from the meaning of money to the ideas of Bastiat and Hayek

Leadership School

Yerevan, Armenia March 2013

Glenn Cripe



- Voluntary transactions
- Mutual benefit ("win-win")
- Sum of all transactions
- Free-market capitalism vs. crony capitalism (crapitalism?)



Meaning of Money

What is Seen vs. What is Not Seen

Central Planning and Order



- Meaning of Money
 - --- AYN RAND (philosopher, novelist)

- What is Seen vs. What is Not Seen
 - -- FRÉDÉRIC BASTIAT (journalist)

- Central Planning and Order
 - -- FRIEDRICH HAYEK (economist)

The Meaning of Money





Ayn Rand

Russian-American Philosopher, Writer, Novelist

Major Works:

The Fountainhead Atlas Shrugged We the Living

Founder of Objectivism





Born: 2 February 1905 St Petersburg, Russia Died: 6 March 1982 New York City, USA

Name at Birth:
Alisa Rosenbaum

Emigrated to US: 1926

"If one recognizes the supremacy of Reason and applies it consistently, all the rest follows"

Major Contributions

Rejected 2 basic ideas of western philosophy:

- the nobility of self-sacrifice
- the division of the world into abstract vs. mundane (ideal vs. daily life)

Provided the moral basis of capitalism.



Capitalism, Morality, Govt

Our nature as rational, free individuals.

Complete separation of state and economics, in the same way and for the same reasons as the separation of state and church.



Proper Role of Government

 to protect man's rights by protecting him from physical violence

servant, not ruler



Proper Role of Government

- Civilized society
 - (initiation of) physical force is banned from human relationships
 - government = policeman, may use force only in retaliation, only against initiator



Proper Role of Government

Government

- Recognizes and protects individual rights
- Provides organized protection against force POLICE, MILITARY
- Establishes objective rules of evidence, enforcement procedures, punishment ("due process") COURTS

- Meaning of Money
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What is Seen, Not Seen

The Broken Window



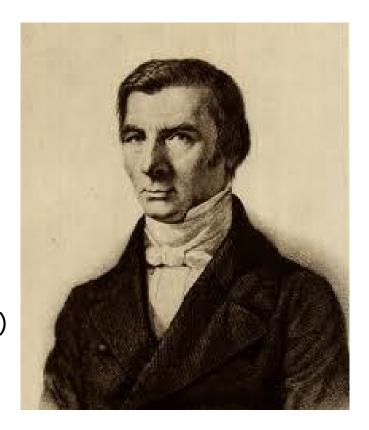


Frédéric Bastiat

Political Journalist Economist French Assembly

Major Works:

Influence of English &
French Tariffs (1844)
Economic Sophisms (1845)
Capital & Interest (1849)
Economic Harmonies (1850)
The Law (1850)



Born: 30 June 1801 Bayonne, France Died: 24 Dec 1850 Rome, Italy



Tombstone in Church of San Paolo dei Francesi in Rome



Frédéric Bastiat

- Good economists vs. bad
- Negative effects of tariffs & price controls
- Government should protect property, lives, & liberty
- Nature of "law"



Frédéric Bastiat

In "The Law"

- Warned against "legalized plunder" (crony capitalism)
 - encourages everyone to seek special privileges from govt
 - weakens & perverts law; turns it against what it's supposed to defend

- Meaning of Money
 - --- AYN RAND

- What is Seen vs. What is Not Seen
 - -- FRÉDÉRIC BASTIAT

- Central Planning and Order
 - -- FRIEDRICH HAYEK



Central Planning and Order

 Is central (govt) planning a good idea? Should we seek it? Why do so many people like the idea?

NO!

- Information is decentralized
- Leads to totalitarianism

("The Road to Serfdom", 1944)

Central Planning and Order

 Why is govt action so often in conflict with how people actually behave, and what they want?

ORDER

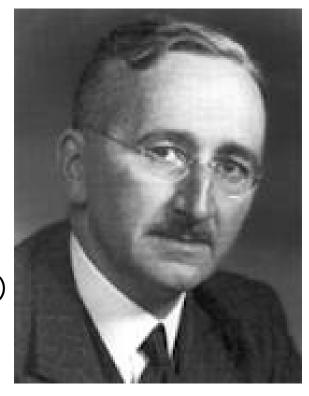
planned vs. spontaneous



Economist
Defended classical
liberalism and freemarket capitalism
against collectivist
thought

Major Works:

The Road to Serfdom (1944)
The Use of Knowledge
in Society (1945)
The Fatal Conceit (1988)



Born: Vienna, 1899 Died: USA, 1992

Won Nobel prize in 1974 for theory of money and economic fluctuations



- What is the role of intellectuals?
- What difference can I make?
- Should I even bother?



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Society's course will be changed only by a change in ideas. First you must reach the intellectuals [opinion leaders] ... the politicians will follow.



- What is the role of intellectuals?
- What difference can I make?
- Should I even bother?

We must make the building of a free society once more an intellectual adventure, a deed of courage.



Reading

RAND

- Meaning of Money
- Origin of Rights; Proper Role of Govt

BASTIAT

- What is Seen and What is Not Seen
- The Law

HAYEK

The Road to Serfdom