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Nation, nationalism, and the international order in the writings of Ludwig von Mises

Introduction

Ludwig von Mises (1881-1973) is known and revered foremost for his contributions to economic theory. A prolific writer, he authored several dozens of books and articles that laid the foundations for the modern Austrian School of Economics. The next generations of Austrian economists built upon his path-breaking investigations concerning, among other things, the epistemology of the social sciences (Mises, 1962; 1985b/1957; 1998/1949; 2003/1933), the theory of money and business cycle (Mises, 1953/1912), the impossibility of socialism (Mises, 1990/1920; 1951/1922), and the workings of the free-market economy (Mises, 1998/1949). Much appreciated is also Mises's work as a political theorist and a leading advocate of classical liberalism in the 20th century (Mises, 1985a/1927; see: Hülsmann, 2007; Rothbard, 1988 for extensive overviews of Mises's legacy).

Far less coverage had long been given to Mises's views on national and ethnic matters. This was the case despite the fact that Mises penned two separate books on international relations (Mises, 1983/1919; 2010/1944), and forays into this field were interspersed in many more, with the nationalities question always standing at the forefront (e.g., Mises, 1985a/1927, Chapter 3)². This profound interest is hardly surprising: after all, Mises was born and raised in the multinational Austro-Hungarian Empire, in a family of secular, Germanized Jews (Hülsmann, 2007: Chapter 1). Yet even his biographer, Jörg Guido Hülsmann, discussed Mises's insights into the subject in question only in passing (Hülsmann, 2007: Chapter 8). Recently, the situation began to change with the new scholarship that has finally paid close attention to this aspect of Mises's oeuvre. Alas, after very competent (albeit by no means uncritical) reconstructions by Edwin van de Haar (2009: 75-100; 2023: 37-41) and Joseph T. Salerno (2019: 5-30), there came highly uncharitable and partisan commentaries. The historian Quinn Slobodian (2019) ac-

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² In his *Memoirs*, Mises additionally mentions leading a research team in the academic year 1913/1914 whose aim was to conduct an empirical study of the position of the major national groups within the political structure of Austria-Hungary. The project was interrupted by the outbreak of the First World War and the military service of the team members, most of whom would not return from the battlefield (Mises, 2009/1978: 24).

cused Mises of professing racist prejudice and depicted his ideas as foreshadowing the anti-immigration agenda of the libertarian wing of the contemporary Alternative Right. Slobodian's exegesis is, however, largely irrelevant since this author was later exposed for having attributed to Mises views that he was, in fact, recounting for purely critical purposes. At times, Slobodian even went as far as to simply misquote Mises (see: Gordon, 2021; Magness, 2019; Magness, Janaskie, 2022). Another intellectual historian who has covered Mises's position on national issues is Adam Wielomski (2021). Probably unaware of Slobodian's failure and the academic scandal it sparked (Wielomski does not cite his work), the Polish researcher, while not resorting to direct quotation editing, repeated the error of taking Mises's representations of racist and nationalist ideas to be his own opinions (see: Łazarski, 2022).³ Yet, unlike Slobodian, Wielomski used his analysis to castigate Mises for alleged cosmopolitanism, globalism, and disregard for the very concept of nation (Wielomski, 2021: 53-60).

The purpose of this study is to offer a more adequate, unbiased picture of Mises's standpoint on the nation and nationalism, with the false accusations sometimes being rebutted explicitly. Specifically, the article probes the question as to what Mises's account of the nature of these phenomena was. It will be argued that, in actuality, Mises held no consistent, full-blown theory of nation and nationalism. Instead, his position was evolving, and as an economist and champion of liberalism, his chief focus lay in explaining the economic roots of national conflict and designing institutions – domestic as well as international – that could help resolve it.

In scrutinizing Mises's thought, I rely mainly on primary sources: his books, essays, and memoirs. Contextual and comparative methods are also employed when highlighting the impact of Mises's biography on his views and juxtaposing them with alternative theories.

The paper proceeds as follows: in the subsequent section, I reconstruct Mises's outlook on the concepts of nation and nationalism. The next three parts deal with his theory of national conflict. Both topics are tackled with an eye on how Mises's standpoint evolved over the course of time. The last section concludes by wrapping up the previous points and remarking on the feasibility of the conceptions set forth by Mises.

Nation and nationalism

As indicated above, Mises considered questions of nations and nationalism to be of paramount significance. It is worth emphasizing that he dedicated to them his second book overall (the first was *The Theory of Money and Credit*, 1912) and the very first political

³ As David Gordon notes, these recurrent misunderstandings might be due to Mises's writing style: when invoking others' ideas, he often dissociates himself from them only at the beginning, and then goes on with the discussion for several more pages (Gordon, 2021). Of course, this is no excuse for the detractors: intellectual historians, of all people, should read carefully.

treatise of his, *Nation, State, and Economy* (1919). In it, Mises lays out an account of the nation as a speech community. He asserts: “Now we see that all national struggles are language struggles, that they are waged about language. What is specifically ‘national’ lies in language” (Mises, 1983/1919: 37). He also believes the nation to be an “organic entity” (Mises, 1983/1919: 66) and argues that the consolidation of modern nations was a chiefly spontaneous development, a somewhat natural outgrowth of modernization. It was industrialization and urbanization that necessitated ever larger language communities, capable of cooperating within a broadening division of labour. This trend went hand in hand with the gradual demise of regional dialects, whose speakers voluntarily assimilated to those speech communities that, owing to the sheer numerical superiority of their users, offered better life prospects (Mises, 1983/1919: 46-50). Mises’s position was by no means an outlier against the background of classical liberal thought on nations and nationalism. As documented by Eric Hobsbawm, the 19th-century liberals usually welcomed mergers of smaller ethnicities into larger nations (Hobsbawm, 1992: 34)⁴. For the latter seemed to represent the forces of socio-economic integration, whereas the former were viewed as vestiges of the premodern feudal order. Mises’s claims were essentially a restatement of this classical liberal outlook, then⁵.

At the same time, Mises firmly dismisses all racist accounts of the nation: every contemporary nation consists, at least to a degree, of a mixture of different ethnicities. The idea of a nation based on blood ties is, therefore, groundless, (Mises, 1983/1919: 35). Interestingly enough, the Jewish Mises did not embrace this perspective as a starting point for a critique of antisemitism, a topic absent from the considerations of his 1919 book. Still, the corollary of his argument is not hard to grasp: assimilated Jews such as Mises himself are full-fledged members of their adopted nations.

In *Nation, State, and Economy*, Mises is so attached to his purely linguistic concept of the nation that he is willing to bite some obvious bullets. Thus, for instance, the Swiss are three different nations living in one state; the English and the Americans, on the other hand, “are a single nation” (Mises, 1983/1919: 44). This rather outlandish view led Mises to make forecasts some of which look naive with hindsight. He predicted, for example, that Yugoslavia would collapse (which was correct), but also that Croats and

⁴ There were, of course, exceptions. The most notable of them was Lord John Acton, who in his classical essay titled *Nationality* discarded nationalism as an ideology irreconcilable with the universalism of liberalism and Catholicism, “a retrograde step in history” (Acton, 1949/1862: 193).

⁵ The spirit of the 19-th century liberal nationalism was arguably best captured by John Stuart Mill in his well-known contention: “Nobody can suppose that it is not more beneficial for a Breton or a Basque of French Navarre to be to be brought into the current of the ideas and feelings of a highly civilized and cultivated people – a member of the French nationality, admitted on equal terms to all the privileges of French citizenship [...] than to sulk on his own rocks, the half-savage relic of past times, revolving in his own little mental orbit, without participation or interest in the general movement of the world. The same remark applies to the Welshman or the Scottish highlander as members of the British nation” (Mill, 1910/1861: 363-364).

Serbs would still seek unification in one state, their religious differences notwithstanding (which turned out to be strikingly incorrect).

Years later, in his second tract on international relations titled *Omnipotent Government* (1944), Mises repudiated his earlier approach. While not targeting his position from *Nation, State, and Economy* explicitly, he no longer maintains that the cornerstone of nationality is language. That, as now says Mises, was only the notion held by the 19th- and 20th-century nationalists, especially German (Mises, 2010/1944: 84). Yet, that notion is wrong-headed: not only does it fail to explain the mentioned cases of Americans, the English, and the Swiss but it also overlooks the possibility of the individual changing the language they speak and even think in over their lifetime. Language cannot constitute the foundation of nationality, then (Mises, 2010/1944: 82; see also: Van de Haar, 2009: 77). Moreover, Mises is now inclined to attribute a greater role in nation-building to government social engineering, especially public education: “It is an illusion to believe that language is a nonarbitrary criterion for an impartial delimitation of boundaries. the state can, under certain conditions, influence the linguistic character of its citizens” (Mises, 2010/1944: 82).

In like manner, Mises rejects the concept of national character: as cultural artifacts rather than natural beings, attitudes characteristic of a nation not infrequently change. This is particularly true of Germans: the erstwhile nation of “poets and thinkers” (*Dichter und Denker*) turned into militarists and chauvinists through the 19th and 20th centuries (Mises, 2010/1944: 231-234). Mises’s position evolves here in a still more constructivist (or culturalist) direction: whereas in his earlier work he uncritically deployed the concept of national character every now and then as part of the common vernacular (e.g., Mises, 1983/1919: 67, 88), in 1944 he considered it entirely erroneous⁶.

As a book revolving chiefly around German national socialism and its origins, *Omnipotent Government* furnishes a much more in-depth treatment of racism and antisemitism than *Nation, State, and Economy* did. Again, Mises unequivocally disavows all racism as prejudice and pseudo-science (Mises, 2010/1944: 169-174). To his mind, singularly untenable are the claims of the Nazis: “The idiomatic congeniality of the Indo-European languages was once explained on the hypothesis of a common descent of all these peoples. This Aryan hypothesis was scientifically disproved long ago. The Aryan race is an illusion. Scientific anthropology does not recognize this fable” (Mises, 2010/1944: 169). In addition, Mises offers some intriguing remarks about the Jewish question. Anticipating the present-day arguments of Israel’s so-called New Historians (see: Sand, 2009; Pappé, 2024), he argues that the very idea of the common descent of the European Jews is a myth disseminated by Judaists, Zionists, and antisemites alike: “There are no historical documents reporting the immigration of Jews from Palestine to Central or Eastern Europe; on the other hand, there are documents available concerning the conver-

⁶ This should suffice to discard any allegations of racism as an utter distortion of Mises’s ideas.

sion of European non-Jews to Judaism. Nevertheless, this ancestry hypothesis is widely accepted as an unshakable dogma. The Jews maintain it because it forms an essential teaching of their religion; others because it can justify a policy of discrimination against Jews” (Mises, 2010/1944: 170). As regards Zionism, Mises hints at its ahistorical character once again when pointing out that the everyday language of the ancient Jews was not Hebrew but Aramaic (Mises, 2010/1944: 85-86). This explicit criticism of all major Jewish belief systems is remarkable. It testifies to Mises’s intellectual integrity and belies any charges of nationally motivated reasoning (cf. Wielomski, 2021: 59-60). Particularly noteworthy is his dismissal of the Jewish claim to a shared ancestry. For in 1919, with the secularization processes underway and the state of Israel not having been born yet, it in fact boiled down to the negation of the Jewish nationhood as such⁷.

Despite his staunchly anti-racist and anti-nativist standpoint, Mises did espouse the then-commonplace belief in a hierarchy of peoples. He wrote: “No German nationalist ever admitted that the German Army was defeated at the Marne both in 1914 and 1918. If such things are possible with the Germans, how can we expect that the Hindus, the worshipers of the cow, should grasp the theories of Ricardo and of Bentham?” (Mises, 2010/1944: 283). Slobodian misinterprets this passage to the effect that Mises posited racial inferiority of Indians (Slobodian, 2019: 10). There is no evidence to support this reading: not only does Mises speak (low, indeed) of the believers of Hinduism and not of the Indian nation but also, as already intimated, everything else in his scholarship on race and ethnicity rules such an interpretation out. To Mises, if there really are superior and inferior peoples, then what it entails is that there are higher and lower cultures, a conviction hardly surprising when coming from a rationalist and Enlightenment liberal that Mises was (see: Mises, 1962: 123; Hülsmann, 2007). If there exist objective benchmarks for human progress, as most classical liberals believed there to be, then, as a matter of logic, there are also superiority and inferiority defined against this very standard. This line of thought can be readily seen even in the quote at hand: what hinders the cognitive faculties of human groups, be they Germans or Indians, is, to Mises, not their biological make-up but the ideological or religious commitments they share.

In summary, the later Mises has more to say about what the nation is not than about what it is and how it comes into being. His positive remarks fall short of a full-blooded theory. It is, for instance, far from clear to what extent the nation is a product of a spontaneous social order or one of social engineering. Still, Mises considers nations as real and impactful phenomena that one should take seriously. The essence of his position

⁷ Mises escapes here the arguments of such scholars of the Jewry as Kevin MacDonald, who in his widely debated book (1998) makes the case that the modern Jews strive for the preservation of their ethnic group by propagating universalist and cosmopolitan ideologies (e.g., liberalism and communism) among the Gentile majorities, at the same time maintaining high levels of ethnocentrism within their own circles. While at first glance, Mises might come across as an individual that could fit neatly into that pattern, his rejection of the existence of genetic bonds between the Jews precludes this kind of interpretation to begin with.

can be found in the following statement: “But we are not interested here in what meaning social science ought to attach to it [...]. It is important to establish the way in which these terms are used in the vocabulary of present-day political action and the role they play in actual life and in contemporary conflicts” (Mises, 2010/1944: 84). It seems that having recanted his linguistic conception, Mises found the whole enterprise of searching for the essence of the nation not worthwhile, if not inherently hopeless. His purpose was, instead, to analyse the political phenomenon of nationalism, a move not unlike the theoretical developments of our time known under the label of the “nationalism without nations” theory (see: Małczyński, 2023). However, as shall be seen shortly, being not only a scholar but also a champion of liberalism, Mises is not interested solely in explaining how things work; he seeks to find the way out of nationalism’s pitfalls.

This approach is consistent with the overarching framework of Mises’s political thought. As is known, in his peculiar ethical utilitarianism, Mises maintained (rather implausibly; cf. Rothbard, 1998: 206-214) that political goals are, as it were, “given”: the vast majority of people desire peace and the highest standard of living possible. The job of the social theoretician is, then, to elaborate on the most suitable means with which to achieve these ends (Mises 1985a/1927: 7-8; 1998/1949: 779-781; see also: Gunning, 2005; Hülsmann, 2007: 306-310). Through his works on economics, Mises was making a contribution to the realization of human prosperity; by writing on international relations, he took aim at the other grand purpose of humanity: peace.

Two faces of nationalism

Having discussed the evolution of Mises’s stance on the nature of the nation, we are now poised to engage with his views on the political dimension of nationalism. Like his position on the nation itself, Mises’s political prescriptions were undergoing noticeable changes as well.

One recurrent theme in Mises’s writings is the distinction between “peaceful” (or liberal) and “militaristic” (or statist) nationalism (Mises, 1983/1919: 66; 2010/1944: 93). Similarly to many mid-20-th century researchers, most notably Hans Kohn, Mises subscribes to the (somewhat oversimplistic) narrative according to which the former type of nationalism is generally characteristic of Western Europe, whereas the latter prevails in Central and Eastern Europe (including Germany and Austria-Hungary) (Kohn, 1948; see also: Lawrence, 2016: Chapter 4). The peaceful nature of Western nationalism is due to the relative ethnic homogeneity of the countries concerned: “For it, the formation of nations is a completed historical process. Frenchmen and Englishmen today no longer take any foreign components into their European homelands; they live in compact territories of settlement” (Mises, 1983/1919: 70). Furthermore, the principle of nationality, which Mises, following the long tradition culminating in the work of Ernest Gellner (1995/1983), takes to entail that the boundaries of nations and states should coincide, is

in and of itself a progressive tenet (Mises, 1985a/1927: 118). Intimately connected with the liberal and republican-democratic currents of the 19th century, nationalism sought to do away with the tyranny of absolute monarchs. In doing so, it also strove for peace among nations: while kings and princes have a deep-seated interest in waging wars for the sake of expanding their estates and deriving profits therefrom, sovereign nations can leave in peace with one another, with nothing to gain from war (Mises, 1983/1919: 57-59; 1985a/1927: 121). It is in this sense that nationalism and cosmopolitanism are not mutually exclusive: “Therefore, above all, there is also no opposition between national and citizen-of-the-world attitudes” (Mises, 1983/1919: 61)⁸.

The same, however, is not true of aggressive (imperialistic) nationalism. As Mises points out time and again, democracy and the principle of nationality, while perfectly workable in homogenous polities, prove to be a poisonous combination when applied to ethnically mixed territories (Mises, 1983/1919: 68-84; 1985a/1927: 118-121; 2010/1944: 82). Where borders between the areas of settlement of different groups cannot be drawn without an overlap, these otherwise benign principles wind up producing clash and oppression. That is precisely the driving force behind the national tensions in Central and Eastern Europe. Even if, as is hardly ever the case, a group enjoys full minority rights, it is still part of a political entity designed to serve the goals of another group, be it in foreign or domestic policy. Mises asserts: “To be a member of a national minority always means that one is a second-class citizen” (Mises, 1985a/1927: 119). Thus, nations and ethnic groups go to great lengths trying to avoid becoming a minority, up to and including the pursuit of war, ethnic cleansing, and mass murder. This near-omnipresent mechanism can be galvanized by specific political ideological developments in a nation. Mises holds, for instance, that German nationalism took on a particularly aggressive shape owing to the interplay of Prussian statism and militarism on the one hand, and racist-chauvinist intellectual themes on the other (see detailed discussions in: Mises, 1983/1919: Chapter 3; 2010/1944: Part III).

To resolve the problem of aggressive nationalism – and, more generally, that of warfare – Mises advanced a three-pronged liberal strategy. Its constitutive elements encompassed: (1) a classical liberal domestic political order; (2) freedom of trade and migration. Initially, the final element was (3) freedom of secession, which would nevertheless be later superseded by (4) strong international organizations.

Laissez faire, laissez passer

As regards the domestic political order, Mises’s solution is straightforward. Even though, as we already learnt, Mises thinks that some degree of deprivation befalls one simply by

⁸ Pace Wielomski (2021), to whom cosmopolitanism understood as a negation of national identity constitutes the core of Mises’s political thought, that is the only construal of cosmopolitanism that finds support in his writings.

virtue of belonging to a minority, the intensity of conflict can be meaningfully reduced by curtailing the scope of government activity. As Mises explains: “The way to eternal peace does not lead through strengthening state and central power, as socialism strives for. The greater the scope the state claims in the life of the individual and the more important politics becomes for him, the more areas of friction are thereby created in territories with mixed population. Limiting state power to a minimum, as liberalism sought, would considerably soften the antagonisms between different nations that live side by side in the same territory. The only true national autonomy is the freedom of the individual against the state and society. The ‘statification’ of life and of the economy leads with necessity to the struggle of nations” (Mises, 1983/1919: 126). In brief, the lesser the scope of government interference with social life, the fewer the issues to fight over on nationalist grounds. Should, for instance, education be left entirely to the free market, the question of which language to use in the classroom would lose its political significance (Mises, 2010/1944: 276).

Beyond being inherently conflictual domestically, socialism and statism are also closely connected with outward aggression. Statism, whether in the form of full socialism or an interventionist mixed economy, of necessity, impedes the country’s productivity. This, in turn, fuels economic nationalism: inefficient industries call for the protection of the government in the form of tariffs and other protectionist measures. And with international economic cooperation thus undercut, nations can benefit only at the expense of each other (Mises, 2010/1944: 72-74). According to Mises, that was exactly the dynamic at play in the run-up to both world wars. Germany, which Mises views as the main culprit not only in the Second World War but also in the First World War, confronted the problems of overpopulation and limited natural resources (Mises, 2010/1944: 73-74). In the face of protectionism stealthily gaining in popularity at the turn of the 19th and 20th centuries and then reaching its high point in the interwar period, German policymakers could not be sure that the foodstuffs necessary for the subsistence of the nation would always be shipped at an affordable price from abroad. The way to go, they thought, was to put their hands on the resource-rich lands by means of colonialism and conquest. Such was the economic background of the notorious *Lebensraum* doctrine (Mises, 2010/1944: 74).

Freedom of trade is arguably the most persistent theme in Mises’s body of work on international relations (see: Mises, 1983/1919: 92-93; 1985a/1927: 130-135; 2010/1944: 66-69). If protectionism paves the way for war, then war cannot be overcome as long as protectionism is not eradicated. This unhampered freedom of trade should (at least in most cases) go hand in hand with likewise free migration: “The liberal demands that every person have the right to live wherever he wants” (Mises, 1985a/1927:137). Since it cannot be disputed that the international division of labour generates unequal outcomes across the globe, the only way to equalize wages in different countries is to let workers move to those locations that are characterized by higher marginal productivi-

ty of labour. In effect, wages will be driven down in the thus far underpopulated countries and up in the overpopulated ones. In addition to economic growth, the result will be reduction of those international disputes that stem from inequalities in wealth (Mises, 2010/1944: 67).

That said, Mises's advocacy of free migration was by no means blind. For instance, in *Liberalism*, Mises had this to say about the possible perils of mass immigration: "These fears may perhaps be exaggerated with regard to the United States. As regards Australia, they certainly are not [...]. If Australia is thrown open to immigration, it can be assumed with great probability that its population would in a few years consist of Japanese, Chinese and Malaysians. [...] The present inhabitants of those favoured lands [the U.S. and Australia] fear that some day they could be reduced to a minority in their own country and that they would then have to suffer all horrors of national persecution to which, for instance, the Germans today [1927] are exposed in Czechoslovakia, Italy, and Poland" (Mises, 1985a/1927: 140-141; see also: Salerno, 2019: 22-27 for an extensive collection of quotes to a similar effect).

Such reservations add nuance to Mises's otherwise radical views, but they do not contradict his general support for the freedom of movement. While he did favour free migration in principle, he was nonetheless willing to fine-tune his tenets in light of the challenges of a given place and time. In an interventionist state, immigration restrictions might be unavoidable; in a purely liberal one, they become obsolete. Mises continued to ask: "In an Australia governed according to liberal principles, what difficulties could arise from the fact that in some parts of the continent Japanese and in other parts Englishmen were in the majority?" (Mises, 1985a/1927: 142).

Mises's principal idea is that under the unbridled freedom of trade and movement, state borders, so ferociously fought for in countless wars, would lose much of the importance that the nationalist attaches to them. As Mises writes: "It is precisely in order to make war unnecessary that liberalism recommends *laissez faire* and *laissez passer*, which would render political boundaries innocuous [...]. If you want to abolish war, you must eliminate its causes. What is needed is to restrict government activities to the preservation of life, health, and private property, and thereby to safeguard the working of the market. Sovereignty must not be used for inflicting harm on anyone, whether citizen or foreigner" (Mises, 2010/1944: 137-138).

Still, it should be emphasized that Mises was far from falling prey to the denying the antecedent fallacy. Nor did he claim that the economic causes of war are the only causes that matter (cf. Wielomski, 2021: 51-52). That statism, socialism, and protectionism lead to war does not imply that with those out of the picture, war will become inconceivable. On the contrary: bellicosity is due to multifarious factors embedded in human nature. Hence, one cannot rule out the possibility that even in the absence of economic reasons for war, people will nevertheless find different motives for strife (Mises, 1983/1919: 88-100; see also: Van de Haar, 2009: 80-81).

The same goes for Mises's interpretation of the German aggression in 1939. He by no means makes an argument that the Nazis may be excused for starting the war by the fact that the ubiquitous tariff wars put German economy in constant jeopardy. Quite the opposite: as mentioned, in *Omnipotent Government* (part III), Mises gives a detailed account of the purely ideological premises of imperialism inherent in the Nazi programme. As has also been already indicated, a similarly in-depth treatment is given by Mises to the deeper sources of militarism in the German culture. Last but not least, the entire substance of the present paper testifies to Mises's profound concern with national and ethnic conflict as a root of war. Wielomski, who ridicules Mises's putative economic reductionism by asking rhetorically if anyone could seriously believe that what pushed Hitler to start the Second World War was Bismark's social security reform, is fighting a straw man, then (Wielomski, 2021: 51-52).

Secession and international organizations

As mentioned before, as a democratic liberal, Mises had much sympathy for the principle of nationality understood in terms of the right to national self-determination. Yet, what he finds untenable in democratic nationalism is the unwarranted assumption that the right to self-determination can be ascribed solely to nations. In a famous passage from his 1927 manifesto titled *Liberalism*, Mises announces: "However, the right of self-determination of which we speak is not the right of self-determination of nations, but rather the right of self-determination of the inhabitants of every territory large enough to form an independent administrative unit. If it were in any way possible to grant this right of self-determination to every individual person, it would have to be done" (Mises, 1985a/1927: 109-110). This idea was foreshadowed already in *Nation, State, and Economy*: "The German people can today seek salvation only in democracy, in the right of self-determination both of individuals and of nations" (Mises, 1983/1919: 163). Alas, individual secession – whose embrace would be tantamount to anarchism, which Mises rejects – is not possible (Mises, 1998/1949: 148-149). The state – albeit minimal – is an indispensable institution insofar as the maintenance of peace and order is concerned, and a functional state requires at least "several hundred speakers" (Mises, 1983/1919: 112). What is telling in Mises's choice of words is that instead of talking more abstractly of "citizens" or "inhabitants," he employs the term "speaker". This suggests that at least in his early 1919 book, he accepts the nationalist claim that for a cohesive polity to function, some kind of shared identity is needed. This assumption also underpins Mises's sharp criticism of the Austro-Hungarian Empire, which according to him was an anachronism incapable of dealing with the aspirations of the many nations that lived in it (Mises, 1983/1919: 111-137). It is tacitly eschewed only in his later writings, where, as in the above fragment from *Liberalism*, the promotion of peace is said to require that individuals be free to secede whatever the nature of ties that bind them.

Even so, Mises again makes it clear that the liberal solution necessarily falls short of getting rid of war once and for all. Since, much as one may wish it, states cannot be dissolved up to the level of a single village or household, some form of ethnic tension will always remain wherever the settlement areas of different nations are so discontinuous and overlapping that the divide between the majority and minority is ineluctable. What liberal principles can do, however, is reduce the unrest to the smallest degree imaginable (Mises, 1983/1919: 106).

The horrors of the Second World War made Mises rethink his original conceptions. As a result, in his 1944 treatise, he places far more weight on international organizations. The universal right to secession, on the other hand, is not brought up anymore whatsoever. Its absence corresponds to a broader centralist twist in Mises's worldview, heralded as early as 1940 by an eventually unpublished draft of a post-war reconstruction plan for Austria (Hülsmann, 2007: 740-746). The premise of this shift was profound pessimism with regard to the ability of nation-states to establish a liberal international order. If such an order were instituted, no centralization on the supra-state level would be needed. But, as Mises bitterly observes, that is not going to happen (Mises, 2010/1944: 256). Should nation-states be left to their own devices, a new tide of economic nationalism will be likely to rise once the war is over just as it did in the aftermath of the First World War. To avert that spectre, not further decentralization and partition of states but severe curtailments of their sovereignty must be pursued. Moreover, centralization is also the only viable answer to the military threats that will emerge after the war. Mises emphasizes that in a non-liberal world, liberal solutions must in certain aspects give way to the realist logic of armaments and deterrence (Mises, 2010/1944: 256). These convictions brought Mises into the ranks of the Pan-European movement presided over by Richard Coudenhove-Calergi (Van de Haar, 2009: 89). The states of Western Europe, as Mises came to believe, should forfeit all their economic powers in favour of an international authority the function of which would be to suppress all kinds of economic nationalism (Mises, 2010/1944: 265-277). As for Eastern Europe, Mises offered an even more ambitious plan: the establishment of a superstate which he dubbed the Eastern Democratic Union (EDU). Without it, so Mises's argument ran, the nations of Eastern Europe would not only be unable to resolve their own disputes but would also be in no position to balance against Germany and, even more so, the Soviet Union⁹. Within the EDU's framework: "former independent sovereign states will [...] be nothing more than provinces. Retaining all their honorary forms, their kings or presidents, their flags, anthems, state holidays, and parades, they will have to comply strictly with the laws and administrative provisions of the EDU" (Mises, 2010/1944: 274). Furthermore, as Mises explicitly states, the structure of the EDU would have to be unitary, for a federation

⁹ As regards Germany, Mises championed severe punishment in the form of full disarmament and, possibly, partition (Mises, 2010/1944: 258-260).

would only suffer from the same national and ethnic feuds that have been haunting the region for decades. Thus, the policies of the provinces will have to be overseen by “special commissioners of the EDU” (Mises, 2010/1944: 274). In this connection, one cannot but agree with the scathing comment by Van de Haar: “It is hard to believe that Mises wrote this, but nevertheless he did. He brushed aside the ideas of self-determination and his continual assertion that differences between nations could be overcome by the workings of the international division of labor” (Van de Haar, 2009: 90).

However, it seems that this striking inconsistency can, after all, be explained, even if not fully justified in theoretical terms. The horrifying events that had taken place during the Second World War shook up Mises’s optimism about the prospects of the classical liberal programme. This dismal mood was perhaps best conveyed by Mises himself in a famous sentence from his memoirs: “I set out to be a reformer, but only became the historian of decline” (Mises, 2009/1978: 98). The wartime reconstruction propositions reflect this pessimism. In contradistinction to the programmatic declarations from *Liberalism*, they appear to no longer operate at the level of what is often referred to as ideal political theory. Now the crux of Mises’s conception lies clearly in the realm of non-ideal theory (on the distinction between ideal and non-ideal theory, see: Rawls, 1971: 8-9). Having realized that liberalism, as Mises conceives of it, would not be implemented in its pure form in the foreseeable future, he attempts to outline solutions that, while thoroughly imperfect, would get closer to the liberal ideal. This is a crucial point. The world Mises dreamt of – the endpoint of liberal politics – was not one of globalization run by international bodies and superstates (cf. Wielomski, 2021). It was a world of independent polities varying in size, from city-states to nation-states uniting tens of millions of people, cooperating with one another on a voluntary basis within the global division of labour. This world, to Mises’s dismay, was not to come about in his lifetime.

Conclusions

The foregoing discussion has scrutinized Ludwig von Mises’s perspective on nations, nationalism, and ways to alleviate the struggles that they animate. Upon investigation, it transpired that Mises did not propound a systematic theory of the nation and the nation-building process. Having started in 1919 with the untenable conception of the nation as a purely linguistic community, he would later abandon any efforts to propose a theory of nation and nationalism. Instead, Mises’s focus became chiefly practical, in line with his broader utilitarian commitments. Specifically, he sought to overcome the disastrous influence of national struggles by depoliticizing nationalism. This was supposed to be accomplished through the general diminishment of state power, both in domestic and international politics.

The intellectual merits of Mises’s propositions are obviously up for debate. The insight that, instead of fostering social cohesion, statism and economic nationalism tend

to aggravate social conflict did withstand the test of time and is continually advanced by contemporary theorists (see: Pennington, 2011). Mises's approval for unrestricted migration, in turn, was given one hundred years ago. It is doubtful whether Mises, a utilitarian otherwise inclined to adjust his doctrine to the circumstances, would still uphold it today, in the face of immigration waves whose scale and character was unheard of in his times. As has been seen, while not eschewing his principled support for free migration, Mises would occasionally make remarks that might be taken to have anticipated the anti-immigration scepticism shared today even by some radical free-market-eers (see: Hoppe, 2007; Salerno, 2019).

Apart from that, Mises's work covers to an extent all major liberal theories of peace: the democratic, the trade, and (later) the institutional peace theory. The debates on those theories have been raging for decades in International Relations literature (for example: Doyle, 1986; Mearsheimer, 2018: Chapter 7; Russett, 2013). To address them in sufficient detail is something that cannot be done in this paper because of space constraints. Let it be noted, though, that Mises deserves credit for acknowledging something that contemporary (neo)liberal thinkers often miss: trade alone is not enough to facilitate peace. As explained by Dale Copeland (1996), intense economic interdependence may render war even more likely when accompanied by pessimistic trade expectations: a state that relies heavily on foreign trade is incentivized to go to war when it fears that other states intend to sever their economic ties with it. Mises's classical-liberal theory of *laissez-faire* international capitalism, with its emphasis on the necessary abandonment of the economic-nationalist mentality, is immune to this kind of critique (on the differences between classical and modern IR liberalism, see: Van de Haar, 2023: 128-130). This, once more, disproves the charge of economic reductionism. In reality, the kernel of Mises's theory of peace is a change of spirit, upon which the stability of economic cooperation ultimately rests (on the importance of ideas in Mises's account of the social change, see: Mises, 1985b/1957).

A few words of criticism, however, are in order as regards the other parts of Mises's international thought: his views on secession and international organizations.

Mises's vision of the post-war international order laid out in *Omnipotent Government* is immensely problematic. The postulate to substitute powerful international unions for sovereign nation-states was, in fact, far more utopian than conceptions positing that states should retain their sovereignty while giving up only a certain fraction of their powers in favour of international bodies. Indeed, what Mises found utterly unfeasible, was realized in his lifetime – largely successfully – in the form of the European Communities. His own ideas, on the other hand, betray little grasp of some crucial international realities. To exemplify, Mises neglected the problem – very well known to contemporary students of collective security and defence organizations – of divergent security interests of the multiple countries that he wanted to include in the political unions he was designing (cf. Czaputowicz, 2012: 147-150). Moreover, as Van de Haar notes,

in postulating one unitary government for the entire Eastern Europe, Mises practically threw his usual scepticism of state action overboard (Van de Haar, 2009: 90-91). On top of that, the advocacy of supranational centralization compromised Mises's earlier empathic understanding of national and ethnic sentiments. It then seems to be no coincidence that the most notable followers of Mises jettisoned this part of his doctrine. Contemporary libertarians affiliated with the US-based Mises Institute, most importantly Murray N. Rothbard and Hans-Hermann Hoppe, developed a conception of radical decentralization and secession that draws heavily on Mises's early thoughts on national and individual self-determination rather than his wartime Pan-Europeanism (Rothbard, 2000: 225-254; Hoppe, 2007; see also a recent exposition in McMacken, 2022).

Of course, this approach is not without problems either (see: e.g., Van de Haar, 2023: 38; Slenzok, 2024: 322-325). As painfully evinced by the 20th-century developments in places such as Palestine or Yugoslavia, the right to self-determination must be exercised with utmost caution. Sure enough, the ethnic cleansings conducted there had nothing to do with the ideas of Mises and his libertarian successors: on the contrary, they stemmed from the exact type of state formation that those thinkers proscribed. In Yugoslavia, for example, the early Mises would have recommended a peaceful secession of the Serb-dominated areas of Republika Srpska or Krajina from the newly created states of Bosnia and Croatia. Nevertheless, as long as secessionism is informed by the nationalist rather than liberal-individualist interpretation of the self-determination principle, it is likely to produce not peace but conflict, indeed one of proportions unknown in multi-national states, whatever their demerits might otherwise be. In his later, wartime writings, Mises plainly reached this realization but pushed it at least one bridge too far.

Even so, it would be a mistake to think of Mises as a cosmopolitan-globalist free marketeer displaying no sympathy for nationalist emotions whatsoever. As was commonplace in his time, while recognizing nationalism as a modern political phenomenon, Mises never embraced the contention, advocated somewhat later by the modernist school in nationalism studies (see: e.g., Lawrence, 2016: Chapter 5; Smith, 2003: Chapter 3), that nations themselves are modern ideological inventions created rather than merely preserved by nationalist movements. To him, even granting the role of social engineering in the process of nation-building and its preponderance in the case of some nations (such as the modern Jews), the nation as such still represented a largely spontaneous, "given" entity. Neither did Mises ever try to foretell that in a liberal global order, nations would cease to exist. Indeed, the primary concern underlying the entire edifice of Mises's international thought was the question of how nations can coexist in peace.

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Abstract: The subject matter of the present article is the position of Ludwig von Mises on nations and nationalism. It is argued that Mises's stance evolved over time, and he ultimately did not propose a full-blown theory of these phenomena. Rather, as an economist and champion of liberalism, his main focus lay in explaining the economic roots of national conflict and designing an international order that could help resolve it. The paper commences with a reconstruction of Mises's outlook on the concepts of nation and nationalism. The next part deals with his theory of national conflict and ways of minimizing it: the notions of domestic laissez-faire liberalism, freedom of trade and migration, secession, and international organizations. Finally, several remarks are offered on the feasibility of the conceptions expounded by Mises.

Keywords: Austrian school of economics, classical liberalism, international relations theory, globalization, ethnicity

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