



Libertarianism within Austrian Economics: Defending our liberty

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Abigail Ong
Murdoch University
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Austrian economics was founded on the concept of a self-regulating civil society that respected each being's right to act freely within the bounds of his or her individual rights.¹ Dating back to the 15th century, its foundations lay in the roots of Aquinas's writings which advocated the basic principles of freedom of trade, contract as well as the right to own property.² The idea of liberalism within the context of Austrian economics denoted (and it still does) features of individuality, differences, and inequality in the consumer market.³ The Austrian school of thought emphasised the essence of individualism. In his Nobel Prize speech, Hayek further stressed the importance of an individualistic approach to the social sciences.⁴

So what is the point that is trying to be made? The idea is that Austrian economists believed that because of an individual's inherent attribute of choice, the economic market is intrinsically unpredictable. For this reason, Austrian economists hesitate to rely on market forecasts as a basis for decision-making. Every business person ventures into an undertaking with a goal to profit. Yet despite well-meaning intentions, history is fraught with examples of such actions resulting in disastrous consequences.⁵

Perhaps it is because of the volatile nature of the economic market that Austrian economists avoid the use of mathematics in economics.⁶ To the Austrians, economics is not so much about statistics and formulas as it is about the collective individual's wants. In fact, the consumer's demands determine the interplay between value, cost, supply and demands.⁷ "The Austrian critique is... a call for economics to turn its attention away from mathematical abstractions and to concentrate instead on real people in real-life situations."⁸

Austrian economics is diverse as well as complex. It is a product of philosophical theories and observations that are built upon each another over the years. Despite the multitude of assorted theories within the Austrian field, they are built upon one common ground: the principles of

¹ Ralph Raico, 'Classical liberalism and the Austrian school' *The Elgar Companion to Austrian Economics* (ed. Peter Boettke, 1994) 320.

² The Ludwig von Mises Institute, 'What is Austrian Economics?' <<http://mises.org/etexts/austrian.pdf>> Last accessed 30 August 09.

³ Ralph Raico, 'Classical liberalism and the Austrian school' *The Elgar Companion to Austrian Economics* (ed. Peter Boettke, 1994) 321.

⁴ Ibid 14.

⁵ Alexander H Shand, *The Capitalist Alternative: An Introduction to Neo-Austrian Economics* (1984) 8.

⁶ Ibid 23.

⁷ Ibid.

⁸ Ralph Raico, 'Classical liberalism and the Austrian school' *The Elgar Companion to Austrian Economics* (ed. Peter Boettke, 1994) 40.

liberalism and individuality. Libertarianism is not just the core of Austrian economics but also of modern society. It advocates freedom and the fundamental notion of rights. Liberty is a priceless gift that was passed down from forefathers who believed in it, and fought to preserve it for us. As such, we should guard it jealously and stand up against laws or institutions which obstruct our right to freedom of trade, choice and individuality in Australia. We must be alert to defend our liberty in politics, economics, education and in homes.