Fascism' and Liberalism in the (Austrian) Classical Tradition, edited by Robert Leeson. 423-462. London: Palgrave Macmillan.

Leeson, Robert, eds. 2013. *Hayek: A Collaborative Biography Part I: Influences from Mises to Bartley*. London: Palgrave Macmillan.

Leeson, Robert, eds. 2018. *Hayek: A Collaborative Biography Part XIII: 'Fascism' and Liberalism in the (Austrian) Classical Tradition*. London: Palgrave Macmillan.

Van de Haar, Edwin. 2011. “Hayekian Spontaneous Order and the International Balance of Power.” *Independent Review* Vol. 16 (1): 101-118.

Nientiedt, Daniel. 2022. “F. A. Hayek and the World of Tomorrow: The Principles of International Federalism.” *Cosmos + Taxis* Vol. 10 (11/12): 97-102. Accessed March 24, 2024. https://cosmosandtaxis.files.wordpress.com/2022/09/nientiedt_ct_vol10_iss11_12.pdf.

Goodrick, Delwyn. 2014. “Comparative Case Studies.” *UNICEF Office of Research-Innocenti Methodological Briefs Impact Evaluation* No. 9. Accessed May 19, 2024. https://cnxus.org/wp-content/uploads/2022/04/Comparative_Case_Studies_ENG.pdf.

Yin, Robert. 2013. *Case Study Research: Design and Methods*. Los Angeles: Sage Publications.

Farrant, Andrew, and McPhail, Edward. 2017. “Hayek, Thatcher, and the Muddle of the Middle” In: Hayek: A Collaborative Biography Part IX: The Divine Right of the ‘Free’ Market, edited by Robert Leeson. 263-284. London: Palgrave Macmillan.

Steil, Benn. 2013. *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*. Princeton, New Jersey: Princeton University Press.

Saranya, Antony. 2024. "Diversification of BRICS: Emerging Economic and Geopolitical Shift." *Strategic Analysis* Vol. 47 (6): 565-570. Accessed April 22, 2024. doi: 10.1080/09700161.2024.2311475.

Agarwal, Manmohan, and Kumar, Sushil. 2023. "BRICS Countries' Increasing Role in the world economy, Including Institutional Innovation." *BRICS Journal of Economics* Vol. 4 (2): 173-191. Accessed April 22, 2024. doi: 10.3897/brics-econ.4.e99451.

Ruehl, John. 2023. "Comparing How China and the West Make Loans to Developing Countries." *LA Progressive*, November 19, 2023. Accessed April 22, 2024. https://www.laprogressive.com/foreign-policy/loans-to-developing-countries.

Börzel, Tanja, and Zürn, Michael. "Contestations of the Liberal International Order: From Liberal Multilateralism to Postnational Liberalism." *International Organization* Vol. 75 (2): 282-305. Accessed April 22, 2024. doi: 10.1017/S0020818320000570.

Moyo, Gorden. 2024. "World Bank, IMF, and WTO as Agents of Financial Imperialism." In: Africa in the Global Economy. Advances in African Economic, Social and Political Development, 41-59. Cham: Springer.

Feser, Edward. 2006. *The Cambridge Companion to Hayek*. Cambridge: Cambridge University Press.

Teacher, David. 2018. "Private Club and Secret Service Armageddon." In: Hayek: A Collaborative Biography Part XIII: 'Fascism' and Liberalism in the (Austrian) Classical Tradition, edited by Robert Leeson. 321-360. London: Palgrave Macmillan.

Keohane, Robert, and Nye, Joseph. 1973. “Power and interdependence.” *Global Politics and Strategy* Vol. 15 (4): 158–165. Accessed April 30, 2024. doi: 10.1080/00396337308441409.

Hayek, Friedrich. 1960. *The Constitution of Liberty*. Chicago: University of Chicago Press.

Van de Haar, Edwin. 2022. “Ludwig von Mises and Friedrich Hayek: Federation as Last Resort.” *Cosmos + Taxis* Vol. 10 (11/12): 104-118. Accessed April 30, 2024. https://cosmosandtaxis.org/wp-content/uploads/2022/09/vandehaar_ct_vol10_iss11_12.pdf.

Nove, Alec. 1986. *Socialism, Economics and Development*. London: Routledge.

Flores, Ignacio, Sanhueza, Claudia, Atria, Jorge, and Mayer, Ricardo. 2019. “Top Incomes in Chile: A Historical Perspective on Income Inequality, 1964–2017.” *Review of Income and Wealth* Vol. 66: 850-874. Accessed May 19, 2024. doi: 10.1111/roiw.12441.

Winn, Peter. 2010. “The Furies of the Andes: Violence and Terror in the Chilean Revolution and Counterrevolution.” In: A Century of Revolution: Insurgent and Counterinsurgent Violence during Latin America’s Long Cold War, edited by Gilbert Joseph and Greg Grandin. 239-275. Durham, North Carolina: Duke University Press.

Marcel, Mario, and Solimano, Andres. 1993. “Developmentalism, socialism, and free market reform: three decades of income distribution in Chile.” *World Bank Policy Research Working Paper Series* Vol. 1188. Accessed May 19, 2024. https://www.researchgate.net/publication/23721662_Developmentalism_socialism_and_free_market_reform_three_decades_of_income_distribution_in_Chile.

Franklin, Jonathan. 2001. “Chilean army admits 120 thrown into sea.” *The Guardian*, January 9. Accessed May 16, 2024. https://www.theguardian.com/world/2001/jan/09/chile.pinochet.

Comisión Nacional sobre Prisión Política y Tortura. 2005. *Informe de la Comisión Nacional sobre Prisión Política y Tortura*. Santiago de Chile: Comisión Valech. Accessed May 16, 2024. http://www.derechoshumanos.net/paises/America/derechos-humanos-Chile/informes-comisiones/Informe-Comision-Valech.pdf.

Lira, Elizabeth. 2023. *Human Rights Violations in Latin America: Reparation and Rehabilitation*. New York City: Springer.

Couso, Javier. 2012. "Trying democracy in the shadow of an authoritarian legality: Chile's transition to democracy and Pinochet's Constitution of 1980." *Wisconsin International Law Journal* Vol. 29 (2): 393-415. Accessed May 19, 2024. https://wilj.law.wisc.edu/wp-content/uploads/sites/1270/2013/01/Couso.pdf.

Leeson, Robert. 2017. "Eugenics and the Austrian Third and Fourth Generation." In: Hayek: A Collaborative Biography Part X: Eugenics, Cultural Evolution, and The Fatal Conceit, edited by Robert Leeson. 43-87. London: Palgrave Macmillan.

Wilkins, Ivor, and Strydom, Hans. 1978. *The Super-Afrikaners: Inside the Afrikaner Broederbond*. Johannesburg: Jonathan Ball Publishers.

Beck, Roger. 2000. *The History of South Africa*. Westport, Connecticut: Greenwood Publishing Group.

Bangura, Abdul Karim. 2004. *Sweden vs apartheid: putting morality ahead of profit*. Farham: Ashgate Publishing.

Sebenius, James, Burns, Nicholas, Mnookin, Robert, and Green, Alexander. 2016. "Henry Kissinger: Negotiating Black Majority Rule in Southern Africa." *Harvard Business School Working Paper* No. 17-051. Accessed May 19, 2024. https://dash.harvard.edu/bitstream/handle/1/30011597/17-051.pdf?sequence=1.

Zulaika, Joseba, and Douglass, William. 1996. *Terror and Taboo: The Follies, Fables, and Faces of Terrorism*. Milton Park: Routledge.

Ungar, Sanford, and Vale, Peter. 1985. "South Africa: Why Constructive Engagement Failed." *Foreign Affairs* Vol. 64 (2): 234-258. Accessed May 19, 2024. doi: 10.2307/20042571.

Kreis, Georg. 2007. *Switzerland and South Africa 1948-1994: Final Report of the NFP 42+ Commissioned by the Swiss Federal Council*. Lausanne: Peter Lang.

Franc, Andrea. 2015. "Kolonial liberal?" *Schweizer Monat*, October 1. Accessed May 19, 2024. https://schweizermonat.ch/kolonial-liberal/#.

Mpofu-Walsh, Sizwe. 2021. *The New Apartheid: Apartheid did not die, it was privatized*. Cape Town: Tafelberg.

Farrant, Andrew, McPhail, Edward, and Berger, Sebastian. 2012. "Preventing the "Abuses" of Democracy: Hayek, the "Military Usurper" and Transitional Dictatorship in Chile?" *American Journal of Economics and Sociology* Vol. 71 (3): 513-538. Accessed May 16, 2024. doi: 10.1111/j.1536-7150.2012.00824.x.

Kirk, Tim. 2016. "Ideology and Politics in the State that Nobody Wanted: Austro-Marxism, Austrofascism, and the First Austrian Republic." In Global Austria: Austria's place in Europe and the World, edited by Bischof, Günter, Plasser, Fritz, Pelinka, Anton, and Smith Alexander, 81-98. Innsbruck: Innsbruck University Press.

Mises, Ludwig. 1978 (2014). *Erinnerungen: von Ludwig von Mises*. Berlin: De Gruyter.

Hoppe, Hans-Hermann. 1997. "Meaning of the Mises Papers." Accessed May 17, 2024. https://mises.org/library/meaning-mises-papers.

Kuehnelt-Leddihn, Erik. 2019. *The Cultural Background of Ludwig von Mises*. Accessed May 24, 2024. https://mises.org/essays-political-economy/cultural-background-ludwig-von-mises?d7_alias_migrate=1.

Judson, Pieter. 2016. *The Habsburg Empire: A New History*. Cambridge, Massachusetts: Harvard University Press.

Hayek, Friedrich. 1944. *The Road to Serfdom*. London: Routledge.

Van de Haar, Edwin. 2011. "Hayekian Spontaneous Order and the International Balance of Power." *Independent Review* Vol. 16 (1): 101-118.

Hayek, Friedrich. 1966. "The Principles of a Liberal Social Order." *Il Politico* Vol. 31 (4): 601-618.

Lundberg, Erik. 1974. *The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1974: Award ceremony speech*. Accessed May 24, 2024. https://www.nobelprize.org/prizes/economic-sciences/1974/ceremony-speech/.

Head, Michael. 2016. *Emergency Powers in Theory and Practice: The Long Shadow of Carl Schmitt*. Milton Park: Routledge.

Kolev, Stefan. 2020. “Anti-democratic revolutionaries or democratic reformers? A review essay of Janek Wasserman’s The Marginal Revolutionaries: How Austrian Economists Fought the War of Ideas.” *The Review of Austrian Economics* Vol. 35 (4): 531-546. Accessed April 22, 2024. doi: 10.1007/s11138-020-00532-7.

Popper, Karl. 1945 (1971). *The Open Society and Its Enemies: The Spell of Plato*. Princeton, New Jersey: Princeton University Press.

Klausinger, Hansjörg. 2011. “The Austrian School of Economics and its Global Impact.” In: Global Austria: Austria's Place in Europe and the World, edited by Bischof, Günter, Plasser, Fritz, Pelinka, Anton, and Smith Alexander, 99-116. Innsbruck: Innsbruck University Press.

Glossary

1 Austrian School of liberal economics: School of liberal economics that originated in the *'Methodenstreit,'* between the Historical School of liberal economics and the Viennese economist Carl Menger. Originally a heterodox school of liberal economics, the Austrian School's analytical primacy of human action, the subjective value assumption, and its monetary and price theories have fundamentally impacted both orthodox strands of liberal economics, the social sciences, and international policy-making. The school's extraordinary impact is grounded in its grand intellectual aim of providing a restatement of 19th century Classical Liberalism for the modern age and in the particular public attention given to its most prominent 20th century representatives, *Ludwig Mises* and *Friedrich August Hayek*. (Klausinger 2011 56)

2 Geneva School of liberal economics: Terminology coined by Quinn Slobodian to describe the group of liberal economists that assembled in Geneva throughout the 1930s and 1940s. Slobodian's terminology highlights the work of these economists regarding the conceptualization of institutional structures for a liberal international economic post-war order. This group of liberal economists included the most prominent contemporary Austrian School economists, whose work crucially shaped the Geneva School. (Slobodian 2018)

3 Mont Pèlerin Society: International organization of public economists, intellectuals, historians, political theorists, etc., founded in 1947 in Geneva, in the context of the debate about the ITO-Charter through the initiative of Friedrich August Hayek. The stated aim of the Mont Pèlerin Society is to use its intellectual and material resources to further liberal economic principles and open societies. (Slobodian 2018)

4 Cobden and Manchester Schools of liberal economics: Schools of liberal economics that arose in the context of the Anti-Corn-Law League in the United Kingdom and strongly linked free trade with transnational peace and international stability. (Van de Haar 2009 95)

5 Afrikaners: Afrikaans-speaking South African ethnic group representing the large majority of South Africa's white population. Afrikaners are primarily descendants of the original settlers of the Dutch Cape Colony (1652-1806) and of Huguenot refugees. Afrikaners have historically exercised disproportionate influence on South African political and economic structures. (Wilkins and Strydom 1978)

6 Boer Wars: The First (1880-1881) and the Second Boer War (1899-1902) were two conflicts that the British Empire and the British Cape Colony (1806-1910) fought with the ethnically Afrikaans republics on the territory of the later South African provinces of Transvaal and the Free State. After the Second Boer War, the South African Republic and the Orange Free State were transformed into British colonies. Both territories acceded to the self-governing Union of South Africa in 1910. Particularly, the Second Boer War was marked by the harsh treatment of Afrikaner civilians by British forces. (Wilkins and Strydom 1978)

7 African National Congress: Pan-ethnic South African liberation movement and political party striving for the termination of the National Party's policy of Apartheid (1948-1994) and of its Afrikaner-centered ethnocracy. (Beck 2000)