

SAILING INTO A STORM FRONT UNPRINCIPLED DEMOCRATS, *PUERI ROBUSTI* AND THE GLOBAL ECONOMIC ORDER

Western democracies are locked into an ossified trajectory that ‘robust’ new political actors could disrupt for the better or worse, argues **Wolfgang Kasper**

Popular discontent and political confrontation are changing the political atmosphere throughout the West. Tough-talking mavericks increasingly challenge established political elites, offering apparently simple solutions with which they attract popular support. The establishments denigrate these outsiders as troublesome populists and untutored protectionists. It would be wrong, however, to belittle the current swing in the *zeitgeist* as mere populism—a term that has recently been acquiring diffuse and judgmental meanings. Instead of dismissing the trend with political weasel words, it is more useful to reflect on the underlying causes of the phenomenon and ask how it might affect freedom, prosperity and peace.

The troika of openness, freedom and innovation

Since 1950, the number of people on earth has tripled from 2½ to 7½ billion. On top of this, the average real living standards of the growing world population have risen by two-thirds.¹ This is a triumph over the dour predictions of the Malthusians, who try to make us believe that increasing resource scarcities condemn mankind to perpetual penury. The benefits of economic growth of course never spread evenly, which is now apparently one of the reasons why globalisation is opposed.

The engine of growth is driven by many pistons; for example capital and skill formation, the tapping of natural resources, new technical

knowledge, and secure property rights. Foreign trade and investment are the transmission belts that conveyed the unprecedented material progress to more and more people and nations. They improved the division of labour around the world; that is, the progressive specialisation of producers in what they do comparatively best. Openness to trade and movements of capital, knowledge and enterprise have widened the reach of specialisation and competition to new locations. Wider ambits of competition—the contestation of existing ideas and market positions—invariably fostered more learning and innovation.

They also induced rulers and people to embrace beliefs, customs and laws (in short, institutions) that favour material progress and inculcate a culture of productivity enhancement. In the process, civil and political liberties were enhanced. As Milton Friedman often put it, a free and prosperous economy empowers citizens to obtain and defend their civil and political freedom, which in turn strengthens the forces that drive growth. This virtuous circle started in Western Europe and soon after in North America. In the second half of the 20th century, these changes went



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global. Numerous analyses of worldwide economic growth agree on these fundamental insights.²

The troika of openness, freedom and innovation gained political support after the trauma of the long world war of 1914 to 1945. It inclined citizens and leaders to modesty, compromise and hard work. The 70-year *Pax Americana* undergirded this constellation. In the Western world and Pacific-Rim Asia, entire nations embarked on new beginnings, as entrenched attitudes and traditional power hierarchies—within and among countries—were weakened, reformed or brushed aside altogether.

One tangible and crucial manifestation of this fundamental rethinking about policy was the General Agreement on Tariffs and Trade (GATT, concluded in 1947), which morphed into the World Trade Organisation (WTO) in 1995. Supplemented by other international institutions, these arrangements paved the way for a progressive reduction of tariffs and other obstacles to the free flow of goods, services, capital, experts and firms. At the same time, organisational and technical innovations drove down transport and transaction costs. Openness finally even turned closed communist China capitalist and caused the demise of the inward-looking command economies of the hammer-and-sickle empire, which had long opposed the free global order.

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The gradual move to openness and greater economic freedom did not occur smoothly and without resistance. There were always concentrations of market power which tried to defend their profitable market niches. This is because competition is normally oligopolistic, as described by Joseph A. Schumpeter and the public-choice school.³ Industrial producers and organised labour often tried to obtain political and administrative patronage as well as protection from foreign competitors—popularly known as rent seeking or cronyism. And political elites often obliged, thereby diminishing economic freedom

and equal opportunity for the less well-connected. Yet memories of the first half of the 20th century were still fresh enough to induce the political leaders of most capitalist countries to compromise and make concessions during negotiations of successive GATT/WTO rounds.

How the growth momentum was gradually thwarted

From the 1970s onwards, the goodwill of the immediate postwar years slowly evaporated. This had much to do with the burden of the growing welfare state and mushrooming numbers of government functionaries. Whereas private enterprise disbands teams of employees once projects are completed, bureaucracies have tended to retain staff. This ratchet effect ensures that the army of tax-paid employment has grown and grown. Increasingly, democratically-elected parliaments around the world have also confined themselves to mere framework legislation, which empowers unelected and overbearing administrators to regulate the details of people's everyday lives.⁴ The growth of petty red tape has disenfranchised producers and consumers. More and more choices of what to produce, consume and invest have been made by public entities, fewer and fewer by private citizens.

At the same time, bureaucratic *dirigisme* and social welfare have infantilised citizens, eroding their self-reliance, whilst political correctness patronised them. Voters began to expect ever-increasing handouts. Tax-financed welfare got bloated and incentives to work and learn diminished. Those still in productive work have become weighed down by tax and regulatory burdens. Fewer thought primarily like self-reliant producers, more and more behaved like dependent consumers.

Governance in mature democracies became increasingly shaped by organised interest groups and self-centred elites, whose agenda became divorced from the concerns of ordinary citizens.⁵ A new generation of policymakers and opinion leaders took economic growth for granted. Some of these new elites have been preaching that the manipulation of nature for material ends should make us feel guilty. The quasi-religious 'Save the Planet' movement is now adding powerful cultural brakes on further economic growth.⁶ The growing

interventionism may not worry the affluent, but it mitigates against the life opportunities of the young and less well-organised ordinary citizens. Indeed, interventionism and protectionism can be considered a war on the poor: The US Council of Economic Advisors estimates US tariffs amount to an additional tax of 1.7% on the poorest 10% of the population, but a tax burden of only 0.4% on the richest 10%.⁷ Only open international competition has acted as a political brake on these trends.

In the face of growing statism, a spreading sclerosis gripped the politico-economic systems of advanced industrial countries. Leaders were less and less able or willing to anticipate or recognise the need for facilitating structural adjustments to international trade liberalisation. Instead, political and administrative elites became more reluctant to make concessions in trade negotiations. They also made it harder for foreign investors to gain free and equal access, because that might endanger local industrial cronies and the expansion of social welfare. Rather than cultivating competitiveness, high-taxing governments began to rely on global political cartels (such as the G-5, G-7, or G-20) to outflank the competition from producers in new industrial countries. More recently, artificially inflated energy costs have added further to the loss of international competitiveness of mature economies.

Mancur Olson has given us—in my opinion—the best and most realistic analysis of how the proliferation of collective actions gradually leads to ossification and citizens' disenfranchisement.⁸ After 1945, the core of the Western democratic system experienced no major political disasters. Democratic politics could therefore abandon strategic statecraft to focus on opportunistic rent-creation. As a result, the forces of economic growth were white-anted. Mediocre political operators were able to brush aside the interests and wishes of ordinary people, eventually losing their trust. Since the early 1980s, when Olson spoke about these dangers while visiting the Australian National University,⁹ this loss of trust in government and ruling elites has progressed much further than he ever would have expected.

The drift was halted temporarily in the 1980s by economic reforms in key Anglo-Saxon countries. Above all, Reagan and Thatcher inspired a new

self-confidence. But by the turn of the century that confidence had dissipated again. Only some countries that had avoided much of the first wave of postwar liberalisation—Australia, New Zealand and developing countries such as China, Vietnam, Chile or Peru—belatedly discovered the benefits of more openness—to trade and investment. Consequently, they have achieved good economic growth in recent years. These late converts to the free trade philosophy of the 1950s and 1960s now count among the most committed holdouts for globalisation, while a new mercantile nationalism is spreading elsewhere.

Multilateral negotiations over the liberalisation of trade and investment reflected these domestic developments, which brought the gradual progress towards more economic freedom to a complete halt. The Doha Round, which the WTO started in 2001, died a slow death. Governments, when obliged to make border-opening concessions, now relied more and more on 'behind-the-border' impediments to foreign trade and investment with the pretext of security, health, labour standards, environmental or other objectives—a form of protectionism by stealth.

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Some thinkers, who still remembered the disastrous material and political consequences of economic nationalism one hundred years earlier, tried to rescue the global rule-based system by advocating a different approach to liberalising international trade and factor flows. Despairing of the futility of diplomatic horse-trading, die-hard free traders now appealed to 'coalitions of the willing'. Governments with relatively free economies were invited to negotiate—as a second best option—preferential free trade associations.¹⁰ Governments unwilling to implement advances in free trade and investment were free to stay away. This inspired proposed preferential free-trade

and investment pacts such as the Trans-Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TTIP). The hope was that this would advance free trade further, put the foot draggers from less free economies on the defensive, and perhaps even revive multilateralism. Alas, a trade pact amongst willing free economies was not to be. President Trump's America is unwilling and China does not qualify because it is not a free market economy.

Why are the dire lessons about economic nationalism in the first half of the 20th century and the inspiring lessons from liberalisation in the second half now so widely ignored or even rejected?

As economic growth slowed in the wake of the 2008-09 Global Financial Crisis, the broader public realised that the common good was being increasingly sacrificed for the career gains of politicians and bureaucrats as well-connected groups obtained new political preferments. An example that mobilised public awareness around the world was the government bailout of big banks while small operators and homeowners incurred losses. Little wonder that popular support for mainstream political parties has plummeted in many mature democracies. The impression that ordinary people had little influence over government was reinforced in Europe when referenda results were rejected out of hand because they did not suit the ruling elites, and genuine concerns about aspects of mass immigration were dismissed as mere racism.

Summary measures of freedom show that the angst of ordinary citizens is justified. Progress to more freedom in the world has stalled since 2008. The component of personal freedom in the 'Human Freedom Index' even dropped between 2008 and 2014.¹¹ The postwar increase in political freedom, which the late Samuel Huntington dubbed 'the third wave of democracy' has receded.¹² The West appears to have moved into a new era of distrust and discontent.

Inevitably, these swings in popular mood have also affected negotiations over international trade and investment. Political leaders have as much

followed the *zeitgeist* as they propelled these political changes. As the long wave of economic growth and international integration ebbs, there is a real danger that political opportunists will overturn familiar, trusted rules and hamper growth further. As of 2017, a new self-seeking national opportunism is reshaping the global economic order. This need not amount to across-the-board de-globalisation, let alone a repeat of the 1930s. But it will create new insecurity and handicap economic growth.

Wrong conclusions about the consequences of globalisation

How did it come to this? Why are the dire lessons about economic nationalism in the first half of the 20th century and the inspiring lessons from liberalisation in the second half now so widely ignored or even rejected?

The conventional answer is that globalisation and greater economic freedom caused structural changes with winners and losers, among them predominantly older, established workers in mature industries. This answer—though superficially plausible and politically convenient—is simplistic. It is also largely wrong.

Let me explain: The international competitiveness of a location is always defined as the expected profit in that place relative to all others. Profit opportunities are assessed as expected sales prices *minus* expected unit costs (of labour, taxes, raw materials and so on, relative to the productivity of these inputs). Government-made rules and their enforcement play a key role in this assessment. Industry jobs in old locations—the rust belts of Europe, North America and Japan—have become internationally uncompetitive and these locations have become unattractive to internationally mobile investors in good part because they have for decades been handicapped by the two production factors that are not directly exposed to international competition, namely labour unions and government administrations. The former pushed pay rates beyond advances in labour productivity, so that labour-unit costs rose. The latter typically overlooked that one of the primary tasks of government is to shape institutions—the rules of competitive interaction—so that business transactions in their jurisdiction are cheap, expedient and uncomplicated. After all, the

costs of transacting business in a modern economy, especially in services and innovative industries, often amount to more than half of all costs.¹³

Business people and economists have failed singularly to make it widely known that low-cost, expedient institutions (rules) and their enforcement are often *the* decisive competitive asset. Most social theorists do not even treat government as a production factor that affects the productivity of all other inputs, let alone treat government as an agent that ought to support those jobs that have to compete internationally.

This analysis of the domestic contributions to industrial decline—reckless union leaders and self-serving public administrators—is at least partially supported by recent evidence from the US. In free-to-work States with business-friendly regulatory frameworks, new industrial employment opportunities are on the increase. These encouraging trends in States such as Georgia and the Carolinas were documented in a recent expert study, which I reviewed in the Spring 2015 issue of *Policy*.¹⁴ It is possible for mature, high-income locations to compete with low-wage jurisdictions by deploying knowledge, higher skills and improving the institutions of governance.¹⁵ Indeed, direct foreign investments in new low-wage locations and the profits of multinationals were already trending down, and the march to globalisation had begun to slow, before protectionists such as President Trump and European politicians raised their objections.¹⁶

The ailments of old industries in old locations also have much to do with progressive automation. In some cases, unions have resisted productivity improvements through automation. In other cases, automation made it possible to increase output while reducing employment. This trend will only accelerate.

Incidentally, it is equally simplistic to imply that workers in traditional industries and locations should retain their relative income position for all time. Equality of income (and wealth) is neither the historic normal nor can it be made a desirable objective of policy. There have always been people who are highly productive and rich, and others who are less knowledgeable, less productive and hence poorer. Anyone who thinks otherwise should read Tom Sowell's latest book.¹⁷

To reiterate: A major reason for the offshoring of industrial jobs, the poor growth of low-skill wages and the consequent spreading distrust of political and bureaucratic elites has been that the representatives of internationally immobile production factors—collective labour organisations and government administrations—failed to take the growing openness of the economy into account. They not only failed to assist those whose jobs became exposed to competitors from new industrial locations, where wage, tax and transaction costs are lower and improving skills reduce unit-factor costs, but—as we saw—also added new costs by more regulations. No amount of populist protectionism of old industries will restore 1950s-era jobs in rust belts to good health.

Enter *puer robustus*

But how did the simplistic, conventional explanation of the plight of old industry jobs suddenly become such a major political factor? In some democracies, the perceived arrogance of ruling elites and popular angst about the future in a more open economy have inspired ballot-box revolts; for example Brexit, Trump, and the demise of the Renzi referendum in Italy. In others, these perceptions and anxieties have given rise to populist nationalistic movements of the left and right that threaten to disrupt business-as-usual in mature economies.

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An essential part of the answer lies, to my mind, with an archtypical character that was first introduced into the literature by Thomas Hobbes: *puer robustus*. In his (originally Latin) work *De Cive* (*The Citizen*, 1642), Hobbes described the self-centred, obstinate rule-breaker and disruptor of order, whom he considered immature.¹⁸ Indeed, he depicted this type of person as a childish grown-up who obstructs the harmonious functioning of communal life. After all, communities can only function properly and peacefully if people

see themselves primarily as part of a governed community. Hobbes (1588-1679) lived in times of great political turmoil and therefore yearned for order and predictability. He became the law-and-order fan *par excellence* among philosophers, second only to Confucius. Subsequently, numerous other writers and thinkers have cast *puer robustus*—the energetic, seemingly naïve non-conformist—in a more positive light, for example Jean-Jacques Rousseau, Denis Diderot and Alexis de Tocqueville. They saw him as a welcome—even necessary—agent of institutional change.

In the democratic West, the archtypical *puer robustus* is US President Donald Trump.

Swiss philosophy professor Dieter Thomä recently revived the concept of *puer robustus* and surveyed his various literary and philosophical incarnations, placing them on a scale from wanton destroyer to useful reformer.¹⁹ He distinguishes between four different categories of possibly naïve, energetic rule-breakers:

- First, there is the Hobbesian disruptor of peace, who threatens the stability of rule-based community life out of youthful, egocentric hatred. Mao Zedong and some of today's Islamic clerics fit this description, as do the ruthless and fraudulent operators who triggered the recent Global Financial Crisis.
- A second type is the *puer robustus maliciosus* who hides in mass movements: In the 1930s, these were the brutal fascists. Nowadays, Islamic State followers tend to act as part of such an extremist and violent collective.
- A third type also violates the rules, though not out of self-interest. He simply does not yet know what he wants. The naïve, non-conformist genius of such *enfants terribles*—for example Beethoven who once revolutionised music, or Picasso who overturned traditions in painting—may

disturb cherished conventions in the arts or economic and political life.

- A fourth type is idealistic. He is motivated by the social vision that the powerful unjustly violate universal norms, and defends the fundamental beliefs, values and meta-rules embraced by the wider community. Rousseau described a hero who, inspired by universal values, wants to perfect the ways in which they are put into practice.²⁰ A Swiss example is William Tell. An apposite Australian example would be Peter Lalor of Eureka stockade fame. Many present-day agitators who rebel against sterile and unprincipled democracies belong to this type of *puer robustus*.

Thomä's book is a timely and relevant contribution to the political discourse of our time. We witness the rise of a great variety of populist *pueri robusti*—Vladimir Putin, Donald Trump, Bernie Sanders, Marine Le Pen, Xi Jinping, Recep Tayyip Erdoğan, the agitators who triggered the Arab Spring, the 'Occupy Wall Street' mob, the *indignados* of Spain, Edward Snowden, WikiLeaks founder Julian Assange and many others who now rebel against settled, stifling institutions. And it is not surprising that many citizens, whom the elites have long infantilised and cast in the role of dependents, are now attracted to strong, rebellious leaders.

In the democratic West, the archtypical *puer robustus* is US President Donald Trump, who has attracted popular support with his angry promises to act resolutely against foreign competitors and to 'drain the swamp' of distrusted Washington insiders. In the hands of this *puer robustus*, the pledge to break time-honoured agreements, conventions and institutions became a way of signalling that he opposes the self-serving, timid, politically correct mediocrity of US democratic life in recent times. Unfortunately, Trump has embraced the simplistic conclusion that globalisation and greater openness are to blame for much of what has gone awry in the US economy. I have argued above that this analysis is wrong.

Given progressive societal sclerosis, mature Western democracies could in my view do with a bit of disruption by elected *pueri robusti* and *puellae robustae* who take on the political and media establishments as well as entrenched interest groups. However, the critical point is whether the disruptors remain anchored to shared fundamental values—such as freedom, just opportunities for all, shared security, peace and prosperity for everyone. It may turn out that they just advantage alternative client groups at the expense of universal, constitutional values.

As of 2017, the new populist nationalism has already aborted the move to more openness in trade and investment. A robust protection of national interests would unravel the beneficial synergies that propelled postwar economic growth. The new nationalism differs from traditional patriotism that came with a commitment to universal values. Instead, it is based on the conception of a dog-eat-dog, zero-sum world, in which energetic, powerful actors should extract advantages from the weak.

The arguably most potent argument against the neo-protectionism of the right and left is this: If political barriers prevent the exports of labour-intensive products from low-wage countries, then the under-employed of these countries will move to the rich economies. African farmers, whom European agricultural policy hinders from selling their produce in Europe, will migrate across the Mediterranean. When Mexican workers find that their factory products are artificially blocked from reaching American buyers, they will come to the US; and no border wall will stop them. To economists the insight that free trade is a substitute for the migration of people has long been known as the ‘Stolper-Samuelson Theorem’.²¹ To the protectionists of the left, who ignore the material and cultural consequences of mass migration, this may be a tolerable side-effect of the trade barriers they advocate. The protectionists of the right should reflect on the inconvenient truth that mass immigration from the poor third world will unavoidably change Western civilisation.

The current swarming of *pueri robusti* on the world stage heralds at least two further dangers. First, the youthfully insouciant *puer robustus* ignores the

long-term, deleterious side effects of his actions. He is likely to find ‘for every complex problem . . . a solution that is neat, simple and wrong’, as the great American wit Henry L. Mencken once remarked. This is likely to make for a loss of continuity. Second, one bully may get his way, but if several clash with each other, costly conflict is likely. They then tend to overthrow one another, producing heightened instability which hinders investment and innovation. Neither discontinuity nor instability are conducive to the growth of production and jobs. And if the new generation of *pueri robusti* were to upset the *Pax Americana*, this would have severe deleterious consequences. One only needs to remember the end of *Pax Britannica*, which served as an umbrella for the trade liberalisation and economic expansion of the Victorian age. After the old order came crashing down in 1914, decades of autarky and conflict followed.

The new crop of unconventional political actors will in all likelihood inflict economic harm. Students of *puer robustus* must therefore hope that the fourth (reformist) type will become dominant, at least in democracies. Students of history, however, are entitled to some doubts over whether political elites—and disaffected, distrustful voters—will allow constructive reforms. If opportunistic and mediocre leadership persists, Western democracies will remain locked into the Olsonian trajectory. The *pueri robusti* and their followers may then increasingly reject the values that define Western civilisation.

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In my view, the chances are not good for undoing the freedom-sapping strictures that politico-bureaucratic elites have inflicted on us over recent decades. There is therefore no guarantee that the next generation will be able to enjoy the prosperity and sustained economic growth which most of us take for granted. In a less stable and less fair world, the poor and powerless will suffer, both within and

among nations. Thus, an abrogation of free trade agreements would drive up the living costs of poor families much more than those of the rich, who buy fewer garments and shoes made in third-world countries.

Much now depends in the first instance on what type of *puer robustus* becomes dominant—the rule-challenging reformer who remains committed to shared constitutional values, or the xenophobic and reckless rule-breaker who destroys trust out of an immature disregard for tolerance and time-tested institutions. Much also depends on whether the simplistic explanation of the ailments of old industries in old locations and their erstwhile workforce is generally accepted, or whether the more comprehensive explication gains currency in political and media circles.

The disruption of the status quo by new robust actors need not lead to disaster as long as they remain anchored to shared universal values.

It is still possible that the more comprehensive interpretation of what went wrong over recent decades, outlined above, will inspire ‘robust’ leaders to brush aside much of the stifling web of interventions that has sapped the spirit of enterprise and economic growth. To do this, they will have to reclaim control over policymaking from unelected, oversized bureaucracies and entrenched interest groups. They could then realise that our complex world requires simple rules, because complex rules tend to be contradictory and beyond the comprehension of most of us.²² A simpler, more open system of economic and social institutions, which would serve our liberty and prosperity, would be shaped by what the great Italian jurist Bruno Leoni and the economist Friedrich Hayek called ‘universal institutions’ (rules of conduct): abstract and not case-specific, certain, open to new circumstances, and mutually supportive.²³

Such a revival of the reform spirit need not go against the validity of national identity or disregard

shared national interests. Indeed it is likely to be supported electorally only if twinned with a degree of patriotism and national loyalty. After all, post-national policy designs, which delegated more and more rule-making to unelected transnational authorities, has been one reason why voters now opt for *pueri robusti*. Transnationalism—replacing familiar local and national communities with a politically correct global fraternity led by unelected and distant apparatchiks—has been a failure.

Government guided by our values

After a long era of fairly predictable evolution, we are now embarking on interesting times. We must expect surprising turns. Social and political evolution has always been a game of continuity and change, order and disruption—whether malevolent, benevolent or misjudged. The disruptors have typically been outsiders. To establishment elites they may often look childish and immature, and the media and system insiders may dismiss them as *grands guignols*.²⁴ This would be a mistake, because they attract popular support and act with robust resolve.

The disruption of the status quo by new robust actors need not lead to disaster as long as they remain anchored to shared universal values that most of us believe in. This means that bedrock constitutional principles are respected, the rule of law is upheld and the arbitrary rule of men is resisted.

These dangers challenge us, the citizens, to uphold our civilisation’s fundamental values: freedom, justice, equality before the law, secure individual rights, and peace. What is now called for is a moral purpose and passion that we have not had to deploy since 1945. If that requires a bit of civil disobedience, so be it. As mature democratic citizens we cannot delegate all responsibility to strongmen. Democracy cannot do without the collective wisdom of the many, who think critically and make their own judgements. Sceptical engagement is the hallmark of mature democrats. Poet-philosopher Johann Wolfgang Goethe was right: ‘Democracy is the best system of governance as it teaches us to govern ourselves’.

Endnotes

- 1 Global production of goods and services is aggregated at purchasing power parity prices—i.e. taking into account differences in the purchasing power of money in different countries—and then divided by the number of people on earth. See Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: OECD, 2001) and successor publications.
- 2 See for example, Joel Mokyr, *A Culture of Growth: The Origins of the Modern Economy* (Princeton, N.J.: Princeton University Press, 2017) and William J. Bernstein, *The Birth of Plenty: How the Prosperity of the Modern World was Created* (New York: McGraw Hill, 2010).
- 3 Information and transaction costs always ensure that the real world is reflected more closely by Austrian economics than naïve mainstream economics. See Joseph A. Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper, 1947); Joseph A. Schumpeter, *The Theory of Economic Development*, 2nd ed. (Oxford-New York: Oxford University Press, 1961); Wolfgang Kasper, Manfred E. Streit and Peter Boettke, *Institutional Economics: Property, Competition, Policies* (Cheltenham, UK: Edward Elgar, 2012), 525-535.
- 4 Wolfgang Kasper, 'The Real Beneficiaries of the Welfare State', *Quadrant* (June 2012), 42-48.
- 5 Thomas Sowell, *The Vision of the Anointed* (New York: Basic Books, 1995) and Thomas Sowell, *Intellectuals and Society* (New York: Basic Books, 2009). In Australia's case, the emergence of such an elite has been documented by journalist-philosopher Nick Cater in *The Lucky Culture and the Rise of Australia's Ruling Class* (Sydney: Harper Collins, 2013).
- 6 Mokyr, *A Culture of Growth*, chapter III.
- 7 US Council of Economic Advisors, 'Import Tariffs an "Arbitrary and Regressive Tax"' (20 January 2017), <http://ghy.com/trade-compliance/import-tariffs-an-arbitrary-and-regressive-tax-say-white-house-economic-adv/>
- 8 Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1965); Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation and Social Rigidities* (New Haven, CT: Yale University Press, 1982).
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- 10 Gerald P. O'Driscoll et al, *2001 Index of Economic Freedom* (Washington-New York: Heritage Foundation-*The Wall Street Journal*, 2001); Wolfgang Kasper, *Breaking the Trade Stalemate: What are Australia's Options?*, Issue Analysis No. 18 (Sydney: Centre for Independent Studies, 2001).
- 11 Ian Vásquez and Tanja Porčnik, *The Human Freedom Index 2016: A Global Measurement of Personal, Civil and Economic Freedom* (Washington DC, Vancouver BC, Berlin, Germany: Cato Institute, Fraser Institute and Friedrich Naumann Foundation for Freedom, 2016), <https://www.cato.org/human-freedom-index>
- 12 Samuel Huntington, 'Democracy's Third Wave', *Journal of Democracy* 2:2 (Spring 1991), 12-24.
- 13 Kasper et al, *Institutional Economics*.
- 14 Wolfgang Kasper, review of Rework America, *America's Moment: Creating Opportunity in the Connected Age*, *Policy* 3:3 (Spring 2015), 44-46.
- 15 Rework America, *America's Moment: Creating Opportunity in the Connected Age* (New York: W.W. Norton, 2015).
- 16 *The Economist*, 'The Retreat of the Global Company' (28 January 2017), 14-18.
- 17 Thomas Sowell, *Wealth, Poverty and Politics: Revised and Enlarged Edition* (New York: Basic Books, 2016).
- 18 *De Cive* (1642) was first written in Latin. An English translation was published in 1651 (*Philosophicall [sic] Rudiments Concerning Government and Society*) and later made more widely available by Sir William Molesworth, editor of *The English Works of Thomas Hobbes of Malmesbury*, vol. 2 (London: Bohn, 1839-44).
- 19 Dieter Thomä, *Puer Robustus: Eine Philosophie des Störenfrieds* (Berlin: Suhrkamp, 2016), written in German and as yet untranslated.
- 20 Susan Meld Sheld, 'Stalking Puer Robustus: Hobbes and Rousseau on the Origin of Human Malice', in Eve Grace and Christopher Kelly (eds), *The Challenge of Rousseau* (Cambridge, UK: Cambridge University Press, 2013), 271-291.
- 21 Wolfgang Stolper and Paul A. Samuelson, 'Protection and Real Wages', *Review of Economic Studies* 9:1 (November 1941), 58-73. For a short, easily accessible account of the theorem see J. Peter Neary, 'The Stolper-Samuelson Theorem', in John J. McCusker et al, *Encyclopedia of World Trade Since 1450* (New York: Macmillan Reference, 2004).
- 22 Richard A. Epstein, *Simple Rules for a Complex World* (Cambridge, MA: Harvard University Press, 1995).
- 23 Bruno Leoni, *Freedom and the Law* (Princeton NJ: Van Nostrand, 1961); Friedrich A. Hayek, *Rules and Order*, volume 1 of *Law, Legislation and Liberty* (Chicago: Chicago University Press, 1973), 30.
- 24 *Le théâtre du grand guignol*—literally 'the theatre of big puppets'—opened in Paris in 1897. It took its name from the French puppet character, Guignol, who was originally an outspoken social commentator. The theatre became known for its naturalistic horror shows, with success measured by how many people fainted during performances. It closed in 1962.