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YOU CAN DO MORE FOR YOUR PEOPLE BY DOING LESS, ADVISES HAYEK

"You have come to our country at a most auspicious time", said Professor J.A. Lombard of Pretoria University in thanking Hayek after his Unisa lecture. "Many of our economists", he continued "including many of our hitherto dedicated Keynesians, are rediscovering the wisdom of classical free market economics".

The visit by the world's leading protagonist of free enterprise and individual freedom, Friederich August von Hayek (1889) could hardly have been better timed.

The hopeless failure of the "new economics" (Western intervention of various kinds) has now become obvious to many economists especially, says Hayek, those of the younger generation.

The extravagant Keynesian plans sold by the economists to the politicians promising full employment, stable prices and growth, and an end to the trade cycle have not been fulfilled.

The fault has not been bad planning, but the principle of central planning itself. The economic planners have become bewildered and are looking for new answers.

As before many espouse more or different plans, but now increasing numbers are checking their premises and returning to Hayek's early writings and those of other classical sages especially of the Austrian, Chicago, Freiburg and Manchester school persuasions.

HAYEK VINDICATED

Nearly 30 years after Hayek had turned his attention from economic science to other social sciences — notably

political philosophy, social and moral science, psychology and jurisprudence — his earlier works started rising back into prominence, especially in the Far East.

In 1974 he was awarded the Nobel Memorial Prize and in the last few years he has been invited to advise



governments in a number of countries, including Germany, Chile and Japan.

WHO HE REACHED IN SA

During his 28 days in South Africa, Hayek gave 11 lectures to audiences of all races totalling some 2 500 people, participated in 2 seminars and gave shorter talks at other functions.

He was guest of honour at 21 luncheons, dinners, banquets or receptions, which were attended by over 480 prominent people from all walks of life including most of our prominent business people, government officials, academics and financial editors.

Media coverage was good and included two TV interviews, two press conferences and five published interviews in the Financial Mail, Business Times, Financial Gazette, To the Point and Management, and a number of feature articles.

Amongst the 480 prominent people were (in roughly chronological order of meeting) the Presidents and Directors of all the national bodies, the heads and senior staff of most of the universities' economics departments, the senior officials of the Reserve Bank and the Department of Finance, the State President, Prime Minister, Ministers of Finance, Economic Affairs and Information, Messrs H.F. Oppenheimer, G.S. Muller, A. Louw, B.E. Hersov, C.H.J. Aswegan, F. du Plessis, P.J. Liebenberg, C.G. Ferrelra, Doctors A.D. Wassenaar, M.S. Louw, W.J. de Villiers, J. Adendorf, M. v.d. Bergh, Chief Minister H. Ntsanwisi, the Board of the Chamber of Mines, most of the well known practising economists and so on.

ON SA POLITICS (AND THE NEW CONSTITUTION)

Not surprisingly Hayek did not agree with many of South Africa's policies, especially in the areas of race and economics. Although he was loath to recommend solutions to our problems, he made it clear that his political theories were even more applicable here than elsewhere. There should be a limited government or governments with very strictly defined functions, being chiefly the maintenance of law and order; protection of individual rights; provision of common services for which it would be difficult for the providers to recover payment from users, such as infrastructural services (but never with a monopoly or special protection to the State); the application of all laws to all people equally; the separation of the general law making body (Parliament) from the body which would make specific regulations for the implementation of those general laws; and the strict adherence to the principles of the Rule of Law.

ON SA ECONOMICS

"I am shocked" he proclaimed on TV "by how government intervention and the sheer size of government have grown in the last 15 years. South Africa is no longer a potential *capitalist miracle* as I had hoped it would be along with places like Hong Kong, South Korea, Taiwan, Singapore and others. Fifteen years ago the situation

was relatively good, but the trend was in the wrong direction. Now the situation is bad, and the trend shows signs of moving in the right direction."

He concluded his last speech by saying, "I think the government could do a lot more for the people by doing less".

ON FOREIGN PRESSURES FOR "CHANGE"

He considered foreign condemnation of SA to be "scandalous". South Africa's biggest antagonists are hardly in a position to throw stones in view of their own gross violations of human rights, particularly in the economic area, and in view of their double standards. In these circumstances it is not surprising that people are increasingly rallying behind the Government. That is precisely what they would do and always have done in other countries in comparable circumstances.

ON MONEY

The only hope for the long term future of money is to permit, for the first time in history, private banks to issue token money in their own names, with no legal tender or exchange control laws. Minister Horwood and a number of our academics who at first thought "that's going too far" have become converts on the matter. Backed up by his latest book "The Denationalisation of Money" the theory is extremely hard to fault and certainly overcomes virtually every other weakness in alternative theories.

ON MONOPOLIES

"If you remove State protection in all its disguised forms, there won't be any to speak of".

ON LORD KEYNES AND INFLATION

"I'm sure that if he were alive today, he would be one of the greatest critics of the deliberate inflation presently being practised in his name. That is my conclusion drawn from what he told me himself six weeks before he died."

ON HORWOOD

In Hayek's view there are very few Ministers of Finance who would have the courage to resist pressures for more inflation to the extent that Horwood has.

CONCLUSION

We doubt whether Hayek would actually have fundamentally changed the thinking of the people he met. But it certainly seems as if he planted some very important seeds and restored the "respectability" of free market theories and theorists in South Africa.

He and Milton Friedman two years before him seem to have set Keynesians, neo-Keynesians and other anti-free market economists on the run for the first time since the war.

We expect that now more economists, business leaders and civil servants who believe in free enterprise will begin to speak out against South Africa's creeping socialism and to defend the system upon which our future happiness depends.

