

## **1.Václav Linkov**

### ***“A Libertarian view on the corruption problem”***

#### **Introduction**

The corruption (manipulation with some citizens/clients by non-standard way) we can split by entity, which this corruption made with that citizen/client, to two parts: The corruption of the state and the corruption of private subject. From a libertarian view isn't problem the second of them: Private subject is right to use its property as it want and then it must to vindicate its act on the market. However, the problem from this view is then the corruption of the state and that we can minimize best way if we start to minimize state itself and number of its officers. The fact, that it brings economic contribution too, is introduced in the books of Friedrich August von Hayek and his thoughts we present in the first part of text<sup>1)</sup>. Hayek had a concept how this minimization can be done, but he didn't expend all questions, that we can ask. Then, in the second part of the text we introduce general thoughts from 45 issues of the czech libertarian magazines *Laissez-Faire* and *Terra Libera*<sup>2)</sup>. We adduce some more concrete thoughts about how this journals want to make some decrease of the Czech state on the end of this text.

#### **1. F.A. von Hayek**

##### **a) spontaneous order and minimal state**

One of the basic notions of Hayek's thought is the one of “expanded (market) order” - the order, which keeps up large (mercantile) society and which replaced old order of small groups of people, the old order, that is however natural for people.

Each of this orders have its own morality: "We have hereditary morality of our instincts (solidarity, altruism etc.). The ways of action following it, are not enough to preserve our population."<sup>3)</sup> This traditional morality cannot "have cognitive and organisational functions, which are excluded by its rules."<sup>4)</sup> But we have "the second, alternative morality (thrift, honesty, private property), which makes and preserves the expanded order."<sup>5)</sup> This order "breeds and requires private property and freedom"<sup>6)</sup> and then the act now isn't good or bad by its aim (as it was in old morality), but by preserving or non-preserving rules of spontaneous order<sup>7)</sup>. Then "all people, who live in expanded order have benefit from state, when they don't treat each other as a fellow and preserve rules of the new order instead the rules of altruism."<sup>8)</sup> It is caused because "we haven't other way how to give the notice to the individual, what he has to do to make maximum of product, than the free market competition."<sup>9)</sup> This competition is better then our reason<sup>10)</sup>.

Expanded order can't exist without rules of free competition - "if we will use rules of microcosm (our families for example) for the macrocosm (our civilization), we will destroy macrocosm."<sup>11)</sup> "Intellectuals can bring some new and better "social" rules of morality and say this rules can replace functions of competition rules – but it will be only recidivity of old morality of microcosm, which can't support lives of billions of people."<sup>12)</sup> "Observing of rules of expanded order are then more profitable then most altruistic acts of concrete individual."<sup>13)</sup> If we thought about genesis of spontaneous order, we saw, that it rises without human help. It can't be designed by human mind, because "the mind itself is the product of evolution"<sup>14)</sup> and "complexity of human traditions is too large for capacity of individual mind."<sup>15)</sup> Then "businessmen mostly do not have a lot of infomation about concrete wants of people, who are final consumers of products of their business."<sup>16)</sup> It can be reality, becose "distribution of

sources is made by non-individual processes and individuals, who have their own aims, can't know, what will be the pure result of their interaction."<sup>17)</sup>

Although, there exist people, who "presume, then when people was able to make system of rules to coordinate their aspirations, they will be able to construct better system."<sup>18)</sup> This thoughts are tokens of the "reluctance against recognition, than morality rules are here for longtime effects - effects, that we cannot imagine"<sup>19)</sup>, and than we can "make configuration of unknown only that way, when we move it to compose itself."<sup>20)</sup> Hayek attacks macroeconomy as a theoretical screen of this thought - for this thoughts is very good its "extensive exploitation of mathematics, which is only some type of magic at most, but which have strong effect in politics."<sup>21)</sup>

Hayek recalls, that central regulation of economics defended by intellectuals is impossible, because "the only one known method, how to get informations about comparative advantages of different sources, is market. These informations are diffused and we can't collect them and give them to some pilot authority."<sup>22)</sup> If we want to help generating of order, then "we have only to exclude elements, that don't respect its rules. Our attainments get smaller as the complexity of the order gets larger."<sup>23)</sup>

Then if we want to be instrumental to have maximal power of economics, we must have as small and as simple state, as we can have, to keep up spontaneous order only.

Politics of this state now have not to "be conducted by efforts to get some concrete results, but it must tend to ensure general order, which will guarantee to everyone best chance to achieve his own goals. Then the politics of this society have to deflate force to assert universal rules, which improves chances of everyone. These rules can only destine chances, not results."<sup>24)</sup>

This politics creates the order, which "we will choose, if we want to only pure fortune will decree about our starting position."<sup>25)</sup> But if we establish this order, we "have to lose the strongest thing, which encourages coherence of society, - the visible common aim, represented by idea of social justice in modern society."<sup>26)</sup> If we follow this idea, "it probably causes more inequity by making of new privileges, than it make life of the poor easier."<sup>27)</sup>

## **b) political organization of minimal state**

What Hayek says about organization of his minimal state?

First, the power of its parliament may not to be unlimited: "the unlimited power induces, that parliament can't reach the state, when general rules accepted by this parliament dominate, but the majority in it must constantly buy support of many interests to be retained."<sup>28)</sup> This "one omnipotent legislature then corrupts the government."<sup>29)</sup> As an example, how the interest groups corrupt politicians, Hayek presents the way the politicians buy support of intellectuals by grants for sciences and arts, although most of people leave this grants well enough alone. This type of trade "can be stopped only if we stop power of government."<sup>30)</sup> Hayek emphasizes "we don't be able to stop greed of all groups, if we allow them to use government's power to redistribution of product."<sup>31)</sup> Then we have to leave dogma of unlimited sovereignty of voter and his parliament - the individual will have to accept only that conclusions of this parliament, which respect general rules installed by legislature - "power of representatives of majority have to be unlimited only for operate with concrete facilities, which they have from people to use."<sup>32)</sup> And parliament must make negative principles only - "in the society of free people the highest authority mustn't give off any commands, unless it is the war time."<sup>33)</sup>

Second, Hayek thought, our parliaments have one big defect: "We delegate to our parliaments two dissonant rights. We call them "legislature", although the most of their work isn't legislative, but it is directing of concrete government's acts."<sup>34)</sup>

The real law-making is "still more delegated to bureaucracy, which has got no power to

control government"<sup>35)</sup> in addition.

Therefore, Hayek calls for reform of Europe's constitutions: "we have to have three sections of parliaments. First one for make stable framework of constitution and convetions of it can be called only in long periods; second one to innovate general rules of behaviour and the third for direction of government's sources."<sup>36)</sup> He enlarges "the legislature has to represent meaning of people about right type of government behaviour and the government's parliament has to follow thought of people, what concrete acts have to be done in frame created by legislature."<sup>37)</sup>

Hayek calls for another thing too. He says "most of services, that are now offered by central government, should to be devolved to local governments, which should have to compete in gaining of citizens."<sup>38)</sup>

### c) Hayek's concrete plans to minimize the state

We recall on the begin of this section Hayek don't want to minize state only for offer a security - he accepts, if government of advanced society use its power to for offering "a lot of services, that can't be offered by market or can't be offered in sufficient quantity."<sup>39)</sup>

Hayek says "the government have to controll product quality and he have to create building codes, safety and health rules, certificates of competencies to do some works and limits for saling of drugs, arms. explosives etc."<sup>40)</sup>

He wants to education and some culture of minorities be financed by state too.

But this text is about minimization - what of state functions want Hayek to be reduced then?

He generally dislikes state monopolies - "all of that services, which are state's monopolies now or government wants them to be monopolies, with exception of assertion of law and having army and police to this assertion. All services begin from education and social security across transition, postal service, telegraph, telephone and radio services to problem of money especially."<sup>41)</sup>

He says about state's money administration "it was established not for people, but for rising of government's rights. Then people are exposed to perils each day, which could be eliminated if government lose his right on money."<sup>42)</sup>

Then he calls for abortion of state's money monopoly, because "then market will be able to show his chances better."<sup>43)</sup>

He calls for abortion of antitrust law: "Not trust itself, but only inhibition of competition is bad. Trust increased only by its efficiency is good."<sup>44)</sup> Hayek want to forbid trust's price discrimination although: "This medicine in arms of potential competitors is better then coercion from supervisory authority."<sup>45)</sup>

Hayek stand out against privileges of labor unions and copyright law too. He disbelieves, "that here exists only one literary production, which shouldn't be written, if its author shouldn't have copyright."<sup>46)</sup>

## 2. Libertarian's plans of minimization of state

Minimal state of Hayek is too large yet, when we want to uproot corruption by extermination of state bureaucracy. Then plans of czech libertarian journals Laissez Faire (LF) and Terra Libera (TL) yields us better theoretical model for their major radicality. One and only one rule, which must produce all legal regulations by meaning of this journals, is "none behaviour have to be forbidden by law, if this behaviour isn't physical attack or threat of physical attack of another person or his private holding."<sup>47)</sup> The state must not aspire to protect moral or psychic derogation of people and have only to abide that rule (which is almost his lone function by meaning of LF and TL), becose "welfare is individual, can't be recognized by second person and can be affected by really anything."<sup>47)</sup> Lets look for state functions, which are explicitly labeled as totally needless or dedicated to privatization by authors of TL and LF: They criticize state regulation of education<sup>48)</sup> and monopoly of state postal service the same way as Hayek: "It will be more effective and it can decrease some prizes if there is a real free market in postale services."<sup>49)</sup>

They also criticize state monopolies generally: "Consumer is always harmed by existence of these monopolies irrespective of field of them."<sup>50)</sup>

They hate patents<sup>51)</sup> and too strong application of author law too: "there exists no field of business, which is guarded by state's coercive power too strong as collective management of laws of authors."<sup>52)</sup>

TL and LF promote also thought of free banking: "Don't close this very important sector for

competition! Return freedom to banking, put state out from money!"<sup>53)</sup>

They don't accept interdict of discrimination on market in contrast to Hayek. They consider as normal, if "prices are higher for them, who are capable, ready or forced to pay more"<sup>54)</sup>, in the case of price discrimination: "the only law, which can be applied in this situation, is law of the owner to use his property."<sup>55)</sup> They also say, that "this type of discrimination can exist for long time only there, where some philanthropist have limited free market"<sup>56)</sup>, in case of discrimination on labour market.

They don't support any limitation of private monopolies consistent with that: "Is absurd to punish producer for thing, that a lot of people buy his product."<sup>57)</sup> Number of producers on market is not important - important is only the chance to free entrance to that market for competitors. The aim to get the monopoly "is token of competition only."<sup>52)</sup> Bad monopoly can be established "only if the government limits number of producers on some market."<sup>58)</sup> They deduce "state can't control the competition on market, because it is largest thinkable monopoly itself."<sup>59)</sup>

This journals don't hate only this type of state regulation however.

It musn't be punished if someone sell product of low quality to person, who want to buy this product - "prohibited and punished may be only that type of behaviour, which causes drawback in health or property for someone."<sup>54)</sup>

They call for free sale of medicaments then: "We can't understand, why officers inhibit people from buying of cures. If someone of his own accord buy some cure, then he must accept all adventures."<sup>54)</sup>

They are against regulation of drug market also: "We must accept human thirst for drugs as natural and moral indifferent, we must stop calling use of drugs and drug business as "abuse" and we must stop punishing people for contact with drugs chiefly. People want drugs for satisfaction of their demands as some other type of product. Creating of commissions and drafts for war against drugs, domiciliary searches confiscation of property is not legitimate, although majority of parliament divides for that."<sup>54)</sup> "Now is time for stop the war on drugs and for make the peace after decades of terror."<sup>48)</sup>

They also be a prop for stop of the human organs selling regulation<sup>60)</sup> and regulation of child selling: "Here is huge potential for exchanging of law for child caring."<sup>61)</sup>

We can't be surprised then, if we will see they are for implementation of euthanasia and they are against regulation of some non-physical products too, especially against punishing of propagation of fascism: "Prohibition of books (Mein Kampf) is always only dire act of government, who want to prohibit people to meet all existing opinions and ideologies."<sup>62)</sup> We have "only one succes way for eliminating of fascism: their ideas beat by better ideas, non-logical arguments beat by logical, a lot of myths beat by a lot of facts. Prohibition of fascism give advantage for fascist only: They think and their opponents rely on the law purely."<sup>55)</sup>

TL and LF also fight against state backing of some parts of society.

They batter social policy of state<sup>63)</sup>, call it "soft type of dictatorship of the proletariat"<sup>58)</sup> and predicate it is responsible for large growth of bureaucracy in the last century. Then they have the solution: "withdrawing of first cause of that problems - destroying of state system of social welfare."<sup>64)</sup>

LF and TL favours abandon of state system of health care: "As absolutly free and private line the health service will be able to appease demand for health care better then present state system. It will better reflect preferences of individuals and probably it will cause wider range of health care. And we can't conceive, where ethical superiority of accesible health care over private property and accountabilty for himself comes."<sup>65)</sup>

They stand out against state financing of civic activities<sup>66)</sup> and funding and regulation of culture:"Everyone can remember gorgeous culture experiences growth up without state's money or total idiotism, which was financed by state. State backing then can't be assurance of

good art."<sup>67)</sup>

They deprecate state financing of building houses<sup>68)</sup>, regulation of housing and backing of farming: "It's nice, that we have our own producers of corn, meat and milk, but this fact largely ties chances to rising of our economics."<sup>69)</sup>

Environment conservation made by free market is better than that made by state regulation: "Finding of ways, how to put to nature wealth some price to it can be changed on the market, is the key to better conservancy work. Ownership creates in people interest to protect their property, market stimulates owner to conserve value of his goods."<sup>70)</sup>

Most extreme plans, which was introduced in LF and TL, are plans to transformation of security offering and judging from state to private providers to insert competition to this sector: "Is rightful if we want from state to stop doing, which can be done by private sector. Is rightful to fight against jurisdiction or to leave it, if we thought it is unjust."<sup>71)</sup>

Trade protectionism have to be stopped by their meaning: "Country, who buys goods from native producers, although it is more expensive than goods from other countries, lose all price difference between those producers. Then if some factory can't compete in price and quality with others, it has to die. That factories, which needs duties and prohibition to be, are vermins on the body of nation only."<sup>72)</sup> They call for abolition of all duties and import quotas then.

They hate, if "state discriminate people for their race or nationality, because he canceled them to work if they have bad colour of passport"<sup>55)</sup> and they wants to legalize cheap work of foreigners and accept the child work in developing countries: "We have to awake, than if supranational corporations will mustn't employ children, it will cause only, that children will work hardly, with worse working conditions and for lower hires - they can't go to school or play handy-dandy with someone."<sup>49)</sup>

It's better to create international free market than allocation of sources from some authority now - supranational corporations can help to developing countries best: "Everyone, who fights against starvation in world, has to be a leader of defenders of labour distribution and free market."<sup>69)</sup>

### **3. Some plans to reduce bureaucracy in the Czech republic**

We saw, that libertarian authors design a lot of changes in states and political systems to cut down number of state officers (and their corruption). We can say (with hyperbole), that if we apply this style of corruption reducing ("death officer=good officer"), then we will discharge 99% of problems descend from corruption. It's questionable now, if these methods are really applicable to practical politics. I don't know it and I think, everyone can give another answer to this question. Then let's look for some concrete demands of LF and TL in Czech's politics last years to illustrate this application problem at the end of this text. It isn't dramatic anyway, that these demands aren't too radical as demands included in text above.

For example in 12/98 issue LF declares against plans of environmental organizations to reduce number of supermarkets in cities, which was indeed by enormous rise of number of companies, who made this business last years: "Supermarkets fill free place on the market only, as we can see if we are watching people's interest to shopping in them. This is normal trend on market - small shopkeepers have only to accept this trend."<sup>59)</sup>

LF and TL also declare against fight contra prostitution, which got giant dimension near border with Germany after velvety revolution. It is normal way to earn living, because "it is free contract between two or more people, which does not damage anyone"<sup>54)</sup>, and then it must not be regulated.

Czech parliament disputes three times about registered partnership for homosexuals in last years and these journals boosted this: "Problems, which homosexuals have with government

agencies, are only some type of punishing, which is organized by state."<sup>54)</sup>

Europe Union isn't favourite institution of TL and LF - hate a lot of EU standards, which "are very dubious most times"<sup>73)</sup> and which create large field for corruption: "There rising lot of lobbies every day, who want for more and more absurd regulations, privileges and grants with EU banner over their heads."<sup>73)</sup> The euro currency is the worst thing in EU for them although: "Euro is instrument to allocation of sources and it will do some nations good, some nations wrong."<sup>74)</sup>

LF wrote about last year crisis in Czech television, which introduced question of existence of public service televisions. It menaces to this type of televisions constantly, "that they come instruments of political lobbies."<sup>75)</sup> Then it will be better, if Czech television will be privatized - "it's the best for maximize of thought competition."<sup>75)</sup>

The cancellation of conscription is very frequent political theme in Czech republic last year - LF wrotes "it is shocking violation of human rights"<sup>71)</sup> and TL says: "Theoretical question, if the conscription is lawful or not, can't be in Czech republic with her corruption and traditional nepotism queried. Artists, sportsmen, lawyers and one cabinet member even avoid forced military (or substitutive) service in 90's. And forced military service isn't forced for friends of supreme elity."<sup>64)</sup>

A lot of corruption could be destroyed if conscription and above wroted authorities of government will be cancelled. And that is message, which I want to give to this text...

### **Comments:**

1) I couldn't find english versions of used Hayek books in Brno, then I had to use the czech and translate citations. These can be inexact then, but sense of them is the same. Aim of the text - to illustrate Hayek's thought - isn't threatened then.

2) Each issue of this journals has only four pages. I have identified the references only by journal (TL or LF) and issue then. Laissez Faire is available on <http://www.epot.cz/lf>, Terra Libera on <http://www.libinst.cz>, both only in czech language. However it doesn't threat message of text too - thought of this journals is introduced deep enough in the text.

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------|
| 3) [Hayek 1995] p.77                                                                                                                                                                                                                                                               | 4) ibid. p.13           | 5) ibid. p. 77   |
| 6) ibid. p. 44                                                                                                                                                                                                                                                                     | 7) ibid. p. 89          | 8) ibid. p.18    |
| 9) ibid. p. 12                                                                                                                                                                                                                                                                     | 10) ibid. p. 15         | 11) ibid. p. 23  |
| 12) ibid. p. 82                                                                                                                                                                                                                                                                    | 13) ibid. p. 24         | 14) ibid. p. 26  |
| 15) ibid. p. 87                                                                                                                                                                                                                                                                    | 16) ibid. p. 50         | 17) ibid. p. 79  |
| 18) ibid. p. 12                                                                                                                                                                                                                                                                    | 19) ibid. p. 64         | 20) ibid. p. 91  |
| 21) ibid. p. 108                                                                                                                                                                                                                                                                   | 22) ibid. p. 85         | 23) ibid. p. 92  |
| 24) [Hayek 1994] p. 238                                                                                                                                                                                                                                                            | 25) ibid. p. 250        | 26) ibid. p. 266 |
| 27) ibid. p. 259                                                                                                                                                                                                                                                                   | 28) ibid. p. 274        | 29) ibid. p. 280 |
| 30) ibid. p. 284                                                                                                                                                                                                                                                                   | 31) ibid. p. 388        | 32) ibid. p. 276 |
| 33) ibid. p. 373                                                                                                                                                                                                                                                                   | 34) ibid. p. 290        | 35) ibid. p. 296 |
| 36) ibid. p. 301                                                                                                                                                                                                                                                                   | 37) ibid. p. 352        | 38) ibid. p. 321 |
| 39) ibid. p. 305                                                                                                                                                                                                                                                                   | 40) ibid. p. 320        | 41) ibid. p. 386 |
| 42) ibid. p. 316                                                                                                                                                                                                                                                                   | 43) [Hayek 1995] p. 113 | 44) [Hayek 1994] |
| p. 336                                                                                                                                                                                                                                                                             |                         |                  |
| 45) ibid. p. 338                                                                                                                                                                                                                                                                   | 46) [Hayek 1995] p. 42  | 47) [LF] 1/99    |
| 48) [LF] 10/98                                                                                                                                                                                                                                                                     | 49) [TL] 6/01           | 50) [TL] 11/00   |
| 51) "If patent will be cancelled by governments, then the situation on markets will be cleared largely."                                                                                                                                                                           |                         |                  |
| [LF] 10/00                                                                                                                                                                                                                                                                         |                         |                  |
| 52) [LF] 10/00                                                                                                                                                                                                                                                                     | 53) [LF] 4/99           | 54) [LF] 2/99    |
| 55) [LF] 7/99                                                                                                                                                                                                                                                                      | 56) [LF] 4/01           | 57) [LF] 3/01    |
| 58) [LF] 6/00                                                                                                                                                                                                                                                                      | 59) [LF] 12/98          |                  |
| 60) "We think it is not acceptable, when market with human meat is prohibited, because then violence of state is used against non-violent exchange between two sides of transaction." [TL] 7/00                                                                                    |                         |                  |
| 61) [TL] 7/00                                                                                                                                                                                                                                                                      | 62) [TL] 1/01           |                  |
| 63) "There is no law to some quality of life." [LF] 9/99,<br>"Social policy of state destroys charity and community involvement." [LF] 4/01                                                                                                                                        |                         |                  |
| 64) [TL] 3/01                                                                                                                                                                                                                                                                      | 65) [TL] 5/00           |                  |
| 66) "When someone can't collect sufficient portion of money to finance some activity, it is result of free choose of free civics." [LF] 11/98                                                                                                                                      |                         |                  |
| 67) [LF] 10/99                                                                                                                                                                                                                                                                     |                         |                  |
| 68) "The check, which gives some articles for people's berth, forces magnitudes to people and inhibits their preferences only. This regulation of enquiry on market implies highstake lavishing of investments of rich people, who could invest their money better way." [LF] 1/00 |                         |                  |
| 69) [LF] 5/00                                                                                                                                                                                                                                                                      | 70) [LF] 4/00           | 71) [LF] 3/99    |
| 72) [LF] 7/00                                                                                                                                                                                                                                                                      | 73) [LF] 11/98          | 74) [LF] 5/01    |
| 75) [LF] 1/01                                                                                                                                                                                                                                                                      |                         |                  |

## References:

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socialism), Sociologické nakladatelství, Praha 1995

[Hayek 1994] Hayek, F.A. von: Právo, zákonodárství a svoboda (Law, Legislation & Liberty), Academia,

Praha 1994

[LF] Laissez Faire, issues 10/1998-6/2001, Petr Mach, Praha 1998-2001



