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The remarkable Dr. Ayau

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The true scholar is inherently incapable of running anything. By temperament, he loathes the very concept of authority and, even more, the idea of exercising authority himself. Consequently our faculty is limited to its proper functions: teaching and research in that order. Students participate in governance the same way that customers participate in the governance of Macy's: If they don't like the goods offered they can go to Gimbel's.

-- Manuel Ayau, founding president, Universidad Francisco Marroquin.

GUATEMALA CITY, Guatemala.

Nations do not just become rich by accident. Economic prosperity is largely determined by the ideas and decisions of individuals regarding the political organization and economic policies in their countries. If the American Founding Fathers had not been well schooled in the ideas of John Locke, David Hume, Adam Smith and others, their design of the great American experiment would have been less perfect and thus unlikely to have succeeded. If there had been no F.A. Hayek and Milton Friedman, Ronald Reagan and Margaret Thatcher would have lacked much of the intellectual base they needed to revitalize the economies of the United States and United Kingdom.

No country is immune from bad economic policies because economic ignorance exists in all countries. Polls indicate a few candidates won in the just completed elections in the U.S. because they favored protectionist policies and/or higher minimum wages, both economically harmful. Fortunately, countries like the U.S. and Switzerland have enough economic literacy among the citizens, the press, and the political class to keep them from adopting massively destructive (as contrasted with somewhat damaging) policies that have afflicted all too many nations.

More than a half-century ago, after returning from the U.S. with his engineering degree in hand, a young Guatemalan named Manuel Ayau wondered why there was little demand for his engineering services in his home country. Rather than just fret about the sorry Guatemalan economy, he decided to try to understand the root cause of the problem, which led him to read widely and learn economics. The great Austrian economists, Ludwig von Mises and Hayek, provided the explanations and the remedies Mr. Ayau sought.

Manuel Ayau then formed in 1958 the first economic think tank in Guatemala. He and his colleagues soon realized their little think tank was unlikely to raise the level of economic and civil society literacy to bring the necessary change to Guatemala. The universities, which were run by the state, had been taken over by the communists or socialists and thus were a major part of the problem rather than the solution.

Thomas Jefferson correctly observed that democracies were unlikely to succeed without an educated electorate. Guatemala had a history of political turmoil and a poor educational system. Mr. Ayau and his colleagues realized without a high-quality university that taught real economics (rather than leftist ideology) and the legal and political classics, Guatemala would never have the trained cadre to run a successful democracy and civil society.

Thus in 1971, Mr. Ayau created a private, nonsectarian university with the mission "to teach and disseminate the ethical, legal, and economic principles of a society of free and responsible persons." His creation, Universidad Francisco Marroquín (UFM) -- named after 16th-century Guatemalan humanitarian and intellectual -- is now widely viewed as the best university in Guatemala. The school has a beautifully designed and landscaped campus -- without graffiti or litter -- in Guatemala City. Leading economic and other scholars from around the globe have lectured and or/taught at UFM. It attracts the best students, and all must be proficient in the English language.

In addition to starting a think tank and university (where he served as the first rector and professor of economics), Manuel Ayau became a highly successful entrepreneur. He also found time to serve in the Guatemala House of Representatives and as a president of the Mont Pelerin Society.

As would be expected, creating a private university whose students are taught the virtues of the rule of law, civil society and free markets did not sit well with many in the Guatemalan statist elite. Less expected was a 2001 attack on Mr. Ayau and the university by an arrogant and economically ignorant ambassador from the United States, trying to foist the State Department's failed development policies on Guatemala. Mr. Ayau characteristically stood his ground, as he had with the domestic forces of tyranny.

Manuel Ayau knows why Guatemala is poor. But he, unlike the big government domestic and foreign bureaucrats who criticize his policies, has actually done much of the difficult work to establish the necessary base for a free and prosperous society.

The scholars at UFM understand it takes many years to create the critical mass for liberty. But now, the Guatemalan economy is doing better and a stable democracy seems to be taking hold. As the lives of future generations of Guatemalans improve, it will be, in part, because they stand on the shoulders of the remarkable -- engineer, economist, philosopher, entrepreneur, statesman, and teacher -- Manuel Ayau.

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