

The Ümlaut

The Rise and Decline of Slovak Libertarianism

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If you visited Slovakia ten years ago and could understand the language, you would not fail to notice how prominent libertarian thought was, particularly among the young and educated. Practically all publicly-visible think tanks had a strong pro-market bent, and so did the leading voices in journalism. Given the sorry state of Slovak higher education, those with interest in the social sciences and public policy had to educate themselves. And because of the work of organizations like the Liberální Institute in Prague, the writings of Friedman, Hayek, and Mises outnumbered any other books on economics and public policy that were readily available at the time. Among hip Slovak youth, even fringe libertarian ideas—like 100-percent reserve banking, or privatization of courts and police—had a surprisingly strong following.

At the same time, Slovakia was a place full of reform ferment. In 2004, the country introduced a flat tax on corporate and personal income. Its reformed system of pensions was inspired by the Chilean example, and José Piñera, the architect of the Chilean reform and currently a distinguished senior fellow at Cato, visited Slovakia multiple times. And at a meeting of the Mont Pèlerin Society in the Slovak capital, Bratislava, in September 2001, the Slovak president Rudolf Schuster, a former communist apparatchik, gave a toast to Adam Smith's invisible hand.

Today, Slovakia feels like a different country. First, the reform zeal of the early 2000s is gone. The flat tax on personal income has been replaced by a progressive one. Through regulatory shenanigans, the system of private pension savings—which was nowhere near as radical as the Chilean one—has been crippled to the point of being irrelevant. Second, the intellectual climate has shifted a lot and libertarianism is no longer the ideology *du jour*. Last week's issue of the *Týždeň* magazine, an iconic Slovak conservative weekly, featured an intriguing story (gated, in Slovak) of three young Slovak intellectuals who once considered themselves libertarian but have renounced the label since then.

In many ways, this development was to be expected. In the past decades, more and more young Slovaks were exposed to Western academic environments, where their sometimes naïve libertarian views were challenged and even ridiculed. We probably should not lose much sleep over the fact that 100-percent reserve banking, a purely property-rights based concept of human rights, or models of competitive provision of justice and defense are being seen as eccentric.

But the interesting thing is not that Slovak libertarians adopt more nuanced versions of their arguments but rather that many seem to abandon the libertarian label altogether. What is more, some of them are quite vocal about it, as if repenting the intellectual sins of their reckless youth. This is driven, in part, by semantic rather than substantive reasons. In Slovakia, the term “libertarianism” has always been an artificial import. Unlike in the English-speaking world, where the term “liberal” has long been appropriated by the political Left, in Central Europe it has

always referred to liberalism in its classical sense. Because of American cultural influences, its use has become largely superseded by “libertarianism,” which in Slovakia ended up carrying more radical connotations and has also come with a cultural baggage of the American Right, increasingly a source of embarrassment for those sporting the libertarian label in Slovakia.

Needless to say, the decline of Slovak libertarianism is sad news because it means throwing out the baby with the bath water. In Slovakia, as elsewhere, radical pro-market reforms have been good for economic performance—in 2007, for instance, the Slovak economy expanded by 10 percent. Still, with a per capita income of a mere \$17,000 and an unemployment rate of 14 percent, the Slovak economy today does not need complacency and muddling through. Quite the contrary—it needs more pro-market medicine like lighter taxation of labor and capital, or market mechanisms in primary schooling, which is currently trapping thousands of predominantly Roma children in poverty.

But there is also a deeper reason why Slovaks should be wary of the ostentatious ideological rush to the center. Slovak infatuation with libertarianism was without any doubt informed by the experience with the communist regime, followed by a period of crony authoritarianism in the 1990s. Understanding the idea of government failure was thus second nature to most of my fellow citizens. In contrast, the contemporary centrist progressivism, which is now coming to prominence, is built on the idea that it is the job of politicians and the state apparatus to provide solutions to a large spectrum of social and economic ills. Whatever the problem, the new reasoning goes, it is policymakers’ job to carefully examine the evidence and provide a sanitized, sensible solution.

However, if my compatriots wholeheartedly adopt that approach, they are bound to repeat the boondoggles we’ve seen throughout the Western world—some which were described by Vincent Ostrom in his magnificent book, *The Intellectual Crisis in American Public Administration*. To provide just one example, there are reasons to believe that giving policymakers a mandate to provide rational fixes to the many social and economic problems of the world ultimately leads to “kludgeocracy,” an increasingly complex and dysfunctional system of rules and regulations that people have to navigate, at a great economic and social cost. Hence, instead of slavishly copying the mistakes of others, Slovaks would do themselves a service remembering Peter Boettke’s recent words—namely that

“[w]e need to make sure the structure of governance is such that we do not ask the government and its officers to do things that they are incapable of doing.”