

Economy, State and Drugs: An Austrian Approach to the Worldwide Problem

Pavel Písař

University of Economics, Prague
Department of Institutional Economics

Thematic area: Economics

1. Introduction

Economics is a science about human action which is based at first sight on the most trivial but in fact on the most fundamental and the most substantial social axiom – people act and their actions are to the purpose, i.e. every acting man is trying with his behavior to arrive at a subjectively better situation than in which he is now. Economics then examines consequences of such behavior, consequences of individual's choices but the decisions themselves are left up to every individual man. In other words, economics does not tell a person what to do but deals with examination and description of entailments resulting from individual choices and preferences. According to this conception, economics as a strictly value-free discipline was best and in most detail elaborated by the Austrian School of economics. The Austrian economists are trying to explain all-time how different individuals in society satisfy their needs and wishes based on their subjective preferences in terms of given limitations, no matter what these individuals mean by satisfaction. An economist cannot in any way enter into this subjective human decision making by bringing in arbitrary (moral, ethic) judgments.

Drug use is for the Austrian economists in fact only one of many cases of human behavior. On the other hand, for politicians this is a reason to put in place the strictest state interventions. Drug prohibition represents the most severe form of state regulations that interferes with the exchange of goods (drugs in this case) and with behavior of people on the free market. But at the same time for many people drug prohibition represents a case of the most failed state effort to regulate the market. A hundred years history of drug prohibition gives us an inexhaustible amount of data about inefficiency of the state fight against drugs: how government expenses devoted to the drug prohibition enforcement are rising infinitely while at the same time the number of those who use drugs is not declining but vice versa, the drugs offer is increasing and illicit drugs are becoming much more of poor quality and more dangerous.¹

¹ For example in the USA, where besides dealing drugs it is also forbidden to use them and the government of the USA yearly dedicates huge sums of money to fight drugs (on the federal level 18.8 billion USD was spent on the drug war in 2002), according to the various estimates in 2000 drug users consumed approximately 260 metric tons of cocaine and 13.3 metric tons of heroin and according to these estimates the Americans spent approximately 36 billion USD on cocaine, 11 billion USD on marihuana, 10 billion USD on heroin, 5.4 billion USD on methamphetamine and 2.4 billion USD on other illegal substances (Drug Data Summary, Office of National Drug Control Policy, Drug Policy Information Clearinghouse, 3/2003). The world market with illegal substance is despite drug prohibition estimated to 600 billion USD. This sum represents 8% share on all the world trade and this is more than the share of trade with steel and approx. the same share as the trade with textile or crude oil and natural gas (Human Development Report 1999, United Nations Development Programme, Oxford University Press: New York/Oxford, 1999, p. 103).

Why does such development occur? Why governments all around the world cannot, despite the most severe regulations, prevent the drug trade? Why can the drug trade exist in general? We can find answers to these questions when we get back to the basic axioms on which economics as a science about human action is based. This paper is going to show us the Austrian School of economics point of view on the way how the drug market works as well as on state interventions in the drug exchange. In particular sections we will gradually put the foundation stones of the Austrian economics theory (utility theory based on the concept of demonstrated preference, voluntary exchange on the free market, state interventions in the exchange), that will reveal us what lies behind the drug problems.

2. The concept of self-ownership and the pursuit of self-interest

In the beginning we have to look at the concept of self-ownership. This concept is not very often a subject of economics studies (rather many political philosophers in history used to deal with it, e.g. John Stuart Mill or John Locke) but it is necessary for our further explanation. How could we examine human behavior and talk about its utility if people were denied ownership of their own body and weren't allowed to decide how to use it?

As we said before, economics is in its most general description a science about human action. People can act in two ways: either voluntarily or compulsorily. Even if we can encounter very often cases in history when members of society were forced to act against their will (e.g. slaves in Ancient Rome), as the time went on in most parts of the world behavior resulting from free will of every human prevailed. People understood that the existence of free will and free decision-making can bring them much more social benefits than conduct based on violence, aggression and exploitation of certain groups of people. As Ludwig von Mises (1996, p. 629 – 630) writes in this connection:

„People have tried to look upon fellow men as they look upon animals and to deal with them accordingly. They have used whips to compel galley slaves and barge haulers to work like capstan-horses. However, experience has shown that these methods of unbridled brutalization render very unsatisfactory results. Even the crudest and dullest people achieve more when working of their own accord than under the fear of the whip... Servile labor disappeared because it could not stand the competition of free labor; its unprofitability sealed its doom in the market economy.”

We have to make a question at this point. What is the basic and inevitable character of all free human action? It is necessary for free human behavior that every man is an owner of himself, owner of his body and decides how to use this body or as Josef Šíma (2004, p.131) writes:

“If a man is a conative being then he has control over himself, i.e. thinks, makes decisions and determines in what way he (or his body) will act. If a man didn’t exclusively decide about his body, he would stop being a person – he would be a substance about which somebody else decides.”

Therefore every man must be a unique and absolute master of his own body. If it were not like that, we could not talk about free human action. Any free society without exceptions has to rest on the principle of self-ownership and every particular person has to be the only one who in the eventuality decides what happens to his body, i.e. every man has to own his body otherwise there necessarily arises a conflict – people can be killed with impunity, made slaves or abused in other ways (Šíma, 2004, p. 51).

Freedom of every man is manifested by the fact that he owns his own body and decides about its use, i.e. uses his body to pursue his own interest. This results from the merits of the case. If a man is the owner of any particular material good, then he has all property rights belonging to this good (he can dispose of it according to his will, he can use it for his own good, he can let it lie waste or freely decide that he will destroy it). If this is true about material goods, then exactly the same thing has to be valid unexceptionally also for self-ownership, for ownership of own body, otherwise the institute of private ownership itself would be denied. Murray Rothbard (2006, p. 291) in relation to this even writes that human rights (i. e. the right to self-ownership) are in fact only a particular type of property rights:

„Property rights are indissolubly also human rights... in the most profound sense there are no rights but property rights. There are several senses in which this is true. In the first place, each individual, as a natural fact, is the owner of himself, the ruler of his own person. The “human” rights of the person that are defended in the purely free-market society are, in effect, each man’s property right in his own being, and from this property right stems his right to the material goods that he has produced.“

A man as a free being fully decides about how to dispose of his own body. Every free man is the final arbitrator who decides whether he will use his body for work or on the contrary for idling, whether he will try to protect his body (e.g. he will eat healthy food, do sports regularly) or whether he will wear gradually his body out (he will smoke, drink alcohol or use other drugs). No matter how he decides, it is always in his competency. John Stuart Mill identifies this idea in his famous essay *On Liberty* ([1859] 1975, p. 11): „*Over himself, over his own body and mind, the individual is sovereign.* “

While the principle of self-ownership has to be valid in a free society all the time, everywhere and without exceptions (otherwise there will be conflicts between individuals), the right to use one's own body to pursue self-interest has one very important limitation. This right is limited by the freedom of other individuals in society to do the same thing. A person must take into account that he cannot interfere with the same rights of other members of society when pursuing his own interest. If he didn't act according to this fact, then the basic principle of private ownership would be disturbed. By their conduct people could with impunity interfere with the privileged position of other members of society (they could e.g. steal others fruits of work or even kill them). So long as a person's decision and subsequent conduct did not threaten others with harm, Mill ([1859] 1975) considered the person's action to lie within a protected „region of human liberty“.

Let's sum up all the consequences that we can derive from the self-ownership principle for the field of drugs. If a person decides to use drugs, then in fact (according to this principle) it is only one of many cases when this person decides about the use of his own body to pursue his own interest (the same way as if he decides to work, do sports, study etc.) If, on the contrary, a person is denied the possibility to use drugs, then he is barred from deciding about how to use his own body. It is also important to note that if a person using drugs (provably due to their use) interferes with the rights of other members of society, then he can be banned from this behavior or he can be forced to compensate the loss (this ban or such compensation concerns only that individual who allows for such behavior but not all people who use drugs). Every particular person using drugs has to account for his own behavior like anybody else and has to bear the consequences of such behavior (this connection is indeed very problematic in the system of public health care where the entire society bears the costs of treating people addicted to drugs, on the contrary, in the private health care system every person using drugs would be fully responsible for his own behavior as well as costs that he would cause himself by his own behavior, see below.)

At this point it is important to mention one more thing. From the previous exposé it might appear that every person knows exactly how to make the best use of his own body to pursue his self-interest or simply said that every person knows his own interest best. However, this is a misleading idea and the theory of human action tells us nothing like that. The theory only tells us that every person is trying to pursue his own interest in the way he considers best (i.e. he is trying to maximize his utility from all available alternatives, see the following chapter). Even if it can later become evident that some individuals made mistakes in their decision making (some drug addicted people can later regret that they had started using drugs in the past), this does not take any from the principle of this theory. On the contrary, it is only a logical consequence of the fact that we all live in the world of uncertainty and risk. Because the future is unknown and uncertain, the possibility of mistake is not in conflict with human rational behavior.² Simply said, there is no perfectly intelligent person in economics, on the contrary, economics works with real and faulting people. As Mises (1996, p. 97) puts it: „*Ideal beings, omniscient and perfect could be only gods.*“

3. Utility Theory and Demonstrated Preference

The main subject of this chapter will be individual valuations and preferences because as Rothbard (1956, p. 1) writes:

„Individual valuation is the keystone of economic theory. For, fundamentally, economics does not deal with things or material objects. Economics analyzes the logical attributes and consequences of the existence of individual valuations. “Things” enter into the picture, of course, since there can be no valuation without things to be valued. But the essence and the driving force of human action, and therefore of the human market economy, are the valuations of individuals. Action is the result of choice among alternatives, and choice reflects values, that is, individual preferences among these alternatives.“

“People act and their actions are purposeful” – this is a basic rule of human action that distinguishes a man as a conative being from other animal kinds on our planet.³ A man

² See Rothbard (2006, p. 254 – 256) for a discussion about the issue of the knowledge of self-interest.

³ In his actions a man is driven by human intellect (so human behavior is necessarily a rational one). On the contrary, other creatures are led by their instincts that aim at the preservation of their lives and at the procreation. In contrast to that, a man can control his sexual urge and the will to live and that is why he can for example commit suicide, i.e. sacrifice his life. In certain respect we can say that for a human being life is a result of a common subjective choice (between living and not living, i.e. death) as well as celibate is a result of a wish to

imagines various situations that can occur, evaluates these situations and chooses the ones he likes best. His behavior is then focused on reaching these desired states, in other words, on reaching such a state that brings the highest expected utility. Utility in this case is a completely subjective value. Therefore there exist people in the world who get the highest utility by satisfying their basic desire for food, drink, nice living or a new car, next to people who get the highest utility by satisfaction in sex or in using drugs, as well as there are people in the world who get the highest utility by realization of their ego in politics or another decision-making function as well as people to whom the spiritual field and freeing from the material world brings the highest utility.

Through human action people are trying to substitute less satisfying state for a more satisfying one while it does not matter what is behind that state. The difference between these two states can be considered as a personal gain. Gain in this primary sense is a purely subjective value and is represented by the increase in perceived happiness of every acting man. It is a psychological effect that cannot be objectively measured neither can it be interpersonally compared (we cannot simply say that a person doing sports or a person listening to the music feels in his activity higher utility than a person using drugs or vice versa). The aim of human action is always the satisfaction of desire of every individually acting man. At the same time there is no objective viewpoint saying that by satisfying a certain alternative a man gains higher utility than by satisfying another one or in other words, no one is competent to say what could make another person happier or less happy.⁴

Conduct of every man represents a choice among many available alternatives and every man is trying to satisfy with his behavior those wishes and needs he values the most. Preferences of a man regarding these available alternatives can easily be derived from the action he chose, i.e. from his real choice. If a person prefers e.g. using drugs to working, it can be assumed that the first alternative was preferred to the second one. Similarly, if a person spends a hundred dollars for marijuana, it can be assumed that he preferred buying marijuana to buying anything else that he could buy with his money. In both cases the given person only demonstrated by his real choice his subjective preferences (in other words, he used his body and mind in order to reach his preferred goals).⁵

free oneself of profane pleasures. In its consequence, however, these are only ones of many decisions that a man makes during his life in order to reach the goals he had set. See Mises (1996, p. 19 – 20).

⁴ For the clearest and most detailed formulation of the theory of human action, subjective utility theory and the impossibility of interpersonal comparison of subjective utilities, see Mises (1996, p. 11 – 98).

⁵ For more reading about the problem of demonstrated preference and objections that were stated against this principle, see Rothbard (1956, p. 2 - 9)

As well as the impossibility to find an objective comparison of utility, there is no space in economics for evaluation of what behavior is correct and what behavior is on the contrary abnormal, perverted or harmful (let's remind us again the value neutrality of economics). Economics cannot tell us anything about the fact that a man is perverted because he prefers drugs to work. Economics can only show us how such a man differs from others because he values more using drugs than other alternatives. Mises (1996, p. 95 – 96) hits off this idea in his works:

„The polar notions normal and perverse can be used anthropologically for the distinction between those who behave as most people do and outsiders and atypical exceptions; they can be applied biologically for the distinction between those whose behavior preserves the vital forces and those whose behavior is self-destructive; they can be applied in an ethical sense for the distinction between those who behave correctly and those who act otherwise than they should. However, in the frame of a theoretical science of human action, there is no room for such a distinction. Any examination of ultimate ends turns out to be purely subjective and therefore arbitrary...Economy reflects the way in which men react to the conditions of their environment. It is not what a man or groups of men say about value that counts, but how they act.”

There is no objective judgment in economics that would be in a position to state what way of satisfaction is more correct, more suitable or better and what way is on the contrary less suitable, bad or improper. People want drugs for the same reasons they want any other goods, i.e. to satisfy their wishes and needs and to increase their utility.

4. The Voluntary Exchange and the Free Market

If we applied utility theory and the concept of demonstrated preference on individual drug users, then there is nothing in our way to plant in these theories also the second side of the market, i.e. drug dealers and sellers. If a person who owns drugs (no matter whether he has produced them or obtained them in any other way), decides to sell them, he only demonstrates, like in the case of drug users, his preferences. In other words, by exchanging drugs for money such a person shows that he values money gained in the transaction more than drugs he sold. At the same time his total utility increases.

The connection of users and dealers of drugs in mutual interactions then represents voluntary exchanges on the market. The accompanying sign of every voluntary market exchange is its mutual convenience which is proved by the fact itself that this exchange is carried out. Both parties expect profit from this transaction and both parties expect an increase in their utility (the demander accomplishes it because he values more the goods gained than the money spent while the supplier values more the money gained in the transaction than the goods.) Voluntariness and profitability are the basic elements of any such exchange. If disinterested parties are not influenced in this exchange, which is very hard to imagine (by the act of selling drugs can hardly anybody's rights be impaired), then we can surely state that the voluntary exchange increases, besides utility of the parties involved, utility of the whole society. It is important to note at this point that voluntary exchange can only be carried out on the free market where no party is forced to enter in the exchange or on the contrary refrain from it involuntarily, i.e. based on the enforcement of the third party (interferences of the third party with voluntary exchanges will be discussed in the following chapter).⁶ Walter Block (2000, p. 527) notes in this connection:

„Free trade benefits all parties. It can be assumed that if drugs were legalized, and thus were a part of the market, both the buyer and the seller would gain. Each time a trade occurs, the welfare of both parties is improved... If Joe sells you marijuana for \$ 10, he gains because he values the money more, and you gain because you value the drugs more. Whether or not another person thinks you should value the drugs more is not the question. That third party is not involved in the trade. The amount of pleasure the drug brings you is your motivation for buying it. Trade is a positive-sum game. Both parties gain, at least in the ex ante sense.”

On the free market there is in fact no difference between users and dealers of drugs, both sides pursue only their own interest through the voluntary exchange. And even if their interests are completely opposite (the demanding side wants to buy drugs while the offering side wants to sell them), the mechanism of the functioning of the free market causes that in the end utility of both sides increases. Economics therefore can give an explanation through the theory of voluntary exchange why there exists drug dealing and why this trade is advantageous for both parties.

⁶ More closely to the question of voluntary exchange on the free market and the criticism of state interferences

5. The State and Drugs

As Rothbard (1956, p. 30 – 31) notes, the state is distinguished from all other institutions in society because it and it alone can legally interfere with actual or potential market exchanges of other people. The state has the right to order individual members or groups in society to or not to do certain things and can regulate or by other means influence exchanges on the market between pairs of subjects or such an exchange can ban completely. All these types of state interventions represent a hegemonic relation between state (as an organization that is separated and placed above society) and its citizens which is in contradiction with the contractual relation between individual society members based on voluntariness and advantageousness.

Mutual exchange of drugs for money between the demander and the offerer represents a banned activity in today's world, the case of the most severe state regulation of the free market. However, let's have a look on the consequences that it brings to the market subjects. The drug trade represents, as we have already shown in the previous chapter, a voluntary exchange between buyers and sellers where both parties demonstrate their free will to execute such trade. By the real execution of this exchange higher utility of both parties respectively higher utility of the whole society is gained. What is it like in the case when the state intervenes in such exchange in some way (in case of drugs it bans this exchange completely)? How can users and sellers of drugs demonstrate their preferences in such cases and increase their utility? The answer is simple. In no way! Such a person who is made to give up a part of his utility (sale or use of drugs) has to change his behavior (he has to give up his activity or move his activities to a lower valued alternative or try to evade the ban). By doing so, his total utility decreases and we can no longer talk about its maximization. If thanks to state interventions personal utility decreases for the touched subjects, then necessarily the total utility of society has to decrease as well.

If we compare direct impacts of state interventions on the utility of exchange participants with the situation where voluntary exchanges exist on the market, then we discover that in case of forcible state interventions we can never maximize social utility:

„When people are free to act, they will always act in a way that they believe will maximize their utility, i.e., will raise them to the highest possible position on their value scale. Their utility ex ante will be maximized. Any action, any exchange that takes place on the free market or more broadly in

with such an exchange, see Rothbard (1956, p. 28 – 34).

the free society, occurs because of the expected benefit to each party concerned. If we allow ourselves to use the term “society” to depict the pattern of all individual exchanges, then we may say that the free market “maximizes” social utility, since everyone gains in utility... Coercive intervention, on the other hand, signifies per se that the individual or individuals coerced would not have done what they are now doing were it not for the intervention. The coerced individual loses in utility as a result of the intervention, for his action has been changed by its impact. Any intervention causes the subjects to lose in utility.” (Rothbard, 2006, p. 15)

We arrive at a very important piece of knowledge that no state intervention (no matter whether on the side of drug users or on the side of drug dealers) can increase social utility. Any state regulation (taxation, prohibition) interfering with voluntary exchanges slows down the market forces that lead to efficiency, i.e. to the satisfaction of consumer’s needs. We can generally say that drug prohibition interferes with the basic human right to contractual freedom. Any attempt to regulate drug dealing is therefore a limitation of buyers and sellers freedom. On top of that, such limitation is not very meaningful. The state prevents buyers from demonstrating their own free will and on the other hand forces drug dealers to act illegally when satisfying customers wishes (i.e. sell drugs on the black market). Ad absurdum there is a victimless crime due to drug prohibition. Drug users are punished for the fact that they are trying to satisfy their needs and offerers for the fact that they are trying to meet these consumer’s needs.

Drug prohibition is also very often defended because of the fact that through this prohibition the state is trying to protect public health and limit social externalities connected to the use of drugs. According to its advocates there could never be maximization of social utility without drug prohibition because drug users bring additional costs to the rest of society. At this point, however, it is necessary to show that the truth is just contradictory. It is drug prohibition that does not allow for social utility maximization and that leads to the misallocation of resources.

In Western welfare states protection of public health became one of the most important spheres of government interest in the 20th century. Concern for human health and responsibility for its protection was replaced by a general right to health. Human health was transformed into a public good and protection of human health gained the form of public service (public health care). For the reason of impossibility to specify public health as a real

good (health is an integral part of ownership of one's body, however, public does not dispose of any body, so from the medical point of view can neither be healthy nor ill) there is a change in the provision of health care. Health care is provided as a public good (paid by taxes, in this case by public health insurance) and is related to the redistribution of resources in society from the healthy and responsible individuals to the people who do not keep a healthy lifestyle. In the public health care system every subject pays the same amount for health insurance regardless of how he takes care of his own health. Removal of economic calculation from the sphere of health care then leads to the fact that people who smoke, drink alcohol extensively or use drugs have no economic motive to change their lifestyle. They do not need to bear the increasing costs of their medical treatment. Public health insurance companies are not allowed to take into account the risk of their clients, charge them various tariffs or refuse uninsurable risks. The result is that the irresponsible and high risk individuals (from the insurance point of view) can live at the expense of those responsible ones with low insurance risk. Individual politicians are for sure aware of this fact and that is why they are trying to limit all human activities that excessively burden public health system. State regulations and other limitations become methods of healing society and replace personal responsibility of every individual for his own health. C. Rathbun (1999, p. 356) explains this situation very well:

“Public health is not about making individuals healthy; it is about keeping society healthy by preventing individuals from doing things that endanger others.”

Protection of public health therefore requires state constraints and enforcement and is related to a number of regulations that impose further costs on society.⁷

We necessarily draw to a conclusion that the argument of public health protection, which stands behind drug prohibition, can never bring social utility maximization. If we imagine health insurance on the free market as a voluntary exchange between two subjects, where both of these subjects enter in the relation voluntarily and expect profit from that, then we have to state that social utility increases. Voluntary transfer of risk from one subject to another one for money demonstrates a unanimous signal of advantageousness for both interested parties. At the same time no external costs are created in this exchange for the

⁷ In relation to that we can one more time remind of the huge sum of money that the American society currently has to provide for the fight against drugs.

disinterested subjects. On the contrary, by replacing voluntariness with obligation and by involving the state as the third party of exchange the efficient allocation of resources is violated and that results in impossibility of social utility maximization. The state forces subjects, who would otherwise never take part in this exchange on the free market, to be involved in it. External costs are incurred to these subjects (healthy and responsible people have to pay for those who e.g. use drugs or smoke cigarettes) and the efficient allocation of resources and maximization of social utility can no longer be reached. Health care is on the free market an object of exchange and therefore has its economic value, public health care does not. Drug abuse brings economic costs. But every person in the free society has the freedom of choice whether to accept these costs (for example pay much higher health insurance) in exchange for the pleasure of using drugs or not.

6. Conclusion

At the beginning of this paper we presented economics as a strictly value-free discipline. Now, at the end we will show what can happen if we leave this neutrality and start using moral judgments about human behavior.

A number of people defend state interventions in the field of drugs because of their belief that through the tools of drug prohibition the state can correct the immoralities of drug users. If people are so immoral that they choose drugs instead of “normal” goods, then the state should take part and correct these immoral choices. However, this argument can be misused very easily and threatens human freedom itself. Once we start using value judgments and say that drug abuse is immoral where should we stop then and make the thick line between what is and what is not morally acceptable? Where is the border which can justify state interventions in the fight for moral society? Mises (2000, p. 52 – 54) notes in a very exemplary way that everyone who defends state interventions in one field of decision-making about what is and what is not moral logically has to defend complete totalitarian dictation in all human activities:

“If the majority of citizens is, in principle, conceded the right to impose its way of life upon a minority, it is impossible to stop at prohibitions against indulgence in alcohol, morphine, cocaine, and similar poisons. Why should not what is valid for these poisons be valid also for nicotine, caffeine, and the like? Why should not the state generally prescribe which foods may be indulged in and which must be avoided because they are injurious? In

sports too, many people are prone to carry their indulgence further than their strength will allow. Why should not the state interfere here as well? More harmful still than all these pleasures, many will say, is the reading of evil literature. Should a press pandering to the lowest instincts of man be allowed to corrupt the soul? Should not the exhibition of pornographic pictures, of obscene plays, in short, of all allurements to immorality, be prohibited? And should scurrilous lampoons and blasphemous diatribes be allowed to undermine respect for God and the Church?"

"We see that as soon as we surrender the principle that the state should not interfere in any questions touching on the individual's mode of life, we end by regulating and restricting the latter down to the smallest detail. The personal freedom of the individual is abrogated. He becomes a slave of the community, bound to obey the dictates of the majority."

We can find the same argument in the writings of Thomas Szasz (1992, p. 116):

„Viewed as a political issue, drugs, books, and religious practices all present the same problem to a people and its rulers. The state, as the representative of a particular class or dominant ethic, may choose to embrace some drugs, some books, and some religious practices and reject the others as dangerous, depraved, demented, or devilish."

We can be witnesses to the fact that the argument of immoral behavior fails under the pressure of its own imperfections (unless people want to leave all decisions made about their behavior to the state representatives and become de facto slaves). There is simply no generally valid model of moral, correct life and that is why there is no reason that would justify state interventions (state enforcement) based on immoral behavior. The state would have to strictly decide about what is moral and therefore allowed and what is not moral any more and will be banned otherwise there would be an unwanted dichotomy (certain behavior is declared immoral, e.g. drug use, while at the same time another one, even if in principle the same, is allowed, e.g. alcohol use).

In addition, Rothbard (2006, p. 256) states that regardless of what the particular man considers as moral and what is not, there is no sense in talking about morality when a man has no freedom to act immorally:

“If a man is not free to choose, if he is compelled by force to do the moral thing, then, on the contrary, he is being deprived of the opportunity of being moral. He has not been permitted to weigh the alternatives, to arrive at his own conclusions, and to take his stand. If he is deprived of free choice, he is acting under the dictator’s will rather than his own.”

If we conclude all the above stated, then we can say that the Austrian School of economics provides consistent arguments against ill-nature of the rulers of the world and their vision of moral life. The Austrian economists give us arguments that defend free human behavior, voluntary social cooperation and the pursuit of one’s own happiness and not only when it comes to drugs.

Bibliography

Block, W., Cussen, M.: *Legalize Drugs Now! An Analysis of the Benefits of Legalized Drugs*, American Journal of Economics and Sociology, Vol. 59. No. 3 (July 2000)

Drug Data Summary, Office of National Drug Control Policy, Drug Policy Information Clearinghouse, 3/2003.

Friedman, Milton, Szasz, Thomas. S.: *On Liberty and Drugs, Essay on the Free Market and Prohibition*, The Drug Policy Foundation Press, Washington D.C., 1992.

Human Development Report 1999, United Nations Development Programme, Oxford University Press: New York/Oxford, 1999, str. 103.

Mill, John Stuart: *On Liberty*, ([1859] 1975). Edited by David Spitz. Toronto: W. W. Norton.

Mises, Ludwig von: *Human Action: A Treatise on Economics*, Yale University Press, 1949, fourth revised edition.

Mises, Ludwig von: *Liberalism: In the Classical Tradition*, Ludwig von Mises Institute, 2000

Richards, E. P., Rathbun, K. C.: *The Role of the Police Power in 21st Century*, Public Health, Sexually Transmitted Diseases 26 (July), p. 350 – 357.

Rothbard, Murray N.: *Power & Market: Government and the Economy*, Ludwig von Mises Institute, 2006, fourth edition

Rothbard, Murray N.: *Toward a Reconstruction of Utility and Welfare Economics (1956)*, Ludwig von Mises Institute

Šíma, Josef: *Ekonomie a právo*, Vysoká škola ekonomická v Praze, Nakladatelství Oeconomica, Praha, 2004.