

IT'S a
Jetsons
WORLD

PRIVATE MIRACLES
AND PUBLIC CRIMES



Jeffrey Tucker

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Jetsons
World

It's a Jetsons World:

Private Miracles & Public Crimes

Jeffrey Tucker

LvMI

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Preface

ONE MORNING I WAS reading about how in the past many thousands of people died from scurvy, and solely because travelers on the high seas had such limited access to fruit and vitamin C. Scurvy was documented in the ancient world, and, in the 300 years after 1500, may have killed as many as two million sailors. The fear of scurvy has been one of millions of terrifying fears that have consumed the human psyche for all of human history until very recently. Now we know and care nearly nothing about it.

That same morning, I visited a hotel breakfast buffet and there was a display of seemingly unlimited fruit and juice available for everyone, fruit of all types and from all over the world. They were in large carafes with no limit on how much people could pour. My eyes popped out in amazement and I stood thinking of the miracle and its implications, even as everyone else poured up glass after glass of whatever they wanted from the juice bar. I'm quite sure that no one thought anything of it.

What's more, should I find myself with a hankering for fruit wherever I might be traveling, I can pull out my digital device and search for a local store. The navigation tools can get me there from wherever I happen to be. When I get there, I can compare prices with all the other stores to make sure that I get the best deal, and then initiate a video call anywhere in the world and talk about how great the orange I just ate was. Then I can quickly discover the nutritional properties with a search, and even make a video of my feast and post it with a wireless device and that video can be hosted on an external site in minutes, to be watched by all my friends when I link it on a Facebook account—again from a wireless device in my hand—and then this same video can become oddly popular and elicit a million views over the course of a few days. The whole thing is new. None of this would have been possible even five years ago or even twelve months ago.

Yes, there is a revolution afoot, one that is happening much more quickly than the industrial revolution. We are living in the middle of it, and yet there is a strange lack of consciousness about it. To the extent that we are conscious of it, we complain about it. We complain that there is too much food available and this tempts us to get fat. We complain about the digitization of society. We watch movies about the hidden evils of the grocery stores and wonder if the fruit was somehow sprayed with evil chemicals that are going to give us autism or cancer or something. The market economy is delivering miracles by the minute and yet we hardly notice or care; worse, we denounce the realization of this dream of all of history, this coming of heaven on earth and call it decadent and dangerous.

This is a tragedy, in my own view. We should be conscious of the cause-and-effect relationships operating in the world of human action that give rise to the globally extended order we call the market economy, an order fueled by human choices, entrepreneurship, and relentless learning and copying, and kept together by pricing signals, private property, and the freedom to trade. These institutions are what are bestowing miracles on us every day, the Jetsons world that amazes me every day.

We also need to be aware of its opposite, the gargantuan apparatus of compulsion and coercion called the state that operates on principles that are anachronistic to the core. Its principle is violence, and its contributions to the social order are prisons, economic upheaval, and war. It is lumbering, stupid, and angry as hell, and it is the main drag on the world today. The contrast with the market is overwhelming. An underlying assumption in this book is no different from that found in innumerable books of this bent: that there is nothing that the state does that either needs to be done or cannot be done better within the matrix of voluntary action and exchange. I hope my examples herein provide a compelling elucidation of this idea at work in our times.

Why is this message important? Knowledge in human history is easily lost. Humanity variously knew the cause and cure of scurvy and then the wisdom disappeared and then it had to be rediscovered again. This happened several times, and the last time the cure for scurvy was found again was as late as the twentieth century. So it is with human liberty: the truth of its organizing and productive power was known in the ancient

world, but the truth keeps having to be rediscovered. This book is a contribution to the hope that the knowledge won't be lost.

Most of these essays appeared on Mises.org in their original form, and many were given great exposure from appearances on LewRockwell.com. This causes people to write and comment and then the article is revised and finally integrated into this final release. Once again, I owe an incalculable debt to co-workers at the Mises Institute, legions of bloggers, friends, family, and especially Briggs Armstrong, Lauren Barlow, Aristotle Esguerra, Doug French, Brandon Hill, Hans-Hermann Hoppe, David Hughes, Stephan Kinsella, Eric Larson, Stephanie Long, B.K. Marcus, Mary Olsen, Arlene Oost-Zinner, Lew Rockwell, Judy Thommesen, Mark Thornton, Hilary Tucker, David Veksler, the kids, among many others I've left off the list. Then there's an endless debt to those who have gone before, but mainly Ludwig von Mises, Murray Rothbard, F.A. Hayek, Henry Hazlitt, Garett Garrett, Albert Jay Nock, and Frédéric Bastiat. They all are responsible for helping me think clearly. Many of these people suffered for the cause of human liberty much more than I will in my life, and all humanity is in their debt.

Private Miracles

It's a Jetsons World

IN THE CLASSIC AND futuristic television series from 1962–63—I admit that I adore this show and could watch every episode 100 times—people work only a few hours a day, travel at 500 miles per hour in flying cars that go as fast as 2,500 mph, and the main job is “pushing buttons.” The galaxy is their home. Health care is a complete free market with extreme customer care. Technology is the best (but of course it still malfunctions and must be fixed, same as today). Business is rivalrous, prosperity is everywhere, and the state largely irrelevant except for the friendly policeman who shows up only every once in a while to check things out.

The whole scene—which anticipated so much of the technology we have today but, strangely, not email or texting—reflected the ethos of time: a love of progress and a vision of a future that stayed on course. Appropriately, it was the first show ever shown on ABC television in color instead of black and white. It was neither utopian nor dystopian. It was the best of life as we know it projected far into the future. People did not dress in uniforms or obey some dictator on a monitor in their homes. The people in the show were as fashion conscious as any American. Their food was not embedded in pill food unless they wanted it that way (same now). They had the equivalent of fast-food delivery services

in their homes. The drive was always toward automation: more efficient ways of doing what needs to be done so that human energy can be saved for a more valuable purpose.

The message is a true one. Human nature and the structure of reality itself doesn't change. Only the gizmos we use change, and this is the most glorious thing that can happen in the material world. We can become poorer or we can become richer. But the fundamental facts of how the world is built are immutable. Things are scarce but the possibilities for economic creation are infinite in a world of trade, boundaries, law, and private innovation.

Why is it so fun to watch? Because it is a cartoon, because neat gadgets are everywhere, but mostly it amuses us because everyone seems so strangely blasé about all the miracles that surround them. They are living in postmodern houses that seem to be braced on some giant pole in the sky, and yet they think and act just like the rest of us who live on the ground. They aren't surprised by anything, no matter how amazing.

And despite the extraordinary conveniences of life, the essential problems are the same, the human vices documented since the beginning of the written human language. The kids have the same trouble as our kids. "Daughter Judy" is spoiled and pouts too much, "his boy Elroy" gets into trouble, George tries in vain to solve all troubles but is mainly concerned about keeping his job, and "Jane his wife" keeps the home together.

The persistence of choice leads to complaints that there isn't enough. "Pushing buttons" is the main thing everyone complains about. When they want to get away and relax, they usually choose some enterprise that offers the experience of a made-up world of the past that seems to take them back to the old west (the "Beta Bar Ranch"), but it is only pretend. We have the equivalent with our fantasies of "returning to nature" by shopping at grocery stores with philosophies, or believing that by not printing "this email" we are saving the planet.

In what other ways is our world like theirs? We too are surrounded by amazing miracles generated by private enterprise and entrepreneurship. Every day we wake up to some overnight development that makes our lives slightly better. The advances have come along so quickly that

articles on technology written just a few years ago now strike us as old fashioned.

Boy Elroy has a machine that can conjure up real-time worlds that allow him to play baseball and tennis with family members. We call that the Wii. The vacuum cleaners work without pushing them, and, sure enough, we have those. Just as the Jetsons' home was in the clouds, ever more of our life is ascending to the digital world of cloud computing, where we meet with friends, do our work, spend leisure, seek truth and inspiration.

Video phone is the great dream that this show dreamed up. You had to pay. When you call long distance (does anyone remember that?) “collect” (does anyone remember that?), you had to accept or reject the charges. The video phone was strapped to the ceiling and couldn't be moved, just like telephones were until the day before yesterday.

Peter Sidor, a heavy hitter at the Mises Wiki, recently called my Skype app on my iPhone, something I downloaded the other day just to test it out, and I answered and, *voilà*, I'm video talking to a colleague in Germany. I walked around with my phone. The app was free. Skype begs me to use the service. The iPhone 4 came with “FaceTime” built in, not that the appearance of this miracle created much chatter at all.

All this stuff is amazing. It is astounding and beyond belief—more outrageously advanced than anything the makers of the Jetsons could even imagine. With this tiny box in my hand, I can do a real-time video chat with anyone on the planet and pay nothing more than my usual service fee. This means that anyone on the planet can do business with and be friends with any other person on the globe. The borders, the limits, the barriers—they are all being blasted away.

The pace of change is mind-boggling. The world is being reinvented in our lifetimes, every day. Email has only been mainstream for 15 years or so, and young people now regard it as a dated form of communication used only for the most formal correspondence. Today young people are brief instant messaging through social media, but that's only for now, and who knows what next year will bring.

Oddly, hardly anyone seems to care, and even fewer care about the institutional force that makes all this possible, which is the market economy. Instead, we just adjust to the new reality. We even hear of the grave

problem of “miracle fatigue”—too much great stuff, too often. Truly, this new world seems to have arrived without much fanfare at all. And why? It has something to do with the nature of the human mind, which does not and will not change so long as we live in a world of scarcity. We adjust to amazing things and don't think much about their source or the system that produces them.

The Jetsons' world is our world: explosive technological advances, entrenched bourgeois culture, a culture of enterprise that is the very font of the good life. But there is one major difference, and it isn't the flying car, which we might already have were it not for the government's promotion of roads and the central plan that manages transportation. It is this: we also live in the midst of a gigantic leviathan state that seeks to control every aspect of our life to its smallest detail.

The government is still Flintstones, an anachronism that operates as this massive drag on our lives. With its money manipulations, regulations, taxation, wars (on people, products, and services), prisons, and injustices, we similarly look the other way. We try to find the workaround and keep living like the Jetsons. Often times things don't go right and the reason is the anachronism that rules us. And yet, unless we understand cause and effect in the way that the old liberal tradition explained it, we can miss the source.

Ditch the Planners

WHAT IS THE LAW of the land? Many Americans are under the impression that it is the U.S. Constitution, distorted by time perhaps and the plain meaning changed by bad (or good, depending on your point of view) amendment, court decision, or indifference. This is a complete myth. The actual law of the land is contained in the U.S. Code published every six years by the Government Printing Office.

No one so much as suggested such a thing as the U.S. Code in the first hundred years after the Constitution was enacted. It would have been only a little longer than the Constitution itself. The first attempt to create such a compilation of laws occurred in 1878 but it languished because no one felt the need to update it. Then in 1926, in the midst of Prohibition when the feds became deeply involved in regulating the details of life, Congress made the thing come into existence. It is printed every six years.

An institution was born, though most people know nothing of it. The next printing will come out in 2012, but the 2006 with annotations was 356 one-thousand-plus-page volumes that cover every aspect of life as we know it. The next one will add many new sections and probably more than 100,000 pages.

This is America's central plan—our own Gosplan, so to speak—and it is as elaborate and detailed as any set of laws that have ever governed any society in the history of the world. Much of this central plan is absorbed into our daily lives in ways that we don't notice or aren't aware of. This is supplemented by an additional layer of state and local regulations that have been pushed on these governments by higher government or that grew up from within to adapt the central-planning ethos to the particular circumstances of place and time. The effect is the same:

life amidst an impossibly tangled legal thicket that grows more elaborate and complex by the day.

It defies human comprehension but it is not without human effect. Every aspect of our lives is subjected to it from birth to death. Every product we buy, every service we use, every decision we make is filtered through this morass. You can try this on your own by going to the online search engine and typing in anything from chicken stock to funerals, and observe the state at work, managing the whole of life as we know it in the most minute detail one can imagine. Think of anything and search it, and then see if you think we enjoy “free enterprise.”

Just yesterday, I decided to look up the federal laws that govern the production and distribution of beer, wine, and spirits, which, thanks to the Internet, I can do without access to a law library. I immediately found myself swirling in an incredible maze of dictates and demands governing who can produce and under what conditions, how they must sell and to whom, what taxes apply and when, what warnings must be affixed to every product, and even the shape of bottles that can be exported and imported. Even if I had a month to do it, there was no way that I could read all that, much less understand it all.

Of course this is just the beginning. We are told when our kids should start school, when they are to learn to read and write, when they are to graduate from high school and under what conditions, at what point we can go to work and what we can be paid, what kinds of jobs we can accept and what we can be asked to do at them. Our speech at the office is controlled, as are the words that we can speak in any public setting such as radio and television. Every one of our home appliances is heavily regulated, mostly with the goal of making them perform more poorly than manufacturers would otherwise have them perform.

How our mattresses are made, where we can purchase them from, what materials they have in them, and how they are labeled are regulated to the nth degree. So it is with all our groceries, our trash pickup, our water use in our home, and how all things that are involved in each of these is constructed, distributed, and used. Our work lives are governed in great detail: coffee breaks, lunch breaks, hours per week, and the things we are allowed to think and say about others. Literally every aspect of life is touched in some way by this enormous apparatus.

In the world of computer code, legacy code that is no longer useful and ends up only making the program work more slowly is called “cruft.” All coders know that they must first get rid of the cruft if they are going to create clean and efficient code going forward.

So it is with government regulations. They choke off the functioning of society in its biggest and smallest parts. They prevent development in ways that we don’t see. They are hugely costly, again, in ways we can’t see, because, as Bastiat says, it is impossible to quantify the products and services we don’t have or otherwise see the ways life would be different in the absence of such controls.

Adding to the grim reality is the perverse irony that the whole of this code cruft came about in an age when the whole of our lives were restricted by physical space and time. The world has changed, and today we rely heavily on digital information and products. These, however, are not well covered in the U.S. Code. Sure enough, we wake every day to a digital world that is better than it was yesterday, with product improvements, lower prices, and better accessibility, generally in service to humanity.

As we look around the economic world, no sector better reflects the ideal than this one. It is not a coincidence that this is currently the least regulated part of life. The digital world is the frontier, the place of freedom where innovations are freely tested, service to the consumer (not bureaucrats) is the driving force, and competing for who is best at providing that service is the test of success or failure. This digital world gives us a window into how life would be in the absence of the state in the physical world.

This is one reason that the world of digits is so much more pleasing and useful to people than the physical world. The physical world is gummed up by this anachronism we call the state and its vast central-planning apparatus. The digital world (for now) is not. One feature is that boundaries of the nation-state tend to evaporate. We deal with people and associate with people as individuals—potentially with all 7 billion individuals, regardless of their locale or political identities (which is all that being from or living in a particular country really amounts to).

Nonetheless, we must live a large part of our lives in the physical world, making real decisions day-to-day that affect the quality of

our lives. That means that we must find the workaround. We must see through the fog created by the state and find what is best for us. This is not always easy to do. It means going against the grain that the state has grown up around us.

For example, it might mean that we should find a way to homeschool rather than send the kids to public school. We have to hunt for loopholes in the law that permit us to do that. It might mean going to extra effort to hack our home appliances such as our water heaters or shower heads or toilets. It might mean that we eschew normal employment for self-employment or dare to move to some remote country where our job prospects are better. It might mean rejecting welfare, refusing to retire when the government tells us to, or embracing a faith that is out of the mainstream. In doing these things, we risk being called names or looked at as strange by others who just assume that the only way not to be strange is to comply with the plan.

We need to read books that are not on the approved list, explore forms of art that are not blessed by our masters, and otherwise smash the model that has been given to us. We might need to choose a profession that is not listed in the plan.

In fact, I would suggest that every truly successful person (successful in ways that deserve respect) has done this in one form or another. They have lived their lives outside of the plan. What usually happens is that only after making their own way in this world, they confront the rude discovery that they have upset the powers that be. The lawsuits pour in, the congressional hearings start, the media frenzies appear, and so on. Eventually the person figures out how to make his thing work within the prevailing plan; meanwhile, someone else is rising through the ranks—someone who cares nothing for the plan.

This is something we can all do. It can start at a young age. It can continue all through life. But the first step is to see the plan for what it is. The plan not only violates our liberty and contradicts the whole theory of freedom—which is that society can manage itself without government controls—but it causes ossification of the social order and our personal lives. There is no predetermined way to get around it. That requires creativity, plus lots of trial and error.

The question presents itself: if enough people reject the plan, does the plan still exist? It will always exist on the library shelves, and in the search engine for the U.S. Code, but in our own choices and in our own ways, we can all make a contribution to making the plan less relevant for the functioning of our lives.

A Political Theory of Geeks and Wonks

LOTS OF PEOPLE GET interested in political ideas through political campaigns. Maybe this is because politics forces you to decide who you are and what you believe.

I can vaguely recall when I was very young, perhaps 7 years old, that I discovered that my best friend's family considered themselves Democratic whereas I was pretty sure that my family was Republican.

I asked someone what that meant and only received hazy answers that concerned seemingly big issues about government and public life. I didn't think much about it but, nonetheless, they were my first thoughts on the thing that would consume my life.

So it is for lots of people: politics is the entry way into taking political ideas seriously. If your interest intensifies, you tend to go one of two ways: wonk or geek. These are terms that apply in many categories of life—Wikipedia gives serviceable definitions of both wonk and geek—but the terms take on new meaning in politics.

Political wonks are fascinated by process. They love the game. They get as much satisfaction from observing as changing. They want to be players above all else. Ideals bore them. History is mere data. Intellectuals seem irrelevant. What matters to the wonk are the hard realities of the ongoing political struggle. They defer to title and rank. They thrive on meetings, small victories, administrative details, and gossip about these matters. Knowing who is who and what is what is the very pith of life.

There are political wonks and policy wonks. They exist on all levels of society. They appear to be running things, because their aim is to control the levers of power in just the right and strategic way, which means in a way that benefits the other wonks of their tribe. Geographically, life

begins and ends in the D.C. beltway, the border that encloses their world and outside of which is to be found the Hobbesian state of nature. They thrive on keeping information private and cartelizing their class. Their newspaper is the *Washington Post*, which they consider to be the insider report.

In contrast to this are the policy geeks. They are no less fascinated by detail but are drawn to ideals. Observation alone bores them. They are drawn to the prospect of change. They don't want to be players as such; they question the very rules of the game and want to change them. They are happy to make a difference in the ideological infrastructure, whether big or small. They tend to work alone and totally disregard caste distinctions. They are interested not in the surface area but what's underneath, not the veneer but the wood. In software terms, they are forever looking forward to the next build. They are risk takers, so they prefer to debug after the system is live.

In politics, this means that the geeks are drawn to ideas, even radical ideas. They can easily imagine what doesn't exist, which makes them dreamers and entrepreneurs. And so they are attracted to and study history and philosophy and economics. It doesn't matter if a lesson can be learned from the ancients or moderns; indeed, unearthing an old idea and bringing it back to life has a special appeal. They thrive on making information public, on smashing old structures, breaking cartels, and busting monopolies of power. Geographically, they can live and work anywhere, and they have no attachment to any single information source.

The geeks and wonks can work together but there will always be a natural tension between the two. The wonks think the geeks are hopeless, powerless, reckless outsiders whose heads are full of useless and unrealistic fantasies. The geeks think that the wonks are part of the system and, therefore, more than likely corrupted by it, and increasingly so.

Broadening the view, the struggle to control history is a battle between the wonks and the geeks. The wonks are the ones who consolidate, stabilize, and entrench the status quo; the geeks are the ones who prepare revolutionary change. The wonks freeze it into place and make it work more efficiently; the geeks imagine and work toward a future that no one thought was possible. The wonks rule out drastic and extreme measures as imprudent and reckless; the geeks think these paths are the

only ones worth pursuing and have confidence that the unknown future will somehow work itself out. The wonks try to bring the king around to their point of view; the geeks kill the king.

Caesar: Wonk

Brutus: Geek

Hamilton: Wonk

Jefferson: Geek

Bush or Obama: Wonk

Ron Paul: Geek

Part of the agenda of democracy is to turn the whole of society into a herd of wonks who believe in the process and want to make it work. But it isn't so easy to control human nature. There are always the geeks to contend with who see that the system is based on a lie and want to overturn it. Why should the majority rule the minority—or, more precisely, why should the well-organized minority rule the relatively indifferent majority? What we need is democracy 2.0 in which power and privilege is not steered, but abolished altogether.

Who will carry the day? In the short run, the wonks are right. They win. They rule. They ruled the ancient world for hundreds of years. They ruled the Soviet Union for 72. They rule the United States today. But the long run is another matter. Rome and the Soviet Union fell—in revolutions enacted by geeks. The wonks eventually come to underestimate the power of ideas and underappreciate the effect of ideals.

Which life is worth living? The wonk is famous, even legendary. The geek rarely achieves fame, even when he does change history. Why? The wonks write the history. But it is the geeks who make history happen in the first place. The geeks will look back at their lives with satisfaction that they did their best to realize a dream. The wonks, looking back at their lives, see that they were little more than a cog in a machine. Someday, even in the United States, they may have to concede that all they did crumbled into nothingness.

Scavengers of the Physical Universe

IT HAS BEEN TEN YEARS since my office was last cleaned. It was like opening a time capsule—and not just because what I found was old. What I found represented a different epoch, a time when all things that mattered were subject to the law of scarcity: what one had no one else could have and therefore it was treasured and hoarded for all eternity.

And then something changed dramatically. Most of what was once hoarded became digitized and reproducible unto infinity by pushing buttons, and therefore all things were accessible instantly from everywhere. And so within the last ten years, not all at once but bit by bit, what I owned became something that I no longer had to own. I could keep it or not, but it wasn't going away.

Here's some of what I found: videotapes of short clips of ideas and events that are now all on YouTube; a printout of contacts generated by my own PalmPilot, all of which are now back on a handheld device that syncs through cyberspace with any online device; my ancient Palm Pilot itself, which is about as useful as a pet rock; first print runs of legislation before Congress, now all on the Internet and searchable; two big plastic trays, one labeled "in box" and one labeled "out box," now replaced by a gargantuan archive of emails that I can access in seconds; photographs of this and that, easily scanned and posted and shared with the world; scholarly journals (say no more); pile after pile of weekly magazines and newspaper clippings, all long ago digitized; cassette recorders for doing interviews; once-treasured software packages that now seem as sophisticated as cave drawings; a "world clock"; a thermometer with a wire you stick outside the window.

I put all 200 pounds of it into contractor bags and put it in the dumpster.

In the scheme of things, this is a lightning-fast change in the way we value things. Measured by the pace of life itself, it has been too slow for most of us to be entirely conscious of. We encounter the newest new thing several times per week. We get a kick out of it, but that kick evaporates in a day or two as the new technology is rolled into our daily lives. But then one day you clean out your office to discover that the technology has reshaped what we value and why, and that our lives are completely different than they used to be.

Somehow, the change from physical to digital strikes me as more significant than the move from iron to steel, from horses to internal combustion, or from land travel to air travel. In all other cases, the technological shift went from less to more efficient ways of accomplishing tasks by the use of things. But these things were still scarce. To make another book required felling another tree. To get from here to there still required fuel and everything that is associated with making it. My pile of paper could not simultaneously be your pile of paper. The space on the land on which I was driving could not be shared without causing a wreck and endangering life itself.

These limitations informed our valuations. Prices allocated distribution. Property rights in all things were essential, else we would fight with each other. What we acquired we kept. We only gave things up if we got something in return of higher value. Many things we knew were valued by no one but ourselves; and so we packed them away, hoarded them so they couldn't get lost. Accumulation was the goal. We weren't aware of it because we hadn't been shown any other way. Our behavior was being dictated by our sense of what was possible, which thereby informed our sense of what should be done.

I had a friend once who moved from Russia to the United States in 1987. He moved from a place where offices chained typewriters to desks because they would otherwise be stolen. Citizens would brag about their private collection of paper clips. Spare parts for washing machines and cars were gold.

So when he first arrived, he got an apartment and began to fill it up. I visited. He had typewriters and stereos. He had washing machines and

car parts. He had tables and chairs and desks piled high. He had vases and bowls and plates and cups. He had moose antlers mounted on a big piece of wood. He had golf bags with clubs, wooden and plastic bats, stuffed animals, music boxes, toys of all sorts, and piles and piles of shoes that didn't even fit him. His apartment looked like a thrift store or the refuse of two dozen yard sales.

I was aghast and I asked him why he was accumulating all this ridiculous junk. He explained that in Russia, everything was treasure. He was vaguely aware that it was not valuable here but he had to have his fling, for he was in a constant state of shock that he could buy all this stuff so cheaply. He begged for indulgence. He just wanted to get through this stage in life, this period of adjustment. Fine, I said. Then he took me with him car shopping. At the end of the day, he was the proud owner of three used cars that barely ran.

In Russia, he had learned to grab anything he found because there was a shortage in everything. He was hardly alone in this. The whole society was informed by this sense of valuation. There was no free market at work, so one could be sure of nothing. Socialism led to shortages and poverty: a perfect recipe for rampant materialism.

I'm realizing now that we had more in common than I thought at the time. The only difference between us was in what we accumulated. His passion was what I regarded as junk. My passion was for documents: papers, journals, magazines, and books. He thought of all these as luxury goods that could be foregone until life's essentials were provided for.

What we had in common was the assumption that we had to physically possess what we valued. We were both desperate scavengers of the physical world. This is what has changed, and all in a mere ten years or so. Digits take us away from the constraints. They have folded vast swaths of regular life into that magical realm that makes scarcity evaporate. If I have a document now, I can continue to possess it even as I unleash it on a globe that has the opportunity to consume it in exactly the same way I have, making hundreds, thousands, and millions of duplicates of the same thing in a matter of seconds. The same is true with any sort of information: databases, video, audio, and images.

No reflection on this topic can fail to credit the market economy for what has happened to us. Despite every attempt by governments

to hobble it, the digital universe as we know it was made by the market economy. It is a market-built world, which is to say, a world built by human choices, entrepreneurship, and service one to another.

Socialism tried to make scarcity disappear through government fiat and only ended up creating huge shortages that spread misery and death. Capitalism sought to unleash the cooperative and competitive spirits of the human person and ended up abolishing scarcity in life's most valuable things.

A Society of Mutual Benefactors

CHECKING OUT AT THE grocery store the other day, I paid for my sack of rolls. The checkout person handed me my bag.

“Thank you,” I said.

“You’re welcome,” she replied.

I walked away with a sense that something was wrong. Do checkout people usually say, “You’re welcome,” and nothing else? Not usually. Usually they say, “Thank you,” same as the customer says. (Remember, we are talking about the American South, land of politeness, here.)

I was left with an inchoate sense of: “Hey, I did something for you too.”

When do we say, “You’re welcome”? We say that when we give a gift (a good or service) to a person without receiving anything in return. For example, I might hold a door for a person. That person says, “Thank you,” and I say, “You’re welcome.” Another time might be at a birthday party when the recipient of a gift expresses thanks.

These are one-way examples of benefaction. We are giving but not necessarily getting anything tangible in return. What makes the case of the commercial exchange different? Why do both parties say, “Thank you”? It’s because each side gives a gift to the other.

When I bought those rolls, this is precisely what happened. I saw rolls available and I decided that the rolls were worth more to me than the \$2 I had in my pocket. From the store’s point of view, the \$2 was worth more than the rolls being given. Both parties walk away with a sense of being better off than they were before the exchange took place.

The checkout person is there to facilitate this exchange and speak as a proxy for the interests of the store. The store was receiving a gift of money (more highly valued than the rolls) and I was receiving the rolls

(more highly valued from my point of view than the \$2 I gave up to get them).

This is the essence of exchange and the core magic of what happens millions, billions, trillions of times every day all over the world. It happens in every single economic exchange that is undertaken by virtue of human choice. Both sides benefit.

Each side is a benefactor to the other side. This system of mutual benefaction, unrelenting and universal, leads to betterment all around. It increases the sense of personal welfare, which is to say, it increases social welfare when everyone is involved in the activity.

To be sure, a person might change his mind later. I might arrive home with my rolls and discover that I'm out of butter and that I would have been better off buying half as many rolls and using the rest of my money to buy butter. I might decide to drop bread from my diet. I might conclude that rolls are really not that tasty. All these things can happen. Such is the nature of the universe that the future is uncertain and human beings are inclined to be fickle. But at least at the time of the exchange, I believed I was better off, else I would not have made the exchange in the first place. I walked away with a sense of gain. The store owners had the same sense of gain. We both expect to gain, which is enough to recommend the exchange system, since no social system can guarantee a happy outcome for every action.

Now, if all of this seems obvious and not even worth pointing out, consider that most philosophers in the history of the world have missed this point. Aristotle, for example, reflected at length in his *Nicomachean Ethics* on the issue of economic exchange, but he started with the assumption that exchange takes place when valuation is equal or commensurate. But what about cases in which it seems obviously incommensurate, such as when highly valued and rare physician services are traded for something widely available like corn? Aristotle believed that the existence of money serves to somehow equalize the exchange and make it happen, when it should be apparent that money itself is only a good introduced to make exchange more convenient.

The problem he faced was his initial premise that economic exchange is based on the equal value of items in the exchange. This is just wrong. If two people value goods equally, an exchange would never take place,

since no individual could be made better off than before. If exchange is based on equal value, people are merely wasting time engaging in it at all. Exchange in the real world is based on *unequal* valuations of goods and expectation of being made better off. It is a matter of two people who give each other gifts in their own self-interest.

The discovery of the correct theory of exchange had to wait until the late Middle Ages when the followers of St. Thomas Aquinas saw the logic for the first time. They saw that economic exchange was mutually beneficial, with each party to the exchange seeing an increase in personal welfare, subjectively perceived. Therefore the action of exchange on its own becomes a means of increasing the well-being of all people. Even if there is no new physical property available, no new innovations, no new productivity, wealth can be increased by the mere fact of exchange-based human associations.

As with many postulates of economics, this seems very obvious once you see it but it is evidently not obvious at all. In fact, I've observed that many people's underappreciation of the contribution of the market order is rooted in the perception that buying and selling stuff really amounts to nothing wonderful at all. It is just a swirl of churning and burning for the sake of nothing in particular. Society could easily do away with it and be no worse off.

I have a hard time figuring out what people who believe this are thinking. Let's say that I proposed abolishing gift giving. Wouldn't it be obvious that society would be worse off if I got my way? We would no longer enjoy the material manifestation of the appreciation of others, and we would all be denied the chance to show others our appreciation of them.

Well, if it is true, as I've argued, that an economic exchange is a two-way gift, an instance of mutual benefaction that is pervasive throughout society, it becomes clear that society would be completely sunk without as many opportunities as possible for economic exchange. Anyone who champions the well-being of society should especially celebrate commercial centers, stock markets, international trade, and every sector in which money changes hands in exchange for assets or goods. It means nothing more than that people are finding ways to help each other get by and thrive.

As sixteenth-century Spanish theologian Bartolomé de Albornoz, known mostly for his opposition to slavery, wrote,

Buying and selling is the nerve of human life that sustains the universe. By means of buying and selling the world is united, joining distant lands and nations, people of different languages, laws and ways of life. If it were not for these contracts, some would lack the goods that others have in abundance and they would not be able to share the goods that they have in excess with those countries where they are scarce.

However, if we do not quite see the underlying logic of exchange and how it works to help everyone, it is easy to underappreciate what market trading means to society. This is a tendency in the circles that discuss issues of social justice. The market is rarely given the credit it deserves for helping humanity improve its lot. In fact, the market is nothing but the cooperative interaction of humanity in improving the commonweal.

The fallacy of value equivalence in exchange has been refuted for some 500 years, and yet it keeps reappearing. Economics is one of those sciences that require careful thought. It can't be quickly intuited from a handful of moral postulates. It must be studied and understood with deductive tools and patient delineation of a wide range of concepts. It is because of this that economics as a science was so late in developing. But it is not too late for us to understand.

The understanding of economics leads to a direct appreciation of the contribution of free markets to the well-being of all. If you read something that seems to disparage the market economy, it is more than likely that a fallacy such as the above is at the root.

At some point today, you will undoubtedly engage in some economic exchange. Use the opportunity to reflect on what a glorious dynamic underlies it. You can say, "Thank you." The person who takes your money can say, "Thank you." Such opportunities account for most of the peace and prosperity we enjoy this side of heaven.

Obama on Auto-Defrosting Refrigerators

I'M THE GUY WHO just last week managed to find a plumber who would increase the water pressure in my entire house, defying government controls and thereby causing all appliances to work better. It's not surprising that this was necessary. Government regulations have made a mess of our daily lives. Whether it is banning effective products or mandating inferior functionality in our appliances and fixtures, government's role here is indisputably to degrade our quality of life.

So I was stunned to hear President Obama claim exactly the opposite in a speech to the U.S. Chamber of Commerce. He ridiculed those who predicted disaster from government regulations as far back as 1848. "It didn't happen," he said. "None of these things came to pass." Then he went further to say that government regulations "enhanced" industry and "made our lives better." Regulations "often spark competition and innovation."

What immediately came to mind is a picture of a race in which some overlord is clamping shackles on the runners' feet. No, that does not stop the race. The runners develop innovative ways to keep going. Nor does competition stop; it might even become more intense as runners develop new skills they would otherwise not need. All that's true, and yet we wouldn't look to this race as the one that is going to set new speed records. Everyone would be better off without shackles.

But Obama's claim really goes further than saying that somehow industry overcame the costs of regulation. He suggested that we are actually *better off* than we would otherwise be due to regulations. And he gave the specific example of automatically defrosting freezers. He really did. Here is the statement:

The government set modest targets a couple decades ago to start increasing efficiency over time. They were well thought through; they weren't radical. Companies competed to hit these markers. And they hit them every time, and then exceeded them. And as a result, a typical fridge now costs half as much and uses a quarter of the energy that it once did—and you don't have to defrost, chipping at that stuff and then putting the warm water inside the freezer and all that stuff. It saves families and businesses billions of dollars.

Well, this is a precise claim, and it can be checked out. Thanks to many commentators on the Mises Blog and LvMI's Facebook page, who did some extensive sleuthing, here is what we found.

In 1928, the U.S. Patent Office issued a patent for “defrosting of the cooling element or unit of a refrigerating system.” Still, invention is one thing and marketing and production is another. It took a very long time for these to be seen in real life. More and more patents were issued all throughout the 1920s and 1930s. Most likely, the innovations occurred before this time and would have sped more quickly into the consumer market without the patents, but regardless, an article in *Chain Store Age* in 1947 writes as follows:

‘Auto Defrost,’ a recently developed electronic circuit for automatically controlling water defrosting of refrigeration coils has been announced by the Bush Mfg. Co., Hartford [founded 1907], Conn. Advantages claimed for this device are its low price, its ease of installation on existing water defrost systems, and it works independently from the refrigeration system.

Recall that Obama spoke of how the relevant regulations came about “a couple of decades ago.” Well, his timing is off by some 63 years! What's more, these items were already reaching a retail market by 1948.

A March 13, 1948, edition of the *Billboard* posted a story datelined from Oakland, California:

Frosted Food O'Mat, Inc., of this city is readying a new ice cream vending machine, designed for grocery stores, super markets, and department stores. Dispenser will

be offered both as a coin-operated and a manual device. The vendor will hold up to six flavors, and its makers claim that it has an automatic defroster.

By 1951, these items were already being pushed in homes. An advertisement in *Popular Science* reads as follows:

Von Schrader Mfg., Co.: Amazing Attachment MAKES OLD REFRIGERATORS INTO MODERN Automatic Defrosters! Thirty Million Prospects. Sell without 'selling pressure' on sensational Free Trial Plan. Just plug it in and leave it. Frees women from drudgery and mess of defrosting. Saves electricity. Keeps food longer, better. Gives longer life to refrigerator. . . . Women buying by the thousands!

By 1958, it seems like the great innovation was already old news. An advertisement in *Life Magazine* from 1958, this time from Westinghouse, references a "frost-free, Auto-Defrost Refrigerator" as if it was nearly a standard feature. The main pitch here is that the refrigerator has "cold injector" that chills food faster. It is also styled in the "Shape of Tomorrow."

Now, this is interesting to me since I can remember problems with freezers in my own lifetime, so it is not automatically crazy to believe that something happened in the regulatory environment of the early 1970s that would have prompted the universalization of frost-free freezers. During this period there began a government push for energy efficiency, and makers were required by government to meet certain targets, just as the President says.

But there is a serious problem. An automatic defroster increases, not decreases, the overall energy use of refrigerators and freezers. As this government report said in 1998: "Refrigerators with automatic defrost have higher occupant consumption (on a label-normalized basis) per unit of occupant activity than refrigerators with manual defrost."

In other words, the more straightforward way to meet regulations would have been to take defrosting devices out, not put them in! The devices therefore exist not because of standards but in spite of them.

All evidence suggests that the truth is precisely the opposite of what Obama claimed. Frost-free freezers came about in the normal market

way. A company found a way to package it as a luxury good available in some markets. Another company saw the advance and emulated it, offering it to still other markets (though the process was likely slowed by the government regulation called the patent). Other companies saw the potential for solving a monstrous household problem and began making them more cheaply and more efficiently, as the target market gradually went from luxury to mainstream. Over time, the improved product was ubiquitous.

This is pretty much the story of every innovation in the history of the world. Whether it is the spinning wheel or the smart phone, private companies innovate in order to outdo their competitors in serving the consumer. They all have reason to become ever more excellent in the service of others. They learn from each other and improve on what exists (in the absence of patents).

It is hard to imagine the alternative scenario that inhabits Obama's mind. It goes something like this: Private enterprise comes up with a technology that it can fob off on customers and people like it fine but for some maddening problem. Private enterprise doesn't care. So long as the profits are there, the problems persist. No one in the private sector has reason to change anything. Stasis prevails.

Government regulators, who are constantly scouring around consumer markets to find ways to innovate and improve products, notice the problem and issue some mandate. After some careful deliberation, they march into manufacturing plants with guns:

Listen up: our citizens have a problem with their freezers. They are building up ice. We want you to find a way, some way, to fix this problem. You have until next winter to figure it out. If you do not, you are dead meat.

Industry complies under the gun, scrambling to improve products only because government bureaucrats demand it. Under government edict, enterprise makes the thing, and problems go away. This process is repeated for thing after thing and we are gradually made better off, thanks to the central planners and wise public servants who know better than everyone else. Under this model, the entire developing world might be improved in a matter of months!

This is of course sheer fantasy. So is the claim of Obama that we should be grateful to regulators for all the blessings that flow to us. How many iPhone apps have bureaucrats invented? Will the president's next claim be that bureaucrats gave us the Wii?

It's a Broadband Life

I'M TRYING TO ORDER a hamburger, medium well, but the cook was involved in a heated argument with the customer who was insisting that DSL is better and faster than cable for a home internet connection.

“Man, DSL rocks!”

“You are crazy. DSL ain't nothing. Cable's bandwidth rocks!”

“You are paying for nothing. You can't download nothing on cable!”

And so on.

A few years ago, these guys would have been talking about the weather or the game on TV. Now, they talk about their internet connections, using a technical language (well, a few technical words) that few people could understand a few months back.

As I wait for my burger, which seems to be taking forever, I was able to reflect on how broadband access is changing the face of middle-class life, especially domestic life.

Before I tell the following story, let me say upfront I'm really against it when police bust down the doors of a web domain owner and confiscate its servers on grounds that it might be being used as a conduit for illegal downloads. The report of this gross abuse against thepiratebay.org is wholly egregious and a violation of human rights.

On the other hand, I get my life back. For three or four days, my home internet connection was running as slowly as black-strap molasses. It seems that I found the culprit: a laptop managed by a certain young resident in my home that was set to download the complete Harry Potter movie set and a few Disney adventures.

You can set the software to start a new one the instant the old one finishes, so there's no telling how many movies were slotted for download.

If I hadn't put a stop to it, my internet connection would have been clogged for the remainder of the decade.

For those of you not in the know, PirateBay specialized in BitTorrent downloads, the newest thing in web downloading that provides access to movies and videos. BitTorrents are said to account for 35% of internet traffic.

These downloads take an absurd amount of time. I used to complain about a 45 second download. For kids these days, a download of half a day, a day and a half, or even three days is completely normal. They run in the background and the user hardly notices them.

But everyone else does notice an extreme bandwidth shortage. I reminded the domestic culprit in question that there is a reason they are called "torrent" files, as in (Webster's) "a tumultuous outpouring," "a violent stream of a liquid (as water or lava)," "a channel of a mountain stream." It crushes all before it.

I could see the future and it looked very much like the dial-up days. Remember when we used to fight over who got to use the single phone line? Then we got smart and got two phone lines, made the phone companies crazy with insane phone number demands—boom times for the baby bells!—just before we cancelled not only the new phone line but the old one too, because we were all switching to high speed, cell phones, and VOIP.

With BitTorrent, I would again be stuck yelling upstairs: "Hey, can you pause your week-long torrent download, so I can check my email?"

So, now there are strict household rules on BitTorrent. They can only be done between the hours of 11pm and 5am, or at times when no one else is home. If there is any more clogging the connection going on, two warnings will be delivered. On the third time, there will be no more. Period.

Now, that's strict!

Of course all this could change in a matter of months, given the increased demand for bandwidth. It doesn't matter how many people are arrested, in Sweden, Germany, or the U.S., or how many domains are taken off line. There will always be another source and another user willing to take the risk.

The saga of BitTorrent use and abuse is nicely chronicled at Wikipedia, which is another venue that was disparaged as ridiculous when it came out but has since become essential to modern life. Can you imagine the Oxford English Dictionary trying to keep up with our vocabularies, which add new words by the day and hour?

After these endless battles over broadband downloads, it is great to see at least one company getting smart. Warner Brothers has decided that if you can't beat them, join them. It will be offering legal torrents of *Star Wars: Revelations*, and others are on the way.

We can see the future here. Just as illegal downloads of music paved the way for the spectacularly successful iTunes revolution, sites like PirateBay will deserve credit for alerting mainstream movie producers to a new and licit way to make a profit. With Netflix and other providers adding to their stock daily, it will only be a few years before most movies are delivered on demand.

Isn't it interesting how the "criminal class" is increasingly shining the light on the direction that praiseworthy web entrepreneurship will take in the future? This alone shows that there is something very wrong with copyright law that would lead so many innocents to be snared while doing something that otherwise seems not the slightest bit wrong.

Ah! At last my hamburger is cooked, and served, the old-fashioned way.

The First Truly Literate Generation

REMEMBER THOSE SILLY DAYS in the 1990s, when Clinton, Gore, and their friends cobbled together our money to put computers in every classroom and community center? The hope was that the computer would at last do what the government has so far been unable to do after a century of work: make every child literate and high-minded. It turned out that most of the new computers gathered dust and became obsolete.

The web was dull and uneventful in those days. But no longer. It turns out that there was a kernel of truth in the Clinton view: computers can be a wonderful tool for learning. What looks like time wasting provides important technical training, a vehicle for healthy socializing, access to a vast world of information from all ages, and crucial practice for literary expression that will pay lifelong returns. No, it won't turn a pig's ear into a silk purse, but it can give a kid an extra boost in many ways.

(Hey, wow, my son just won the World Cup on his video game!)

Consider the major one: writing ability.

For practicing writing, getting feedback from peers, and just for the joy of composition, blogs and forums and even Facebook updates are wonderful opportunities for kids, though closer-knit kid boutiques are probably a more fruitful (and safer) venue. Such venues are a great way for kids to meet other kids who share their interests, expand geographical knowledge, gain broad cultural awareness, and gain technical web experience in writing, coding, working with images, and much more.

Such venues get kids past the technophobia that has crippled so many adult careers. They provide an outlet for creativity and they give kids what they need most: an opportunity and excuse to write every day.

Now, I know that we are supposed to bemoan the loss of the quill pen and parchment. We are supposed to weep because people no longer ache over long letters and put wax seals on their missives. I know how bad punctuation and crazy neologisms (LOL, brb, ttyl) are corrupting English.

But punctuation and abbreviations are small technical problems compared with the major issue that plagues bad writing: pomposity, jargon, preachiness, and prose that is stilted and labored. These are all the result of inexperience and a lack of direction—and blogging goes a long way toward addressing both problems.

What is true of blogs is also true of email, messaging, and texting. Don't tell me that these are too informal. Informal is far better than prose strewn with words that the writer himself can't deploy with competence, repeating words like "important" fifty times, as in: "At this stage in my narrative, I find that it is important to note the important distinction between what is important here and what is not."

Ask any English teacher from any age. The first articles they get from students are riddled with these problems. The writer tries to sound smart but just ends up sounding puffed up and absurd. They have nothing to say, as if they composed the piece while forgetting that the main point of writing is to communicate!

This is not only a problem in our time. Mark Twain famously satirized the nineteenth-century approach to teaching writing in *Tom Sawyer*, in his reporting of a schoolgirl's composition examination:

A prevalent feature in these compositions was a nursed and petted melancholy; another was a wasteful and opulent gush of 'fine language'; another was a tendency to lug in by the ears particularly prized words and phrases until they were worn entirely out; and a peculiarity that conspicuously marked and marred them was the inveterate and intolerable sermon that wagged its crippled tail at the end of each and every one of them.

And so Twain gives an example from the first girl who read her composition:

In the common walks of life, with what delightful emotions does the youthful mind look forward to some

anticipated scene of festivity! Imagination is busy sketching rose-tinted pictures of joy. In fancy, the voluptuous votary of fashion sees herself amid the festive throng, ‘the observed of all observers.’ Her graceful form, arrayed in snowy robes, is whirling through the mazes of the joyous dance; her eye is brightest, her step is lightest in the gay assembly. In such delicious fancies time quickly glides by, and the welcome hour arrives for her entrance into the Elysian world, of which she has had such bright dreams. How fairy-like does everything appear to her enchanted vision! Each new scene is more charming than the last. But after a while she finds that beneath this goodly exterior, all is vanity.

To be sure, a high school student who wrote this well today would be considered a genius. But it’s still insufferable. It’s artificial, affected, puffed up, and vacuous.

Why do students write this way? They don’t have an audience, they don’t have anything to say, and they haven’t written enough to acquire real skill.

Let’s take the last point first. The acquisition of expertise in any field is the product of relentless repetition. The World Series in baseball, for example, is the culmination of tens of thousands of batting sessions and casual games of catch in the backyard and practice field. But somehow we tend to forget this with writing and composition. The main experience kids have with it is through a string of high-pressure performances: term papers for class.

Digital communication is different. It is something you write every day. You fire off answers in a flash. You keep them short. You write and write and write, and you get your point across. Mostly you just do it and do it, again and again, and you get better and better at it. Writing becomes part of life, not a phony-baloney exercise you affect to please an authority figure.

And yes, digital communication overcomes the “something to say” problem too. The purpose is to make a point of some sort, even if it is “My little brother is driving me crazy!” That is far more substantive than “imagination is busy sketching rose-tinted pictures of joy.”

Finally, digital communication provides an audience. Knowing who is going to read what you are writing makes all the difference. A major cause of “writer’s block” is fear of what people you don’t know will think of what you say.

Kids need to know for whom they are writing in order to affect the correct voice. The audience for email is listed right up top in the “To:” bar.

The following happens all the time when people submit pieces to Mises.org. Someone will send an incoherent piece, and I’ll write back: “What are you trying to say?” They will write back with a crystal clear response, which forms the basis of a new draft. The writer had an audience in mind and it made all the difference.

Try this at home. Ask your child to write a report on some topic. Insist that it be 5 pages. If the kid is typical, he will labor for days and turn in pap. Give that same kid a Gmail account and ask him to drop you an email about what he knows about lizards, and you might find 5 pages arriving in less than an hour.

This is a wonderful and underappreciated medium! It should be exploited by all parents and educators.

Far from killing literacy, email is producing the first fully literate society in many eons, perhaps ever. Never before has it been so necessary that every person in the whole of the population be capable of writing well. For the first time in history, people are practicing the craft on a daily basis, even from the youngest ages. The sooner they begin, the better.

One last word on this topic. Do not let kids type using an incorrect method. Download TypingPal for \$20 and your kid will be typing well in a matter of weeks—without having to endure the horrors of typing class, which is another subject entirely.

The People on the Move

THERE ARE MOMENTS in history when the people are on the move, consistent with the logic of history, and no force on earth can stop them. You can see it in the images of Russians in 1990 pulling down cast-iron statues of Lenin. You can see it in the images of the Romanian people charging Ceausescu's palace in 1989.

And I just saw it last night at Bed, Bath, and Beyond as the people raided the towers of K-cups holding coffee and tea to go into the Keurig coffee maker that is the blazing-hot item for the holidays (second only to our new pocket paperback of *Human Action*).

To understand why the Keurig coffee maker is firing up the forces of history in a progressive direction, we need to reflect on the dynamics of the relentless technological trend from the collective to the individual. In ancient times, bathing, for example, was a community activity: one pool of water that all people would visit. With technological progress came the family tub, in which people would dunk themselves one after another. In modern times, we each fill our own bath or take an individual shower.

So it is with phones, which, when first invented, were found one per community in the general store. Then there were party lines that several households would share. Then the phone came to the single-family home. Finally, the process of individuation culminated in the pocket cell phone, with one phone number per person. And so it is all over the world, and throughout human history, provided there is the freedom to innovate, produce, and distribute.

It's true with books too. There was the Library of Alexandria for the whole world. Then there were public libraries for whole cities. Then we progressed to private libraries in homes. Now we long for the ultimate individuation: libraries on our cell phones and books we can carry on

our person. This relentless push to fulfill the demands of individualism is the driving force of human history.

And so it is with coffee. For too long we've lived with a community form of delivery. Whatever collectivist pot was made for the whole group is what we drank. Never mind that it is burned from the heating pad. Never mind that it is too strong or too weak, too dark or too light, or that it is just plain gross. Never mind that the preparation and cleanup requires that we stare at unappetizingly soaked coffee grounds that clog our sinks and stink up our trash. It was what we had, and we made do.

Then came Starbucks and other specialized shops. Here we could order what we wanted and every drink was prepared fresh and according to our specifications. We are all, after all, individuals, each of us with different tastes, desires, and demands. When given the chance to express our wishes, we take it, and therein lies a great entrepreneurial opportunity for those who are daring and creative enough, and willing to take on the responsibility for giving history a push forward.

In retrospect, the whole Keurig mania seems perfectly obvious, even inevitable. We want Starbucks in our homes. We want endless variety. We want it to be fast. We do not want to wake up to the shattering sound of coffee beans in a horrible grinding machine. In fact, though we had never thought of it before, we do not want to look at coffee grounds, before or after they become soaked.

When you first observe the K-cup that Keurig uses, your thought might be: this is ridiculously inefficient. Why would anyone take a tiny amount of coffee and package it in plastic with a complicated internal filtering system and waste foil to cover the top just to produce a single cup of coffee? But you know what? History is not about some outsider's view of what is or is not efficient according to some preset calculus. History is about the ideas and preferences of real human beings.

K-cups also owe their success to a software-style model of development. Keurig developed the hardware and sold it (and its K-cup patent) to Green Mountain Coffee Roasters. The company might have then decided to cash in on its monopoly privileges but GMCR seemed to understand that there are more profits to be made through liberality than restriction. It licensed many different companies to produce the K-cup

firmware, so that now there is a gigantic market for these things, and even a market for contraptions to display them.

When the patent expires in 2012, the price of the K-cup will probably fall but the blow to GMCR will be minimal (as this blogger argues) because so many are already competing for market share. Note too that the mainstreaming of the K-cup came only after this liberalization; only as recently as 2007, when you only found these coffee makers in upscale law firms, was the company still hammering knock-off cup makers with lawsuits.

When the patent expires next year, all bets are off. I fully predict that the next generation will never see another coffee ground, never have to deal with grungy wet filters, any more than people who eat bacon today have to watch pigs being rounded up and slaughtered. The division of labor will kick in so that consumers have only one job to do: drink great coffee according to their own individual preferences.

It's expensive, you say, even three or five times as much as buying grounds and beans in bulk. So it is. Cell phones are expensive. Baths are expensive. Toilet paper is expensive, and so is shampoo, deodorant, beef, and clothing from the department store. Some things that make life wonderful are worth paying for. That's the whole point of the material world, isn't it? To make life wonderful?

Here's the best part. Consider how this celebratory episode in capitalist decadence has been marketed. We are led to believe that this technology is European (fashionable people somehow love burned-out, low-growth economies) when in fact the company that owns it is American. And notice that all of the marketing vaguely hints at a PC sensibility. The word "green" appears everywhere. Paul Newman (don't we just love everything this guy makes?) sponsors his own K-cups. People on the packages are doing things like standing around trees on green hills. Surely this ridiculous excess is all very ecofriendly. Surely it is! The genius of capitalism is never more on display than in the last few years when we've seen how the private sector can even sell anti-capitalism and make the big bucks.

Prepare the landfills for mountains of used K-cups because that it is what is headed our way. And when they are full, we can cover them with dirt and start again, and do this again and again until the invention of

the Keurig coffee maker recedes into memory as just another landmark in the long struggle to leave the state of nature and climb to ever-higher stages of the great chain of being. At each stage, we can easily observe the path from the collective to the individual and also revel in the lovely irony that it is precisely our uniqueness that unites us all in the common cause of defending the freedom to buy and sell, which is the driving force of history.

There's No Such Thing as Homemade Ice Cream

IN THE FREEZER SECTION of the grocery store, there's Vanilla Bean, French Vanilla, and yet another vanilla flavor called Homemade Vanilla. Now, come on! I'm in the store here, looking at rows and rows of commercial products produced by a vast capitalistic machinery, a cornucopia of frozen goods made by advanced industrial technologies, made from goods and services that require a global division of labor and a sophisticated trading and price system rooted in private property and replete with entrepreneurial risk at every stage of production.

There's nothing "homemade" about anything here, and surely everyone knows that. It's just marketing—not that there's anything wrong with that.

But it got me thinking. What is *real* homemade ice cream? Oh, I've made it before. It has always struck me that you can't really make real homemade ice cream with an electric machine. Electricity is so artificial, and if you are going to plug in a machine, in what sense are you actually making the stuff? Pouring ingredients into an electric bucket and waiting isn't really "making" anything. You might as well let someone else do that and buy it from them. You might as well make a trip to the freezer section of the grocery store.

Nope, homemade must be hand cranked all the way, so the "elbow muscle" does the hard work. And it can be exhausting. You turn and turn and crank and crank and it seems like it will never become thick like ice cream. Then when it finally happens, and you are tired out, the turning gets harder and harder until you have to throw your whole body into it and finally you just can't turn it anymore. At that point, it is ready to eat.

Is it worth it? That's a subjective judgment. But consider: how many of the ingredients themselves are homemade? Is the stuff that makes the ice cream really homemade and truly authentic? We've already dispensed with the need for an electrical plant in your backyard by settling on the hand-cranked method. This is a great step toward homemade.

But what about the rock salt, a product that seems useful for either breaking up ice on the sidewalk or for making ice cream but not much else? I bought my packet at the store. This is clearly a compromise of the seeming need for autarky in ice cream production, so what if we made this ourselves?

Wikipedia says that rock salt:

occurs in vast beds of sedimentary evaporite minerals that result from the drying up of enclosed lakes, playas, and seas. Salt beds may be hundreds of meters thick and underlie broad areas. In the United States and Canada extensive underground beds extend from the Appalachian basin of western New York through parts of Ontario and under much of the Michigan Basin. Other deposits are in Ohio, Kansas, New Mexico, Nova Scotia and Saskatchewan. The Khewra salt mine is a massive deposit of rock salt near Islamabad, Pakistan. In the United Kingdom there are three mines, the largest of these is at Winsford in Cheshire producing half a million tonnes on average in six months.

All I can say is, Yikes!, I've got some travelling to do. And some crews to hire. And then I have the problem of packaging the stuff and shipping it back from Islamabad or Winsford or wherever. But wait, it seems like Morton sells a product that might be the same thing but, in any case, markets itself as Ice Cream Salt, as distinguished from just plain rock salt for driveways and the like. What the difference is, I don't know. But I'm not taking any chances, so more research on this point is clearly necessary.

Then there's the problem of milk. I could buy a cow but that's a lot of upkeep. I understand that you have to milk one of these things regularly whether you are making ice cream or not. And there's the problem of feed and waste and many other issues. Raising and keeping this

animal healthy might turn into a full-time job, with no time left over for making, much less enjoying, ice cream.

Of course you need refrigeration and ice, without which matters are rather hopeless. It took most all of recorded human history to invent the refrigerator, which only became common in American homes in the 1920s and 1930s, and so it is pretty presumptuous for me to assume that I could construct one on my own. Plus, these things run on electricity, and I thought I had dispensed with that in the name of authenticity. So long as I'm using electricity to store the milk and ice, why not just let electricity turn the crank too?

I'm back to plan A: get a generator. I'll pretend not to notice the problem of making homemade gasoline to power it. After all, I could use a river (need to get one of those) or erect a giant windmill (prepare for dead bird carcasses to litter up the yard), but then there's no power on windless days. How about a solar-based generator? Break out the Windex (can I make that at home too?). This is getting expensive.

Of course you need eggs, which means chickens, which I wouldn't entirely rule out, but everyone I know who has tried to raise chickens for eggs eventually throws in the towel. It is a disgusting job, full of unexpected headaches, like getting rid of varmints and keeping the chickens warm and buying expensive feeds and dealing with filthy critters and chicken coops.

It is doable, provided I wanted to quit my job in order to raise a cow and chickens. But there's still the problem of sugar and flavor. Sugar can be had in many ways. I could raise bees or sugar cane or extract it from fruit and many others processes, each rather daunting. It would be far easier just to buy some, but then what about authenticity and that important "homemade" aspect of my ice cream?

Now let's talk about vanilla. Apparently this derives from a bean grown in Mexico and Madagascar, and, says Wikipedia, "extensive labor required to grow the vanilla seed pods." Now I seem to have bumped up against an impossible problem. I live in neither place, and apparently my climate just can't do the vanilla-growing thing. Maybe I need a greenhouse. Artificial vanilla would require a chemistry lab out back.

I've said nothing about the ice cream maker itself, which uses stainless-steel gears and a crank. In the whole history of humanity, steel as we

know it only became economically viable in the nineteenth century and stainless steel is very much a modern invention. It would require vast study for me to even figure out the metallurgical aspects of this. And at the least, I would need a blast furnace out back, and one wonders how the cow, the chickens, the electrical plant, and vanilla-producing greenhouse would fare amidst that.

Once I have the steel I would still need to form it. Then there's the problem of the wood for the maker too, so I would need to cultivate trees and mill them and somehow shape them into round slats. Already, it would appear that I need a backyard full of stuff from all nations and all times, not to mention the physical impossibility of maintaining all these contraptions without a vast labor force that included engineers from many fields and experts in a huge range of tasks. Bankruptcy would begin even before this operation began.

The division of labor—global and involving thousands and even millions of people—is looking ever better, all beautifully coordinated by the price system and given forward motion by entrepreneurs at every stage, operating in coordination from all parts of the world.

In fact, it is pretty clear that there is no such thing as homemade ice cream, and that we use the phrase only in the most metaphorical sense. Thank goodness. In this case, I'm seeing the point: the store is just the last stop in a huge and extended process that emerged over centuries and requires the involvement of people all over the world.

They can call their vanilla ice cream homemade if they want to. Given what they go through to get us good food at good prices, capitalists have more than earned the right to stretch the language a bit when trying to persuade us to buy their products. We are the beneficiaries of a remarkable system of human cooperation.

Commodify My Grass, and Everything Else

EVERY ONCE IN A while, we gain a glimpse of how things might work in a fully privatized society. When it occurs, like a flash of light in the darkness, we should take notice, try to understand its source, and seek ways to make the flash the norm to light up the world.

And so it happened with my yard this week. Yes, I'm part of the whole American fetish for recreating English manor estates in miniature in our front yards, a legacy left by our former colonial owners whose rule we pretend to have thrown off 225 years ago. But this legacy of serfdom still oppresses us—in a self-imposed way—through our tendency to want large lawns of green grass that grows for no particular purpose in our front and back yards that also exist for no particular purpose.

And so we try to keep them up. We mow them. We water them. We try to keep the weeds away with fertilizers about which we know nothing. When I'm at the hardware store, I'm asked to choose between 5-40-10, 10-10-10, 40-15-30, and 0-40-15, and I have no idea what all this means, so I do the next best thing. I go for packaging and promotion.

This stuff claims to make my yard healthy and green, and that's what I want, but wait: the next one claims the same! Oh, wait, here's one that also controls the following 42 weeds, and surely my weeds are on this list, but how can I know for sure? Once I took a sprig of weed into the store and asked: what is this? The guy said he didn't recognize it. Well, how can I control it if even the experts don't recognize it?

Then there is the whole preemergence/postemergence issue. One bag of fertilizer says that I had better use this stuff *before* the weeds grow. So now I feel like a slacker because my weeds are already growing. And, anyway, how are you supposed to know that you have a weed problem

until they grow? Am I supposed to be some kind of soil tester, with a laboratory in the basement?

This guy happened to mention to me over dinner that he uses a company called TruGreen, and sure enough, there is such a company. It takes care of all these issues for you. The slogan of the company is “go greener” but it is obviously a hilarious play on words. We aren't talking environmentalism here. The company was formerly known as “Chem-Lawn” but then public opinion was browbeat into hating chemicals. Hence: TruGreen—same as Sugar Smacks was transformed into Honey Smacks when public opinion turned against sugar.

In any case, this company struck me as a dream come true. It turns out to be a national company like McDonald's or CVS, with locally owned branches. I went to the national website and put in my address, and by the time I got home I had a full analytical chart stuck in my door. It turns out that I have a problem with

Crabgrass	Chickweed	Bittercrass
Bahia grass	Dichondra	Wild Onion
Dallisgrass	Henbit	Buttonweed
Nutsedge	Spurge	Carolina Geranium
Poa Annua	Vetch	Fire Ants

But fortunately I have no active diseases and the mowing has been good (up with that!). But get this: the company says that I need to “aerate” my yard. And so now I recall a product I saw in one of those inflight magazines. It was a pair of shoes with huge spikes on them. They were called “yard aeration shoes” with the idea that you strap them on and walk around your yard poking holes everywhere. This struck me as something good to do, but that I could actually buy these shoes and do that seemed completely implausible. Ever since, I've had the feeling that my yard needed this done, but I had no way to figure out how to do it.

Well, all problems are solved thanks to TruGreen, and for a lot less money than one might expect. Why hadn't I done this years ago? It's a mystery. I was somehow under the impression that this was a job for a real man to do. I mean, what is my life worth if I can't keep up a great-looking yard and impress all my neighbors with my lord-like control over my domain? Enough of that, I say. My grass is a commodity and it should be properly commodified, its care totally commercialized.

But it does start one to think about things. Here we have a national company, and there are probably many others, that is dedicated to making life's stupidest tasks completely bearable and doable. Is there anything that private markets can't do?

I'm thinking here of the trash problem. No, there's no trash nightmare taking place in my town but there are persistent problems that drive me crazy over time. Why didn't the city take my trash? Oh, I put a box in the clippings bag, and I'm not supposed to do that, or I put clippings in the official city trash container, and I'm not supposed to do that, or I put an old chair out on Monday and old chairs are only collected on every second Wednesday, or I put out limbs from a tree on the second Tuesday of the month and don't I know that limbs are only collected on the third Thursday of the growing season.

Then there is the water problem. The city—all governments!—are dedicated to making us use less and less of the stuff. Our toilets don't work. Our showers are reduced to a trickle. We are hectored not to water the grass. Our clothes washers and dishwashers are supposed to run on one gallon a day and nothing gets clean. And still: every time there is a spell without rain, we are warned that civilization may soon come to an end and the water must be severely rationed (as if it isn't already).

Are we really supposed to believe that private markets can't deliver water to our homes in a way that is economically rational and consumer friendly? Same with electricity, gas, sanitation, and everything else. Commodify all these things and we'd see local, regional, national, and even global companies competing to serve us, falling all over each other to bring us exactly what we want at prices that are low and falling like the prices of computer hardware.

As for mail, this is a no-brainer.

Thank goodness that no local government has decided that lawn care is a public good that must be provided by quasi-public companies. I can promise you this: if this were the case, we'd all have a set of aerator shoes in our closet, and the grass would still be infested with every weed listed above and then some, including untold diseases.

Private lawn care: here is the flash in the darkness that shows the way forward. Commodify yards, commodify water and trash, commodify everything. Then and only then will we become what all Americans secretly dream to become: lords of our estate in every sense.

The Peaceful Resistance

WHENEVER I'M FEELING BLUE about domestic politics—there is plenty about which to despair—something great happens that reminds me of the long-term case for optimism, which is all about the astonishing expansion of the division of labor globally and in ways that weren't even possible just a few years ago.

The world has changed to permit ever more people in all corners of the globe to cooperate to their mutual betterment. The very prospect is inspiring people to claim their freedom and use it to make their lives better. By comparison to this activity, the disgusting behavior of nation states appears like a ridiculous anachronism that will be streamrolled by the forces of history.

And when these examples hit home, it is all the better.

So, for example, I was preparing dinner two nights ago, and the Skype plugin on my iPhone rang and it was a young man from some far-flung rural area of Australia. He had a charming accent that I could barely understand but he was full of smiles and exuberance. I showed him around my house and he showed me his rather barren room, full of computer stuff.

After pleasantries, we got down to business. I was contracting with him to fix one small module on our Mises Academy software, the one that generates certificates of completion. He had already answered an email requesting an expert. He was the last person I would have expected to be on this job.

Just ten minutes ago, he delivered his repaired module, and it is beautifully done with elegant code, along with an invoice for his work. I never would have imagined this possible, and the truth is that it would not have been possible even a few years ago. But with communication

technology dramatically improving, the possibilities for international collaboration, in surprising ways, are more readily at hand.

I don't have to move there and he doesn't have to move here. We found each other through a tiny mention on a social networking site. And like magic, he had an opportunity for exchange. Everyone is better off. The world is a more beautiful place.

The same happened with some developers in India, who are now doing the Mises Institute's eBooks at a very low price and with great expertise. This would have been unthinkable only a few years ago. But technology is making it happen.

Never underestimate the implications of global economic relationships. This is the stuff that makes the world go round. It is the engine of progress, and the producer of peace and understanding. Together we can cooperate to make the world a better place. Expand this model 100 fold, 1,000 fold, a million fold, and we create a glorious force for the betterment of the whole human race. It is mankind's method of peaceful resistance.

How can some stupid government program or regulation compare to this? All the activities of the nation state pale by comparison to the significance of the globalization of communication and commerce. In the digital age, we are discovering that all people of the world have more in common with each other than any of us have in common with the states that rule us.

That's why revolution in one country is a revolution in all countries. The cries for freedom by one man are the cries for the freedom of us all.

These advances are taking place right under our noses. They are the most significant since the industrial revolution, and our grandchildren will look back in history books on these times as the turning point. We are truly blessed to be living in them and experiencing them.

And it is not only the digital world at work here. Hyundai is a Korean car company that opened a plant in Montgomery, Alabama in 1986. The plant cost \$1.4 billion to build. That Montgomery plant now employs 2,650 people. It operates around the clock on weekdays and during the day on Saturday. It has a sister company Kia that opened another plant in Georgia in 2010, and it employs even more.

As a result of these factories, parts suppliers are opening doors every few weeks. Today, 138 businesses have been founded just to support these companies, and thousands of other businesses owe their revenue stream to their presence. During the Great Recession, Hyundai hired while Detroit fired. Hyundai and Kia are now ahead of Ford Motor Co., and the 4th largest car maker worldwide. Hyundai alone built 300,000 cars in Montgomery last year. And for this reason, the jobless rate is very low in Alabama even though textiles are gone.

Ten Korean restaurants have opened in Montgomery and many thousands of Koreans have moved here. They are supporting Churches, symphonies, and theaters. The kids are taking violin lessons and playing in orchestras, bringing classical music to a land where it has never taken root.

Consider the ways in which this story runs contrary to government plans. Americans were supposed to make cars for Americans forever. The great threat to this idea was imported cars, and hardly anyone expected the importation of car manufacturing itself. Americans were supposed to be patriotic and buy American-made cars forever. Montgomery has had terrible economic times for some 50 years and every mayor and every governor has had a plan for recovery. No one expected it would come from abroad.

Koreans haven't ruined Alabama culture but rather refurbished it and revitalized it. The spinoffs are widespread, helping to provide not only jobs in manufacturing cars but in manufacturing everything, plus improving retail and restaurants and even the arts. This recovery was not the result of any government plan or the carrying out of any centrally organized idea. It was never subjected to a political debate or vote.

This is the market at work. The state does not plan it and cannot anticipate its actions and shape, but one thing is for sure: it is consistent with human choice. It is us who makes or break these entrepreneurial plans. The market has the model for social organization. The law of association, first discovered by David Ricardo, and elaborated upon by Ludwig von Mises, is the energy here. It pointed to the advantages that come to all parties when they trade, even when a more efficient supplier is trading with a much less efficient supplier. Both are more efficient together than they would otherwise be producing in isolation.

Mises said that this law of association was responsible for a dramatic change in the outlook of humanity. People began to consider themselves not as rivals in a struggle for the appropriation of the limited means of subsistence. Instead we discovered that we can consort with one another for the sake of cooperative production.

And how does this come about? Not through compulsion. Not through social contract. It comes about because we recognize that it is in our interest to come together by mutual agreement. And this coming together comes about through differences among us, because of the realization that we each have something to contribute to a relationship. We are not sacrificing our well-being by doing this but exactly the opposite.

Agreement and not force: this is what will save us and continue to build civilization.

Free Association, Peace, and Plenty

The Olive Bar, the State, and Rule Ambiguity

THERE I STOOD WITH eight olive pits in my cheek, talking to the checkout lady at the grocery store as she waved my half-pound container of antipasto over the scanner light. All the while, I hoped she that she wouldn't notice or ask why I sounded like I had marbles in my mouth.

Like many shoppers before and after, I had been standing at the olive bar “sampling” red, green, and black olives—first the ones without seeds, so that there would be no evidence of my deed, then the ones stuffed with cheese and garlic, and then finally the ones with seeds because I couldn't resist the temptation.

Sure, there is no sign on the bar that says: “Do not sample.” Nor is there a sign that says: “Free samples.” It is all kind of vague. The beautiful

olives are displayed in the open, under a small canopy, in this self-service bar that only invites the customer to fill up plastic containers with food and pay based on weight.

Was I stealing? Was everyone? In a sense yes: the food I ate, I did not pay for. So feeling a sense of guilt, I filled up a tub of olives and bought them—my tribute paid to expiate my grocery-store sin.

I would never do this in the produce section. People don't usually sample the lettuce, carrots, or even apples. Please! That would be tacky and wrong. But an olive bar's status is oddly ambiguous: everything looks immediately edible, almost like the store managers are inviting you to sample.

Maybe they are, maybe they are not.

It later occurred to me that the ambiguity might be the whole point. People eat and then feel a sense of obligation, and then buy. Might this really be a marketing scheme?

Later, with a small team of researchers, I staked out the olive bar to see if this theory holds up.

We pretended to be regular shoppers. Over the course of an hour, we observed unscrupulous people walking by quickly, stuffing a few in their mouths without buying anything; other scrupulous people bought without sampling any. After an hour of watching, our team only saw one other customer who replicated my own behavior.

The next day, our team observed several people who bought olives but did not sample, one man who ate handfuls and walked away, and one person who sampled an olive and proceeded to fill up a container and purchased.

So while we saw plenty of sampling, only two people in two days both sampled and bought.

Not ready to declare the theory a bust, it was time to interview people who watch this bar all the time: the baker and the wine salesman. The baker said people steal olives all the time, and he laughed about it. I asked why he doesn't put up a sign that forbids it, and he just laughed and shrugged.

The wine guy was more forthcoming. If people ask him, he freely suggests that they try some samples. People who do sample also usually

buy. We asked if this was the point after all, and he answered with a general theory of his own.

Paraphrasing: A grocery store lives on the fence, neither claiming their food is their own nor inviting people to freely sample what they want. We create zones of uncertainty and let people wander within them freely, letting people take their own path. The hope is that they will imagine the store's food as their own, and then make that come true. The olive bar is a case in point: it not only lives on the fence; by being so beautifully displayed, it suggests a home environment, and has thus spawned anti-pasto parties all over town.

At this point, the baker became more open with his knowledge of olive-bar sociology. He revealed that the olive bar is one of the most consistently profitable sectors of the store. "It brings in \$1,450 per week," he said excitedly.

Our team of researchers had the theory confirmed: the bar's profitability—which is a measure of how well it serves the public—is related to its shades of grey concerning the legitimacy of sampling from it. We also found that one customer cited an authority for olive sampling: a guy on the Food Network actually recommends that people do this!

Clearly, the rule ambiguity here is deliberate but it serves a larger social goal of bringing us what we want. Yes, there are those who take advantage, and there is some slippage. But the appearance of generosity, combined with people's sense of fairness, ends up being quite profitable.

Contrast the shades of grey in the private sector with the same phenomenon in the public sector. There is a huge range of government-created rules that are notoriously unclear:

Insider trading rules (all profits are based on inside knowledge in some sense)

Antitrust laws (how big is too big?)

Money laundering (who is to say that a person intends to hide from the state or just exercise privacy)

Discrimination (business actors are left to guess what will be considered evil and what will be considered legitimate)

So it goes with a million regulations that live on the fence: regulations on accounting, environmental protection, tax shelters, and on and on. The law depends not on the letter of the law but on the whim of enforcers.

When dealing with the state, we need certain rules, not grey areas—the less discretion the better. But the state doesn't like certainty. There is an obvious advantage to vagueness for the government. It keeps everyone living in a state of fear. The arbitrariness of it all makes us nervous and constantly aware of who or what is in charge.

But to what end? It's not like the olive bar run by the grocery store, where rule ambiguity is concocted with the final goal of serving us. When the state creates legal ambiguity—and it does so with deliberation—it is for the purpose of allowing them to trap us, tax us, coerce us, keep us on edge and living in fear.

If you eat the state's olives, you might get away with it but you might not, and if you do not, you will not like the result.

Freedom lovers often rally around the idea of the rule of law. But the private sector, where freedom thrives, doesn't always give us that. Sometimes the rule of conscience and guesswork is enough, provided it is administered by a private sector that wants to serve you rather than a state that wants to control you.

Let the private sector live on the fence. But the state should be required to live on one side or the other.

Repeal the Drinking Age

SOMEHOW, AND NO ONE seems to even imagine how, this country managed to survive and thrive before 1984 without a national minimum drinking age. Before that, the drinking question was left to the states.

In the nineteenth century, and looking back even before—prepare yourself to imagine horrific anarchistic nightmares—there were no drinking laws anywhere, so far as anyone can tell. The regulation of drinking and age was left to society, which is to say families, churches, and communities with varying sensibilities who regulated such things with varying degrees of intensity. Probably some kids drank themselves silly—and we all know that this doesn't happen now (wink, wink)—but many others learned to drink responsibly from an early age, even drinking bourbon for breakfast.

Really, it is only because we are somehow used to it that we accept the complete absurdity of a national law that prohibits the sale of beer, wine, and liquor to anyone under the age of 21. This is a restriction unknown in the developed world. Most countries set 18 as the limit, and countries like Germany and Austria allow 16-year-olds to buy wine and beer. In the home of the brave, the police are busting up teen parties, shutting down bars, hectoring restaurants, fining convenience stores, and otherwise bullying people into clean living. We read the news and think: crazy kids, they shouldn't be doing this.

And yet every day, young people are finding ways around these preposterous restrictions that are hardly ever questioned, imbibing with their booze a disdain for the law and a creative spirit of criminality, along with a disposition to binge drink when their legal workarounds succeed.

On college campuses, the industry of the fake ID thrives as never before. It seems nearly true that almost every student believes himself or

herself in need of getting one. Do the restaurants and bars know this? Of course they do. They have every interest in having these fake IDs look as real as possible to give themselves some degree of legal immunity if someone gets caught. The whole thing is a gigantic fakeroo, a mass exercise in open but unspoken hypocrisy, and everyone knows it.

If you think about it, it is the very definition of a state gone mad that a society would have a law of this sort spread out over an entire nation that tells people that they cannot drink before the age of 21—even as most everyone in a position to do so happily breaks the law. In Virginia, in the colonial period, where the average lifespan was 25, this law would have provided only 4 years of drinking in the last fifth of one's life (but what a way to go).

However, if you think about the history of this country in the twentieth century, one might say that the age of 21 is actually rather liberal, as strange as that may sound. After all, it was in this country, the “land of the free,” that the federal government actually added as part of its Constitution a total banning of liquor, wine, and beer from sea to shining sea (1920 to 1933). The 1920s roared, in any case, with organized crime, speakeasies, police corruption, rampant criminality, and alcohol abuse.

The mystery to me is not the failure of Prohibition but the sheer insanity of the attempt to do this in the first place. It seems utterly bizarre in a country that habitually proclaims its devotion to liberty and freedom that such a thing would have ever been attempted. But here is Amendment XVIII, passed in 1917, in the same epoch in which government was going to rid the world of despotism and stabilize all business cycles through scientific monetary policy:

The manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Yes, it really happened, right here in the good ol' U.S.A., and I'm grateful to Mark Thornton for documenting the politics and economics of the whole sad affair in his book *The Economics of Prohibition*. In a rare case of reversion and admission of error, the same constitution was later

amended again: “The eighteenth article of amendment to the Constitution of the United States is hereby repealed.”

But the habit of prohibition was already ingrained. For the state, it was two steps forward and one step back. For the rest of the population, what was previously a very normal part of life—drinking potentially intoxicating liquids, something integral to normal living from the Paleolithic era forward—took on a special ethos of hipness and derring-do. The father of our country might have been the largest distiller of whiskey in the late 1700s, but after Prohibition, liquor took on associations of decadence and bad behavior generally. A distiller today wouldn’t be elected to the city council, much less as the U.S. president.

Now, it wasn’t too many years ago that the laws tended to be a bit more reasonable, with the drinking age starting at 18. But that was changed with a universal law for the age of 21, and many people remember what this was like: for two years, a person was able to order a beer with a burger and, then one day, doing the same thing was a criminal act.

Digging around for explanations about these silly laws, there is one overarching argument: driving. We don’t want drunken teenagers on the road. These laws have saved thousands, millions, of lives, and the desire to change them is the equivalent of harboring a death wish for a generation. Now, one libertarian response might be: then get rid of the public roads and let road owners manage whether and to what extent its drivers drink. That’s a principled position but a bit impractical. The biggest problem with that response is that it concedes too much.

The closer you look at these studies, the fishier they appear. It turns out that most of the declines in binge drinking among high school kids, according to trends in drug use report, took place before the change in the law and, according to researchers Jeffrey A. Miron and Elina Tetelbaum, the changes in trends after are heavily biased by data sampling from a single state. Therefore, data on drunk driving, whatever the trends, cannot be statistically attributed to the national minimum drinking age law.

In any case, “underage” drinking is still sky high, even with the law, making cause and effect even more difficult to trace. As to why drinking is still high among college students, the National Institute on Drug Abuse offers the following polite reason: “Campuses provided some

insulation from the effects of changes in the drinking age laws that took place during that interval.” You can say that again. Human beings are remarkable things: when they want to do something, no amount of tyranny, even that of jail, can stop them.

Still, it is impossible to silence the screams of the prohibition advocates, who trace every car accident among teen drivers to alcohol. I find this all fascinating to read because it bears so much in common with the Prohibition literature from the 1910s and 1920s. Their propaganda blamed alcohol for the destruction of the family, the persistence of poverty, the high rate of crime, the problem of illiteracy, and the ubiquity of sin generally. Clearly, their arguments were widely accepted even though it is all a big and fallacious mix-up of cause and effect. It's not that liquor caused all these terrible things; it's that the people who engage in terrible behaviors tend to also be drinkers. Abolishing the drink won't fix the problems of the human heart.

So it is with teenage drinking. With two thirds and more of people under the age of 21 reporting that they have consumed alcohol in the last year, it should be obvious that the law is doing nothing but providing a gigantic excuse for arbitrary police-state impositions on human liberty, and also socializing young people in a habit of hypocrisy and law breaking. It's like the old Soviet-style joke: they pretend to regulate us and we pretend to be regulated.

Still, shouldn't it be illegal for young people to drink and drive? Murray Rothbard sums up the libertarian point in *For A New Liberty*:

Only the overt commission of a crime should be illegal, and the way to combat crimes committed under the influence of alcohol is to be more diligent about the crimes themselves, not to outlaw the alcohol. And this would have the further beneficial effect of reducing crimes *not* committed under the influence of alcohol.

We've just been through our annual celebration of Independence Day, the day on which every radio and television commentator gives pious speeches about the glories of American liberty and all the sacrifices that have been made to preserve it.

Do we really believe it? The founders would have never imagined such a thing as a national law regulating the age at which beer, wine, port,

and other alcoholic beverages are consumed. If we are serious about embracing their vision of a free society, as opposed to just blathering about it, let's start with something that is supremely practical and would have immediate effects on an entire generation: repeal the national minimum drinking age law.

You say that this is unthinkable? I say that you don't really believe in human liberty.

Meet My Benefactor

BY PURE LUCK, I happened to sit down next to a man last week who has been my benefactor for my entire life and the large part of his, and yet we had never met. In fact, though he has been serving me faithfully for three decades, looking after my well-being and trying to improve my standard of living, he didn't even know my name. Actually he still doesn't, because it is slightly odd to get too personal with the guy in the next seat on a plane. We all know this. And yet I did tell him of my deep gratitude for all he has done.

This man is in charge of marketing for one of six manufacturing plants in North America that makes oriented polypropylene for packaging materials. This substance is called OPP for short. He goes around to companies that make stuff like drinks and candies and other products and explains to them the advantages of OPP—about which more in a bit.

This man is on the road constantly and has a stack of airline-rewards cards to prove it. He is like the George Clooney character in the movie *Up in the Air*—a seasoned traveler married to his work. His work is to be the eyes and ears of the company as it deals with its product purchasers. His life is lived in the B2B—the business-to-business transactions that are invisible to the consuming public.

His vocabulary is industry specific, filled with neologisms that no one outside of the packaging world could understand. He can tell you the chemical properties of a bag from five feet away. He can explain why a bag is easier to tear one way and harder the other. He knows the history, the process, the competition, plus the name of every large-scale bag-purchasing manager in North America, and he is happy to talk about it all.

What is his function? He is the man who makes the inventions and the productions part of our lives. Without the person on the front lines actually selling the product, everything that went into the invention and

production is pointless. He is the interface between the raw materials and the final product, the man who has to have all the answers that link the great chain of the structure of production from first to last.

As for his product, you and I both know OPP well, though we probably didn't know what it is called. It is the stuff that is used to make potato-chip bags. It is the reason that the contents stay crisp no matter what the humidity outside. You can dip the bag in water and it changes nothing. The air can be hot or cold, and still the chips inside are unchanged. The same material wraps candy like Snickers and the effect is the same.

It is also the reason that these bags can be so beautiful. OPP loves printing. It is a perfect template for designers. The results never rub off on your fingers. Nor does the printing fade in the sun. It can accept even the most subtle gradations in color. You could print a work of Michelangelo on OPP and hang it in a museum.

It turns out that potatoes fried in oil are super vulnerable to becoming rancid. Maybe you thought it was chemical preservatives (up with those too!) that prevented this. That is part of the answer but not the whole answer. The real reason is OPP. This is what stops the degenerative process. This is not a problem for other fried items, like pork rinds, which is why they often come in see-through bags. OPP is not see-through, and that is good. The product inside doesn't like the light. OPP keeps that out too.

OPP has other nice features. It has a very low "dead-fold" capacity, which is why, when you wad up a potato chip bag, it bounces right back to its original shape. This is to protect the contents inside. That's why, in the 1960s, bags of potato chips came with crumbled contents but today they are mostly intact and perfect. You thought it was just because it was filled with air? Well, ask yourself why the air doesn't escape. The answer again: OPP. It seals perfectly. This stuff is impenetrable.

And get this: this is a petroleum product. That's right, it is made of a material derived from oil. So the price of the stuff fluctuates according to the price of oil. When the price of oil goes up, your chips become more expensive, due mainly to the packaging, which is also why the OPP industry is firmly attached to the idea of liberalizing the regulations on the discovery and refining of oil. My benefactor marketing manager is very interested in this.

Now, all of this is pretty cool and wonderful. But let's get down to the core rationale here. What is all the fuss about? Why was OPP invented, and why is it marketed, and why is it used so much around the world? Why does this man spend his life on the road and follow every bit of industry news? What is the point of all of this?

It is for one reason: my well-being. Yours, too. It is to please us and make our lives that much better. It is for the consumer that the producer produces, and it is for the consumer that everyone in all stages of production strives to make an ever-better product. It all comes down to that bag of chips you pick up with your submarine sandwich. This is why millions of people in the OPP industry around the world dance the dance. It is why the potatoes are grown, chopped, fried, bagged, and shipped to millions and millions of places.

The heck of it is that these people get no credit. No bag of chips says: this bag is made by Joe's OPP factory. No, they are anonymous benefactors of society. Hardly anyone thinks of them. And yet, if you bought a bag of chips that was full of rancid crumbs, you would know the difference. You would be annoyed at the store that sold them, at the company that made them, and maybe even at the economic system that allows people to profit from selling bad stuff. Private OPP producers prevent this from happening, millions and millions of times per day.

You and I are running this show, and we didn't even know it. The producers of these bags are serving us slavishly every day, and we don't know or care. And somehow it all happens without a central planner, without government mandates, and without state-owned factories or smart people at the top directing the process from beginning to end. All that needs to take place to bring about this complex and brilliant system is that we have to have a desire: a desire for a good potato chip. The rest happens on its own—a self-managing system that responds to the tiniest of signals.

So, I would like to send a message to my benefactor who has devoted his life to explaining to food producers the merits of OPP. My message is, thank you. I suspect that I might be the first consumer who has ever said so, but in my ideal world, billions of people would be giving thanks to you and everyone else like you. You are all servants of the great cause of making the world a better place to live.

The Permanent Thing Called Cereal

SOMETIMES, FOR YOUR OWN mental well-being, it is a meritorious act to remove yourself from the hustle-bustle of daily life, with its mind-boggling busyness, technological frenzy, ever-changing professional demands, and relentless pressure to be drawn into ephemeral fripperies, and instead reflect on what T.S. Elliot called the Permanent Things—the things that bind us across time and space and unite the generations, the things that we know will long outlive our limited days on earth.

I speak, of course, of breakfast cereal. This is America's number one choice of morning food.

As with many of the Permanent Things, its origin is religious. In the ancient days, people ate very little fiber for breakfast. Then in the last quarter of the nineteenth century, a Protestant religious reformer who ran a sanatorium had the idea that eating grains was good for mind and spirit. The idea was then picked up by John Harvey Kellogg, a Seventh Day Adventist.

Specifically our minds are drawn to the brands that seem to have always been with us and always will be. They are permanent fixtures of the cultural landscape, as alive and present in the life of someone born a few years ago as those who were born many decades ago. Even today, a walk through the grocery aisle is a blast from the past for many of us. We feel nostalgia even as our children feel a sense of excitement at what is, for them, something completely new.

Nothing lifts the spirit like watching a young member of a new generation discover a classic we know so well. “Hey, Dad, can we get these great-tasting Smacks?” That phrase—which can be heard around the world—should be accompanied by music!

It is evidently very difficult to introduce a new cereal into the market. Which is as it should be. Consider the ever old, ever new. As you do, think of this. We all recognize these names from our childhood. The young today know them all too. Our children's children will know them too, most likely. How many icons of popular culture are there—brand names no less—of which this can be said?

Cheerios (since 1941, and still the most popular)	Boo Berry
Shredded Wheat (since 1893)	Lucky Charms
Rice Krispies (since 1929)	Cookie Crisp
Wheaties (since 1924)	Fruity Pebbles
Grape Nuts (since 1897)	Frosted Flakes
Kellogg's Corn Flakes (since 1906)	Cocoa Puffs
Cap'n Crunch (since 1963)	Cocoa Krispies
Smacks	Froot Loops
Kix	Raisin Bran
Trix	Frosted Mini-Wheats
Alpha-Bits	Life
Apple Jacks	Honeycombs
	Wackies

Half of Americans eat cereal every day. We eat 2.7 billion packages of cereal every year. The wonderful cereal industry uses 816 million pounds of sugar every year to produce them.

Truly, Americans love cereal! But not as much as societies where tradition is valued even more highly than here. Ireland ranks number one in cereal consumption, England second, and Australia third. And how marvelously impervious to the complaints of the puritans we are. Amazon sells a number of books denouncing cereal for its supposed dangers. How often do we hear complaints that these companies are attempting to sell junk food as if it were health food?

But we ignore it all, and just keep crunching away.

It's true, of course, that anyone with an all-cereal diet wouldn't fare well. But that's not what we are talking about here.

What makes cereal great? Of course it only takes a minute to prepare: pour, pour, eat. Also, I'm not kidding about its ability to link the

generations. It is comfort food, a breakfast that we eat when we are very young and very old.

It's true that our tastes change. Young kids fall for every advertising gimmick: cuckoo for Cocoa Puffs! Middle-agers go for the grainy-health thing with the soothing voice. Never mind that it is basically the same stuff. We are what we eat, and we want to eat what we are. Cereal is there through all stages of life.

How happy are my memories from my mid-teen years, when I would get the largest mixing bowl in the house, pour in an entire box of Cap'n Crunch with Crunch Berries, along with half a carton of milk, and start crunching away using the largest spoon I could find.

These are the memorable scenes from our "coming of age" that we carry with us throughout life even unto death.

There are some mysteries yet to solve in the cereal world. I've never understood why some cereals like Sugar Smacks come wrapped in foil, whereas others, like Froot Loops, come wrapped in plastic.

I wrote Kellogg's, and they sent back the following answer:

We base our choices for both inner and outer packaging materials on our need to deliver fresh product to stores in the best possible condition. We look at our packaging to control the absorption of moisture, control breakage and prevent any other type of damage that might occur during the shipping and handling of our foods.

Well, that's not quite what I was after, but good for them for answering at all!

I confess to some disappointments. As you might guess from the above, my number one top favorite cereal of all time is Cap'n Crunch with Crunch Berries. When I was growing up there was only one kind of crunch berry: red. The idea was to eat all the "crunch" and save the crunch berries for later (unless you were 15 and you no longer cared).

Then somewhere along the way, some jerk decided that crunchberries should be many different colors, even though it is not the case in nature. So now Cap'n Crunch with Crunch Berries comes with green, blue, purple, and who knows-what-else crunch berries. I don't know what's with the people who would dare to make such a change.

Respect the classics, I say!

Homesteading for Fun and Survival

Co-authored with Manuel Lora

SOMEONE NOTED A STRANGE aspect of the Tiananmen Square protests of 1989: before being broken, the students had made an exceptionally organized life for themselves—a cell of ordered liberty on so-called public property in a totalitarian society. For a brief time, they lived and experienced the possibility of self-organized social order but failed to see the implications.

So it is whenever people are confronted with the need to make sense of government-owned space (public property). Without formal law or title, they assume a kind of ownership of the space through a form of homesteading.

Think of annual parades, gatherings before sports or music events, or any other place where the property is common in name only. The same groups somehow manage to meet year after year in the same spot and hold it for themselves. In practice, the space—limited by the uses to which its temporary owners put it—is treated as if it were owned by the individuals who use it.

Why is this? What does this imply for economics and politics?

In the Lockean-libertarian tradition, homesteading is a means to establish an initial claim to a scarce resource. It consists of the exercise of purposeful action over nature. The resource is usually land, but it can extend to bodies of water and also animals.

One of the rules of homesteading is that you have to mix your labor with the resource if you are going to claim to own it. This is perfectly reasonable and intuitively correct. Christopher Columbus can't show up to North America and declare that he owns it all any more than the first

settler in space can claim to own the galaxy. The resource must be put to specific use by the claimant.

Today, we rarely see real homesteading in action because much of the land we see already has a legitimate owner. But we do observe many types of informal homesteading, the practice of which underscores the universality of the idea of ownership.

Let us consider a common example: a day at the beach. When people head to the beach, they bring chairs, set up umbrellas and roll out towels. Once their things are in order they have effectively homesteaded that area of the beach for as long as they stay. The area under their tutelage extends beyond the perimeter of their initial space.

Given cultural and density constraints, groups do not usually set up their belongings right next to one another. Rather, some breathing space is left for personal comfort and to allow others to walk between groups.

So how much space is legitimate? Imagine you are standing at the check out lane at the grocery store and the person in front of you turns around and says, "By the way, I am holding 10 spaces behind me."

The response would be: The heck you do!

How about if you are searching for a seat at a theater and are told by one person that he is holding an entire row for some friends who are late? Or what if some guy wants to prevent people from parking in a lot because he says he is using every space when there are no cars there?

In each case, we instinctively recognize the absurdity of those claims. Homesteading stands on solid ground yet its practical application can often be a grey area.

The case of Mardi Gras

The last weekend of Mardi Gras is well known for the influx of tourists. Some might travel there to drink heavily, others to observe or participate in the debauchery, and others to enjoy the parades and admire the floats.

Whatever their reason for traveling to the Big Easy one thing is certain: it is crowded. And since the parades roll down major avenues, the median (called "neutral ground" by the locals) gets packed with revelers and the problem of land scarcity is exacerbated. There are tens of

thousands of people competing for a relatively small amount of space. To make things worse, many Mardi Gras enthusiasts, particularly the residents, often camp early and set aside space to watch the parades later, homesteading their spot.

Mardi Gras tradition has established that anyone who wants to reserve a space on a parade route must do so by setting down a useful and accepted carnival good. Generally, people use tarps, chairs, ladders, grills, or coolers.

Let's return to the hypothetical avaricious homesteader who wishes to claim large spaces for himself. Suppose that he rolls out a piece of tarp that is 100 feet long and 20 feet wide. Further, assume that he is alone.

Just as the farmer cannot simply claim he owns land that he himself has not used, our greedy parade watcher does not have a proper claim to the entire area under the large tarp. What happens with bogus claims? Other groups of people would (and do indeed) see through the farce and call him on it. They could very well order him to release most of the space he has falsely claimed as his own.

Other enforcement techniques could go further. Competing groups could disregard the egregious exaggeration and simply use the wasted space. It could very well come to the use of force. But this would be rare, unnecessary, and counterproductive: a rogue homesteader would have to continually battle with everyone else.

These norms did not occur due to legislation or special mandate. Over the years, people recognized the legitimacy of the first user, the homesteader. Today, the preoccupation is no longer about whether one can homestead a piece of land to watch parades. The worry is about getting there early to be the first one and enjoy the show.

The case of tailgating

Tailgating is the practice of gathering together with friends before a sports event to eat, drink, and talk until the game begins, and sometimes to watch the game on television if people find themselves too inebriated to walk to the sports event.

They sometimes arrive a day in advance, driving their travel trailers and preparing for the long haul. Far from being a mere picnic, this is a huge institution with a tradition that dates far back. Vast sums are spent

on food, special clothing, decorations, electronic contraptions, transportation, special grills, and refrigeration equipment—all in the interest of tailgating.

The tailgaters gather at spots public and private. The private interests sell space to them for profit. The public authorities permit them to homestead the space because they are pressured to do so by public opinion.

But it is far from being a free for all. Tailgating groups constitute private clubs and they congregate in the same space week after week in the football season, and year after year, even for decades. The groups manage themselves as clubs, with rules letting people in or out of the group. Some are run like dictatorships and others like democracy, but, in each case, the members consent to the management structure.

The space they occupy is as large as necessary for the group, which usually consists of between five and thirty people. Each group claims a space by putting up a tent, parking a trailer, or setting up a large screen television with chairs in front. A claimant who insisted on possessing more than is necessary is quickly set straight by other would-be claimants of this scarce space.

There are enforcement mechanisms to keep people out. Interlopers are scolded, shunned, and sometimes blasted with exhaust fumes and horn blasts. In the culture of tailgating, people have a surprisingly certain sense of ownership, and even others are willing to assist in the enforcement of order lest their own homesteading assumptions come to be challenged.

Year after year, it comes to be known that certain allocations belong to certain tailgating groups. Here is the Jones group. There is the Smith group. There is the Jefferson group. Surprisingly, these homesteading rights are even transferable. If one group falls apart or fails to come together one year, another would-be claimant is notified and given permission to use the space.

This pattern of ownership repeats itself over many acres and even miles of property, with lots of various sizes and shapes honeycombing all available space. To watch a town be transformed in a matter of hours, from unoccupied to completely occupied, and do so in an orderly fashion, without any titles to property being issued, and conflict kept to a

minimum, is a thing of enormous beauty, a testament to the capacity of people to organize themselves in the absence of a central planner, formalized rules, formal title, or even the opportunity to trade their property at a profit.

So the Lockean rule about mixing one's labor should conjure up no great controversy. It is a principle that is practiced on a regular basis. When public property is truly in demand, it is effectively privatized by the actions of individuals who understand that ownership precedes order. And their claims, however temporary or intertemporally elaborate, are reasonable and enforced by widely accepted norms: what Rothbard called the Relevant Technological Unit, the size of which depends on the type of good or resource in question.

The reality of informal homesteading also illustrates that the concept of ownership is not something that must be imposed by the state or even law. It is built into the very fabric of human action in a world of scarce resources, and it requires massive force to undo. Conjure up visions of equality and collective sharing, if you must, but in the real world, property and ownership are part of the way we think, act, and get along in the world.

In Defense of Indifference

AMERICA RETURNED FROM THANKSGIVING holiday oblivious that Washington is still whipped up into a frenzy about the War on Terror, the prospects for another attack on the homeland, the creation of a new homeland security department, and the impending war.

What's odd is that these people are convinced that everyone else in the country is as hysterical as they are, following every twist and turn in the on-again-off-again war, glued to the newspaper's details about the new department, hanging on every new terror war.

No way. My visit to my extended family in Texas has convinced me of what I've suspected for a long time: no one outside the Beltway really cares about or even notices much of what consumes the Beltway people from day to day, not even concerning big issues like terrorism and national security. Okay, some Manhattan residents care because they were hit by terror the last time—not that anyone there believes that the feds are going to be able to prevent the next attack.

As for the rest of the country, using Texas as a proxy, nothing. Not a word. In answer to a question about a poll showing plummeting regard for U.S. foreign policy, Bush said that his terror war is about “freedom and doing my obligation to make sure our children can grow up in a free and safe society.”

Now, this is clearly a goal everyone shares. Every day parents work to make sure their children are safe and grow up in freedom. Is there a living soul who actually believes that Bush is playing any role in ensuring safety and freedom for our children? If so, wouldn't they constantly be expressing gratitude as versus completely ignoring such statements?

Instead, the issues dominating the central Texas town in which I spent a week run as follows: too little rainfall, the merits of a new bridge downtown, the prospects for the local high school football team, the modernizing tendencies of the new pastor of First Baptist, the produce selection at the new grocery store, the local real estate market, and the upcoming tour of homes.

Within my family, the major issues were the glories of my mom's new Dell computer and her free-standing turkey roaster (success!). My own cloverleaf yeast rolls were a bigger deal than the prospect of war in the Persian Gulf.

In fact, not once, *not once*, in seven days of visiting with friends and relatives in all directions—and these are politically-minded people, well educated, and unusually attentive to public affairs—did anyone provide an expression of thanks concerning Bush's efforts. In fact, national politics didn't come up at all. Once, someone mentioned Bush's wife's suits. Other than that, nothing. It wasn't quite taboo; it just wasn't on the radar screen. This is the first time in 20 years that issues of politics and government were completely absent from discussion.

My nephew came close to raising a political issue. He is on a high school debate team, and the subject is what the government ought to do about providing care for the insane (an idea akin to suggesting that the blind lead the blind). But this is a debate that could have taken place in the nineteenth century as much as the twenty-first century. It has no unique bearing on current-day controversies or realities. The topic was raised in the same way a boy would discuss his science project.

Now, whether you oppose or support what is going on in Washington, one has to admit it is important, and probably ought to be discussed. Bush is proposing a state of permanent war. He has created a fascistic monstrosity in the form of the Department of Homeland Security that aggressively shreds Constitutional safeguards of civil liberties. The U.S. is preparing to obliterate a poor, defenseless country in the Persian Gulf in order to grab its oil fields for government-connected corporations. Columnists on the left and right have raised alarm bells about the Nazi-fication of America, and no one cares. Is this a good thing or bad thing?

It is both. On the one hand, the indifference of the public is a sign of resistance to our D.C. masters. All the nonsense about how 9/11

“unified” the country, brought everyone together in the new realization of the importance of civic uplift and the state, is mostly mythical. There is no gratitude shown toward the political, and, in fact, there seems to be less civic unity and nationalist fervor than ever. The government has failed to shore up the public image of itself and its power ambitions, as polls are increasingly showing.

The patriotism in Texas, Bush’s home state, is for Texas and for institutions close to home. The Texas flag is far more commonly flown than the national flag. This has always been true, and it is true now. It seems that the common judgment in this land so far away from Washington, a place where the sense of being on a frontier is still quite intense, is that the goings-on in Congress just seem to have no bearing on their lives.

On the downside, does public indifference grant Washington something of a license to reconstruct the country in ways of which people are unaware when they should be aware? Quite possibly. And yet from the perspective of the state, an indifferent public can be compared to a bear that is neither violent nor tame but merely asleep.

What about government surveillance powers and the shredding of the 4th amendment? Doesn’t anyone care about that? The typical Texan doesn’t believe that the government would ever go after him personally, or that the national government really has the power to do so should it want to. All the talk of the impending doom of essential liberties seems like an abstraction. That thing called the federal government is an eternity away, an institution that collects taxes and other dumb things but otherwise has little impact on anyone’s life.

Even more of an abstraction is concern for the fate of innocents abroad to be killed by U.S. bombs. I recall in the early days of my political enlightenment (1979-ish), the Soviets invaded Afghanistan, committing every manner of atrocity on a daily basis. I remember thinking: How can the Russian people sit by as their sons engage in a massacre against this innocent country next door? What must it be like to live daily with the knowledge that one’s own government is both totalitarian at home and militarily imperialists outside its borders? Why don’t people do something to stop the insanity?

Why, indeed. Now I think I know the process by which a population comes to tolerate despotic foreign rule. It must be a universal process.

First, the government establishes precedents in small ways and steadily tightens the grip. Second, it uses a crisis as a way of dramatically stepping up what used to be the exception and making it the rule. Third, the government disempowers the people by foreclosing all opportunities for those who do care to do anything about the problem. Eventually, people come to shut out unpleasant information and focus on other things.

What would libertarians have these people to do? Must they become intensely concerned for their future and throw themselves into the political battle? Anyone under the age of 60 in Texas who is concerned about liberty is conditioned to support the Republicans, the party of low taxes and small government. But it is the Republicans who are doing this to us! What is the politically active person supposed to do? Back more Republicans? Toil away in the vineyards of the Libertarian Party?

Another traditional option would be to let your president know your views. But the Bush administration is notoriously aloof to outside opinion. Consider the Iraq War. There is a massive and international antiwar movement alive and growing. But how does it affect the Bush administration, which has all the guns? The White House spokesman doesn't even bother to address the arguments of the opposition. You have to be Brent Scowcroft writing in the *Wall Street Journal* to merit so much as a public denunciation.

What else can a person do? Write a letter to a Congressman and get a form letter back? Bother your friends and neighbors with your political opinions and cause them to think of you as a fanatic oddly interested in irrelevant things? Collect petitions; participate in rallies; sport bumper stickers? None of these options hold out promise of success.

So from the average person's point of view, there is really nothing that can be done about the current state of affairs. As Paul Gottfried says, the power elite are running things and everyone else is disenfranchised and disempowered, so instead people just go on with their lives. Indifference is the only civilized option, or so it would seem. Such is the way average people have come to think about American liberty and the rise of tyranny in our time. The public doesn't consist of "willing executioners" so much as indifferent spectators to the demise of freedom and the slaughter of innocents abroad.

And yet, in a quiet and potentially revolutionary way, these Texans are involved in activities that constitute a threat to the regime. They are refusing to believe, refusing to show gratitude, refusing to be drawn in. Instead, they are raising families, faithfully attending church, passing on solid values to their children, turning off their televisions, and doggedly pursuing normalcy and bourgeois life rather than becoming part of the frenzy that Washington and the media is demanding from all of us.

Where D.C. demands our first loyalties, the loyalties of the Texas middle class are with family and friends. Where D.C. demands all authority, the bourgeoisie in Texas is dismissive of such demands as the ranting of the political class. Where D.C. insists on the supremacy of the nation state, most Americans, it would appear, still believe in the supremacy of the individual, family, kinfolk, and faith.

So long as this is the case, the battle to save our freedoms is not won but neither has it been lost. The bear is hibernating, and no one knows what it will do if it is poked on to too great an extent. The uncertainty alone works as a kind of restraint on power.

Three Cheers for “Petty” Concerns

MY 7-YEAR-OLD DAUGHTER ASKED me the other day whether I was born before email. “Yes,” I confessed. Then she quickly followed up: “Where you born before plastic?” “No,” I said, “I was born after plastic but before email.” Satisfied that she had placed me within the structure of the history of the world, she went back to her weekend play.

There’s important truth here. That this tribe and not that tribe controls Kabul isn’t the kind of thing that changes our lives, so it’s hard to understand the hysteria. What really drives forward the data of history as we know it are the products we use in everyday life, things like the computer, the DVD, or the CD burner. These simple and so-called petty economic concerns—not war and politics—are what define progress and distinguish one generation from another.

Thus it is extremely newsworthy that baby bells are suffering because everyone is canceling his second phone line, what with the advent of high-speed internet access. Turns out that the second-phone-line shtick was big business for these little monopolists. Other ominous signs include the tendency of college kids and even small businesses choosing the cell-phone-only option, just like they do in the Third World. Now, tell the truth: isn’t this more interesting than the latest squabbles between the Tajiks and the Pashtuns in that other planet we call the Middle East?

So let’s talk about the trends that really matter, the first one concerning fast food and the second one dealing with the color of our teeth. There are revolutions taking place in both sectors that will transform our lives within the next twelve months.

The fast-food revolution begins at Arby’s. That’s right, that old fuddy-duddy of a fast-food outlet, founded in 1964, that hasn’t even

been in the running during the wars that have pit Burger King against McDonald's. The idea of a hot roast beef sandwich was big stuff in the 1970s, but it's been downhill ever since.

Even during the market hysteria of 1998, the Triarc Restaurant Group (which also own T.J. Cinnamons and the Pasta Connection) suffered startling blows, with the value of the invested dollar falling by half. In 1999, Arby's captured only 3.9 percent of the fast-food market. Does anyone really look forward to an Arby's? It's only what you eat if you can't find any other outlet where the drive-through lines are short.

Now to the big news: Arby's revolutionary "Market Fresh Sandwich." It may be the greatest sandwich you have ever tasted, and this is not hyperbole. Whoever came up with this sandwich, first introduced in May 2001, is a genius, a person who thinks completely outside the box, as they say. It is a radical departure from everything that has ever defined Arby's, or fast food itself, for that matter.

There are no warming lights, no greasy buns, and no wilted lettuce. You open the wrapper—and it's a deli-style wrapper—to find a magnificent meal, a thing of beauty, stacked high with all-fresh ingredients. It comes on whole grain bread, and contains real Swiss cheese, sweet red onions, and fancy honey mustard. With the first bite you will swoon with delirium. You have finally found the perfect lunch, a sandwich to rival the best New York deli at fast-food prices (under \$5).

Not only that, but there's no waiting. The sandwich is sitting right there for you to pick up in an instant. It comes in four varieties, and every one is fantastic: Roast Beef and Swiss, Roast Turkey and Swiss, Roast Ham and Swiss, and Roast Chicken Caesar. To insure quality, the company decided in favor of a national distribution of the ingredients, on solid grounds that they didn't trust the quality of local produce.

I was so astonished by the quality that I did an informal look around the restaurant to see who else had ordered this item. It turns out that more than two-thirds of the patrons had the Market Fresh on the table, and just talking to a few people, it was clear that they had the same impression I had, that this is an incredibly good meal.

Now, Arby's has started a second round of national promotion for this item, based on interviews with real customers. If this takes off and how can it not, think what this could mean for the whole industry.

McDonald's will have to follow suit, then Burger King, then Wendy's, and then everyone else. Still, in the end, Arby's will remain the leader, simply because they were first past the post.

The delis and deli chains are going to suffer some serious competition. And the political left, which has been fulminating against the great American hamburger for a decade, won't know what to do. The "fast-food nation," as the title of a book by some leftist prig puts it, will be eating a completely different product, supplied in the same capitalist manner that put the hamburger on the map.

One can never tire of watching with amazement at how the market responds to consumer demands with new innovations. Thus, we come to the second example of the great revolution of our times: teeth-whitening strips, as introduced by Crest this past summer. A box costs between \$30 and \$40.

These simple strips contain hydrogen peroxide, and are worn on the teeth for 30 minutes at a time, twice a day for two weeks. They turn your teeth pearly white, thus achieving every consumer's dream that has been promised but never achieved by the toothpaste industry for 30 years. The effect lasts for six months and then you have to do it again. They are now available in every pharmacy, and they have become so popular that they are put in the checkout stands at grocery stores.

The phenomenon first appeared to me about a month ago, when someone I've known for years smiled and I noticed that his teeth were incredibly white. I happened to comment on it, and he revealed the great secret. Then I was at the flower shop and noticed that the checkout lady had sparkling white teeth. Then I began to take greater notice, and saw that every student at the university library was walking around with super-white teeth, and everyone seemed oddly smiley.

Now the South is a smiley place to begin with, but these strips have made it even more so. You wonder if these strips could even enact something of a cultural revolution in crabby places like New York and Detroit. We all know that when you laugh the world laughs with you, whereas you cry alone, but soon the whole world will have every reason to smile as widely as possible. Soon, stained teeth could become odd and even regarded as unsanitary. Thus the advent of teeth-whitening strips could be as revolutionary as the invention of deodorant itself.

I know the neoconservatives and state builders say concerns like this are “petty.” They would rather us live in a world where people think only about building the warfare state and sacrificing for the common good, where we huddle up to dream about sending our youngsters off to fly bombers and kill enemies of the nation state. Not I. To me, the great society is one that loves inexpensive deli sandwiches and the whitest teeth in the history of the world, and relies on voluntary market cooperation to get them.

I envy the generation born after today that can brag that it came after teeth whitening strips, fast-food deli sandwiches, and CD burners. I'm willing to bet that six months from now, not even the people of Afghanistan will speak of the liberation of Kabul from the Taliban as a decisive moment in the history of the world.

In Praise of the Tourist Trap

I'M IN FLORIDA FOR an event sponsored by the Mises Institute, and flying into Fort Myers meant walking through the glorious micro-civilization that airports have become, little utopias of commerce and plenty. In the airport, you can stand in one spot and choose to walk twenty feet in any direction and find yourself in a Spanish or Thai restaurant, or grab a book from a literary looking place, or have a Starbucks, or eat a decadent cinnamon roll, or pretend to be on Savile Row at a high end men's store, or perhaps get a massage or toss down a martini or two, trying on the high life for as long as it lasts.

You say it is all sheer fantasy, that this is, after all, just a stupid airport. I say: what does it matter? They have the stuff and we want the stuff. What's not to like? Should we prefer some barren building like the Driver's License Bureau? You know that if government were wholly in charge, this is the way it would look. Thank goodness for free enterprise and what it is permitted to do to make life more interesting. All these commercial establishments are wholly dedicated to slavishly serving you and me and every other traveler, giving us what we want in the most convenient way possible. This stands in contrast to, for example, the TSA.

Ah, but what about the "tourist trap"? These are stores that specialize in heavily marketing what passes for local culture and fobbing off tchotchkes on us at inflated prices. So, here is how it works. You fly into Dallas and you are confronted with a hat store that sells 10-gallon hats and tacky belt buckles, plus rattle snake tails, and every variety of prickly pear jelly you can imagine. What an outrage that a store would dare to make money on people's crazy lust for things related to Texas!

But, you know what? It turns out that in Texas people really do wear hats like that. They really do. And those rattle snakes are real. They are

crawling around right now in surprising places, and such things are not altogether common in others places like Maine and Singapore. So, yes, these are distinctively Texan. And so it is with all the rest of this seeming junk. This is the very essence of Texas culture, boiled down into consumable bites. And it turns out that people actually do want these things.

How often does it happen that you fly into some odd place, decline to buy the local tchotchkes, and then kick yourself later? Maybe when you get home to Chicago, you might wish that you had brought back some prickly pear jelly and a rattle snake tail to show your friends? It turns out that these shops really do meet a need. They allow us to experience local culture and take home a memento without having to do much work at all.

The first shop I found when flying into Fort Myers offered these fantastic shells, 5 for \$10. I picked up a big starfish, a sand dollar, some fancy looking crab condominium, a long pointy thing from the bottom of the sea, and I threw in one more shell for good measure. Now, you say, this was a really stupid purchase, for I could have easily walked out on the beach and picked up buckets of shells for free.

That might be true enough, but I'm not out walking on the beach. I'm in my hotel room blogging, and blogging all the more joyfully knowing that I have a suitcase full of really cool looking seashells.

But I haven't mentioned the greatest find of all. And tell me whether you have ever seen anything like this before: it is the head of an alligator! It is not a big thing. It is a small alligator but it is real, with teeth and all. It was \$14.99. I consider this to be a bargain. I've never seen one before, and I hope that I will never encounter the live version. Someone else went to the trouble of raising these nasty things, hacking off their heads, freeze drying them or whatever they do, painting them with some shiny stuff, packaging them up, and then finally slogging them to the airport to sell to a "tourist trap" store, which then in turn sells it to me.

And I now have a treasure from Florida to take home—without having to visit a single swamp or risk life and limb. You say that I'm a victim of a scam, a naïve tourist who coughed up money for a worthless thing? That I've been taken advantage of by a voracious merchant who preys on unknowing non-Floridians? None of this seems true to me. It seems to me that this "tourist trap" gave me exactly what I wanted and I'm deeply grateful.

The more traveling I've done, the more I'm alert to the need not to be suspicious of these local merchants. When in Rome, buy rosaries blessed by the Pope. When in Mecca, buy some tickets to paradise. When in New York, buy a Big Apple tee. When in Paris, snag that tiny model of the Eiffel Tower. In Russia, get some of the dolls that stack inside of each other. In Pittsburgh, revel in beer and steel.

These tchotchkes are made for us. We should be happy to be trapped by the prospect of owning them all. If this is oppression by shysters, the world could use even more of it.

What Lawnmowers Can Teach Us

THE GREATEST SINGLE LIFE-ENHANCING step you can take in early summer is to change your lawnmower blade. It's a thing that gets ever duller with use, and you adjust and adjust to the diminished cutting ability with each mow, until the point that you think it is normal that it takes all your strength to shove the thing across the yard and leave a trail of clippings and unevenly cut grass in your wake.

You can do something about this, and it doesn't involve sharpening with a whetstone. A new blade costs ten bucks or so. In a few minutes, you will find yourself gliding across the lawn as if on rollerblades.

Maybe you think that your mower is an old, off brand and it's not likely that the hardware store will have it. Not so. There is one right there on the shelf that fits perfectly, as you will see. The length will be right, the holes for the screws will be in the right place, and it will have the right groove things that make it settle in there like it was meant to be.

The existence of replacement parts of this sort is nothing to take for granted. Note that the replacement part is probably not made by the same company that made your mower, which might be very old, even by a defunct company. An amazing market standardization has taken place, and how? To me, it is not intuitively obvious why this sort of standardization would happen.

Imagine that you are the king and in charge of economic planning. It occurs to you that people need new lawnmower blades, lest summers in your kingdom be a relentless source of frustration for all the people. Perhaps the first thought is that we need some sort of regulation that will impose a sort of uniformity so that new blades will fit old mowers and that blades will be compatible across brand names.

In any case, this is how someone who has no faith in the market might think. But look at the market in fact: the best possible standardization has occurred in a way that provides the highest benefit to the broadest swath of consumers. And it happens without a single edict or vote, and without any commission meetings or bureaucratic investigations. It turns out to be in everyone's interest, and so it is done.

The problem of replacement parts is a huge part of the engineering process for any good you buy. This is because capitalist production considers the long-term value of a good, and how it will be used in real life. This is not the norm under socialism. In the experience of the Soviet Union, fantastic amounts of machines of all sorts stood idle, year after year, because the users couldn't find replacement parts, which weren't typically part of the central plan, or, if they were, they were the parts you didn't need. When anything broke, it stayed that way or was replaced with an entirely new machine that broke in the same way, and so on. This problem tended to play havoc with the production data. It means nothing for 50,000 farm tractors to be produced in a factory for each of three straight years if one-third of them are useless at any given time.

That's not to say that all capitalist production encourages fixing things rather than replacing them. When I was younger, it was common to fix everything: clocks, irons, radios, stereos, televisions (I vaguely remember tubes). Now of course you have guarantees that guarantee replacement, and, if the guarantee is out, you just toss it in the trash. My mother had the iron she received at her wedding shower for 20 years. Now we think nothing of tossing them out and getting a new one for \$6 at Walmart.

So whether something should be replaced or fixed isn't something you can know a priori. This is an economics question that is entirely dependent on economic conditions that are known only in the real-world experience of the market economy. We might, for example, someday advance to the point that farm equipment should be tossed out rather than fixed—just as with microwaves, stereos, iPods, and so many other small machines. Again, no central plan can determine, in advance, what is the most economically advantageous practice apart from real market experience.

It turns out, for example, that there was more wrong with my lawnmower this year than just the blade. One minute it ran fine, and then when I tried to restart, it would run for 3 or 4 seconds and then sort of sputter out like it was out of gas. Now, I knew all about air filters, oil, blades, but how the fuel gets to the engine involved a part of this machine that I just hadn't had any experience with.

I took it to the repair guy at the small-engine shop, who said he would be happy to work on it but it wouldn't be ready for two weeks. This of course is ridiculous. I asked him if he could fix it right now, since it will probably only take ten minutes. He said no, that would not be "fair to other customers." I pointed out that fairness had nothing to do with it since his existing customers have already contracted to wait up to two weeks, whereas I would like to have mine fixed now. Still, even in the face of this impenetrable logic, he refused.

The next step was perfectly obvious. I had to go to a convenience store at the outskirts of town and wait for a customer who had the look of someone who knew about lawnmowers and ask him. Finally, the obvious candidate appeared and I marched up to him and told him what my mower was doing, replicating the sound. He knew immediately that it was the carburetor and explained how to clean it. Back home, I did what he said and the mower started right up again, and it gave me great satisfaction to know that the fool who was babbling on about fairness was denied my business.

Now, part of the reason it was urgent that I get this fixed right away had to do with an unlikely charitable act on my part, which brings me to another life lesson given to us by the lawn experience. One day about a month ago, my neighbor's lawn was looking pretty shabby but she was out of town. I waited as long as I could, and finally decided to undertake the good deed of mowing it. I did one better: I edged it, weed-and-fedded it, and weed-whacked it.

Glorious results, and when the neighbor returned she praised me to the skies.

Now, the wise reader is right now laughing at my incredible stupidity. Apparently the whole world knows a rule in life that had entirely escaped me: never mow your neighbor's lawn lest you be stuck with the unpaid job for 20 years. It's like giving a stray cat milk. It only seems like the

right thing to do but you end up having to do it at regular intervals. Since my unfortunate act of charity, I found several people who have stumbled into this precise situation in which they ended up mowing several people's lawns on the weekend, and resenting the heck out of it.

So as I mowed and mowed, I began to think about opportunity costs. I wonder what I could be doing right now that would actually earn me money. Perhaps, just perhaps, it is in my interest to actually pay someone to mow my neighbor's lawn, pay someone to do my act of charity, so that I can earn money doing something else. Maybe everyone would benefit.

This really got me thinking about paid charity in general. What are the ethical issues associated with, for example, paying someone to stand in your place at the soup kitchen? Perhaps you could pay many people to do all your volunteer work for you, provided it is not too specialized and that the opportunity costs associated with your doing it exceed what you would have to shell out to volunteer by proxy. Isn't this what we are really doing when we donate to charity?

You might say: hey, you are giving up the spiritual benefit that comes from doing the work yourself! Well, I can assure you that the benefit I get from mowing my neighbor's lawn is subject to the law of diminishing marginal utility. It is at least conceptually possible that doing good deeds should also be subject to the logic of the division of labor like everything else. You might say that is crass, but this much we learn from a weekend's experience with the lawnmower: the market may not give us a perfect world, but market-based thinking can get us closer to the best possible world on which no amount of central planning could possibly ever improve.

Tortillas: The Promise and the Tragedy

EVERY EVENING WAS A magic evening in the household of Mrs. Rede who lived across the street and made fresh flour tortillas for dinner every day in her kitchen that smelled of cumin and peppers and in which hung a captivating Aztec calendar that enticed me with pagan charms.

There was no rolling pin anywhere in sight. She would mix up the ingredients (Recipe? What recipe?) and let them rest in a bowl in the shape of balls.

As dinner hour approached, she would flatten them with her hands in some special way and put them on an iron griddle one by one, and place them each in a plate with another plate on top. They were always there—flat, fresh, slightly toasted but always moist—in the middle of the table, free for the taking and stuffing, by anyone, anytime, and they were always perfect.

Can you imagine?

How many of us have attempted to make tortillas? Many, many. But we don't have the mastery that is necessary. You can spend an hour and come up with a decent result but at great expense of time and energy. And why do it when there are so many wonderful and seemingly authentic brands of tortillas on sale at the store?

But now let us face the tragedy. As good as these store-bought tortillas look in the package they never quite make it to the table in a form that seems right. You can turn them into enchiladas of course. But that's no great thrill. What you really want are burritos: a clean package that forms around the insides in a way that conforms to the ideal of the Redes's house or a great Mexican restaurant.

But here's what happens. You try to wrap stuff in them, and they begin to sort of crack in strange places. Yes, you can roll them like a carpet but that's sort of silly. (Don't get me started on so-called wraps and "roll ups.") There's the option of placing them in the microwave, but that just creates a warm version of the same problem. You can place them on a griddle, but that just creates a hard exterior and can even make the cracking problem worse.

It turns out that there is a way around this problem, and forgive me if you already know of this. Maybe I'm the last person on earth to discover this, but just in case, I'm going to lay it all out here.

My discovery began with a visit to one of those fast Mexican food stops, the kind where you stand behind the counter and order the ingredients of your choice. I ordered the steak burrito. They took out a tortilla and put it into some magic steam machine for a few seconds, which made it pliable, stretchy, and cooked. Then they added ingredients and packed them in tight. They snapped it closed to create a neat and clean packet of joy.

Ah, so steam is the secret! But how can you do this at home? I lost sleep one night thinking this through and finally it hit me.

The next morning, it was breakfast burrito time, using a new technique. I pulled out a large pot and filled it one-third full of water (hot water, to save time). I set it to boil hard. On top of the pot, I set a pie-cooling rack. Really anything will work: a pizza pan with holes, a cookie cooling rack, anything that will hold something solid and let steam through them.

Once the eggs, salsa, and cheese were completed in the pan next to the pot, I set my first store-bought tortilla on top of the rack and let the steam rise. Wow, it works! I left it there for about 15 seconds, flipped it over, and did the same, and took it off. What I had here was a tortilla transformed.

Now I added the egg-cheese mixture, turned the sides in, and rolled it up. The folding action at the end was a snap. It adhered together on all sides, like it was meant to be shaped that way. The whole package cooled in a couple of minutes and it was ready to eat. No crumbs, no folds, no tears, no leaks. It was perfect!

Oh Mama Rede, have mercy on me for not making my own! I would never presume to attempt to recreate your nightly wonders! But with the aide of commerce and a bit of kitchen ingenuity, we may finally have a system that comes close to replicating that ideal you created for all of us who had the pleasure of watching your hands at work!

The tortilla: from promise, to tragedy, and back again.

Rebecca Black's "Friday": A Libertarian Allegory

THE ASTONISHING POPULARITY OF Rebecca Black's "Friday" video—which became the YouTube meme of all memes in the course of a wild six weeks—has mystified many critics.

Was it shared and watched so wildly because it was so bad? Certainly the overwhelming judgment on the part of viewers is that it is atrocious—and yet it is hard to know what that means, since 85 million people not only watched the video, but also downloaded the song, bought the ring tone, and devoured every available bit of news about the singer and the song.

Using the principle of "demonstrated preference," this music video ranks as the most popular in human history.

Perhaps it is the digital-age version of Mel Brooks's smash Broadway play *The Producers*, a story about an attempt to write a play so bad that it flops on the first night. But, in Brooks's hilarious telling, the results were the opposite: the play was so bad that it was brilliant, and it became a smash success, however inadvertently.

Lovers of liberty are often drawn to such scenarios because they highlight the unknowability of the future, the unpredictability of human choice, and the way in which the intentions of the planners (in this case, the producers and writers) are easily upended by consumer choice, which is the driving force of economic progress.

The *Producers*-like irony is deepened in the case of Black's "Friday" video because it was not intended as a parody or an attempt to create a flop. That makes it all the more brilliant as a piece of viral art. It somehow captured an archetype of bubblegum pop but with innocence and the absence of an edge.

Kids say it is awful and they hate it. They do not, despite what they say. Teens often claim to hate what they really love—as only a passing familiarity with teen romance patterns illustrates. The girl who can't stop talking about the guy she hates is surely protesting too much.

Musically, the song wouldn't seem to offer that much, but I would point out that its word play is not entirely conventional. The repeated placement of a three-syllable word “partying” into a duple meter creates some off-accent downbeats that are not entirely intuitive.

Far more significant is the underlying celebration of liberation that the day Friday represents. The kids featured in the video are of junior high age, a time when adulthood is beginning to dawn and, with it, the realization of the captive state that the public school represents.

From the time that children are first institutionalized in these tax-funded cement structures, they are told the rules. Show up, obey the rules, accept the grades you are given, and never even think of escaping until you hear the bell. If you do escape, even peacefully of your own choice, you will be declared “truant,” which is the intentional and unauthorized absence from compulsory school.

This prison-like environment runs from Monday through Friday, from 8 a.m. to late afternoon, for at least ten years of every child's life. It's been called the “twelve-year sentence” for good reason. At some point, every kid in public school gains consciousness of the strange reality. You can acquiesce as the civic order demands, or you can protest and be declared a bum and a loser by society.

“Friday” beautifully illustrates the sheer banality of a life spent in this prison-like system, and the prospect of liberation that the weekend means. Partying, in this case, is just another word for freedom from state authority.

The largest segment of the video then deals with what this window of liberty, the weekend, means in the life of someone otherwise ensnared in a thicket of statism. Keep in mind here that the celebration of Friday in this context means more than it would for a worker in a factory, for the worker is free to come and go, to apply for a job or quit, to negotiate terms of a contract, or whatever. All of this is denied to the kid in public school.

In the video, the rush to comply and conform to the system begins with the main character in the morning, when the drill begins with waking up and preparing to go. She eats cereal for breakfast—a bit of trivia that one would hardly expect in a pop song but a first sign that the topic is reality-based and not idyllic or romanticized.

And where is she headed? To catch the official, tax-funded school bus, which, though it is not shown, we know is painted yellow today just as it has been from time immemorial, since there is never really progress or change in the state-run system. The tax-fueled machine comes to your door to snatch you away from home, where you are loved and valued, in order to transport you to the cement structure that teaches you about the glory of fitting in and believing what you are supposed to believe.

But then the protagonist experiences a foreshadowing of the liberation at hand. Arriving before the school bus is a car with “my friends.” They are smiling and inviting her to join them on the ride. And it is in this context that she confronts that glorious institution that is otherwise denied to her and every student in government school: human choice.

It might at first seem like a trivial choice: whether to sit in the front seat or the back seat. But the point is not the choice set; the point is the opportunity to exercise some degree of human volition, to use one’s own brain to control one’s own body (“gotta make my mind up”) and live with the consequences of that choice. It is a similar situation to anyone who has found himself let out of prison. These people will report the sense of elation that they feel in even the smallest opportunity to make a choice on their own.

At this moment of choice, note that the melody departs from its single-note, drill-like recitation to suddenly rise up a fifth, a musical interval that has traditionally been used as a trumpet-like announcement. And once surrounded by friends of her own choosing, the imaginings of Friday’s end become more real, and thus does the melody become more complex and celebratory, exploring a great range of musical colors and rhythms.

The protagonist returns, again and again, to the profound meaning behind the seemingly trivial choice to sit in one seat or another. Again, it is not the choice set that matters here but the reality of choice itself that is otherwise denied to her and all her friends in the state-run system.

The remainder of the video features scenes of “partying,” which turns out not to be about drugs or drinking, but merely hanging around in yards and milling about with friends. There is no attempt here to manufacture a predetermined order, no standing in lines or obeying some central plan. Rather, the beauty is seen in the pure fact of voluntary human association, with kids milling around and joining this group or that, wearing clothes of their own choosing and talking with friends of their own choosing.

Even the recitation of the days of the week—a portion of the video that has been most subjected to ridicule—underscores the theme of captivity and liberation. What is there to do in prison but count the days? In story and legend, the prisoner watches the light outside and makes tick marks on the wall to mark the passage of time. So it is with this protagonist, who uses calendar pages to do the same.

When she finally announces, elatedly, that “I don’t want the weekend to end,” she is expressing more than just the desire to be permanently relieved of educational tasks; it is a cry for the civic order to recognize the human right of liberty itself. The video ends with that hope that there will be no return to the twelve-year sentence, but rather that “partying” could become a permanent state of being, not just for her but for everyone.

To be sure, I’m not arguing that all of this was overtly intended by the songwriter or the singer. The point, rather, is that the plight, the hopes, and the dreams that are reflected in this video, however inadvertently, tap into a sensibility and a longing of a generation for a certain kind of freedom from a system that has ensnared them against their will. This might be the driving force of its popularity—and precisely why something that people claim not to like is evidently so loved.

A child-like dream of Friday and what it represents for kids trapped in public school, kids who are transported around on tax-funded buses and ordered around by tax-funded propagandists for the state, is a plausible allegory for the plight of all people imprisoned in state-controlled environments.

America's Underground

THESE WERE SHARP BUSINESSMEN, the four guys who pointed out that there were three dead trees in my backyard that needed to be cut down lest they attract horrible bugs that would infest my entire property. They would cut them down and remove them for \$475.

In cash.

We dickered back and forth and finally settled on \$350. In cash.

They attacked the trees like ants on ice cream. In 45 minutes, the trees were gone without a trace.

I paid them. In cash.

I didn't break any laws in paying them this way. They broke no laws in accepting cash only. The state is egregiously invasive in our financial affairs but it hasn't actually banned the use of cash.

So it was last weekend when I was traveling and needed some copies made from a Pakistani-owned copy shop in the Midwest. They would provide them on high quality, colored paper for 15 cents each, but only if I paid in cash. And so I did.

I asked for a receipt. Whoops, the printer on the receipt machine was acting up so she had to write a receipt by hand. It was indecipherable, but I took it anyway. Again, I wasn't breaking any laws in paying with cash and she wasn't either.

And yet we all intuit that there is some reason why cash payments are more valuable in the American service sector than checks or credit cards, nudge nudge, know what I mean? With cash, you enjoy the highest likelihood of staying out of harm's way. If you don't want to formalize your business model and get embroiled in the entire public-sector apparatus of withholding tax, social security, mandated health care, minimum

wages, and the rest of the mind-boggling apparatus of central planning, doing a cash-only business is the wisest choice.

Now, this is interesting. The social apparatus of taxing and regulating is said to be good for us all. Without it, our sense of well-being would plummet. We need worker protection and all the glorious services of the state. We need protection in old age, and protection from exploitative capitalists. We comply with the whole command-and-control burden because we are better off as a people than if we acted merely on our own.

So let's say that I apply this in the two cases mentioned above. I have a sneaking suspicion that my tree-cutting friends are cutting their tax burden as well, and I wonder about this Pakistani printer. Maybe they are not paying minimum wage to those employees, nor taking out social security, nor providing medical benefits. So, as a good citizen, I make an inquiry. I demand to see their immigration papers and tax records. I look them up in the official directory of obedient businesses, if such a thing exists.

I conclude that these are unseemly operators. It's true that I know I can get good service from them but I do not want to partake in a transaction that will hurt others in society. Regulations and taxes are good for everyone, and so I will have no part in this black-market activity. So I decline to hire these tree cutters. I decline to let this lady make copies for me. I wash my hands of the unsightly mess and move on.

What happens? Well, my dead trees still stand, and my copies are unmade. The suppliers are denied a chance to serve others and profit from it. A transaction that both sides desired does not take place. Under the theory that regulations and taxes are good for us, we should both feel better that we didn't exchange. Somehow we don't.

Or let's say that the suppliers of these services suddenly experience a conversion, and, newly enlightened as to their civic obligations, they decide to formalize their operations. But of course that means that the tree cutting service is now one third more expensive, and the copies cost that much more too. I decide that it's just not worth it, and the exchange doesn't happen. Again, we should feel better but somehow we do not.

The question I keep asking is: how is society actually better off? My copies are unmade, my trees are uncut, and these businesses lose profits, which means they have less for providing for their children and for

making a good life for themselves. This is especially tough in recessionary times when the prices of everything are rising and unemployment threatens all marginal workers. Try as I might, I just don't believe that anyone is really getting hurt in a cash exchange that enters into the grey area between the underground economy and the official economy.

In the developing world where government bureaucrats rule everything with outrageous arbitrariness, the sector of society that functions in this grey area is called the "informal sector." It is a burgeoning area of study for many academics on the right and the left and for different reasons. It is mostly populated by the poor and the poor have the largest stake in the outcome.

Hans Sennholz wrote an excellent little study on the topic for the Mises Institute back in 1984. The upshot is that the larger and more intrusive the government, the more the informal sector flourishes. It is a safety valve of sorts, one that is ignored by GDP counters and nearly invisible to macroeconomic planners. One wonders just how large the U.S. informal sector truly is. I'm not just talking about the drug trade or prostitution or off-the-books gambling. I'm referring to wholly legitimate and wholly legal trades of goods and services that take place outside the purview of the public sector. I'm going to venture a guess that every single reader of this article is capable of telling stories similar to mine above. The cash-only economy is pervasive in the United States. How big, no one knows for sure, obviously. The lesson here represents a wholesale overturning of the official rationale for the interventionist state: that it is good for us. You can turn these informal scenarios around in your head again and again and still fail to see how we as a society are better off when mutually beneficial exchanges that would take place absent intervention fail to take place because of the intervention.

What's more, the existence of the informal sector provides a useful blueprint for reform. They can be completely abolished by lowering the costs associated with compliance. If the costs of compliance fall low enough, what is informal becomes formal and no one has any reason to continue to hide anything. The agenda for a free market might be summed up as nothing more than the complete legalization of the prevailing informal sector, which itself is created and sustained by a tax and regulatory burden that is too heavy to be sustained.

And yet the impetus for reform is precisely the opposite. The politicians believe that if they could stamp out the informal sector, crack down on cash-only business, shut down the fly-by-night tree cutters and photocopiers, we would all be better off. What will it take for the public sector to begin seeing the informal sector as a model to replicate rather than a symbol of anti-social economic activity? In a phrase, it will take an enlightened political class that is more interested in the well-being of society than the power and glory of the state.

In Praise of Lard

THE USE OF LARD in cooking is slowly being rehabilitated but the cultural shock of the stuff hasn't diminished in the slightest.

There I was at the store buying just two products: lard and salt. They sat on the black conveyor belt awaiting checkout at the store. The guy behind me—something like this happens every time I buy lard—asked incredulously: “What are you going to make with *that?*”

So my routine lecture began. I use lard for making biscuits. Sometimes I fry those lard biscuits in lard, and these I call “hot puffs” and eat them with honey. Lard is essential for pie crusts. It makes great chocolate chip cookies. I can't imagine frying potatoes in anything else. It is excellent for chicken. Pancakes and waffles are never better than when made with lard. Popcorn not fried in lard (Air pop? Please!) is noticeably inferior. Cakes are wonderful with lard. The refried beans you eat are not authentic if they do not include lard. All that amounts to nearly a bucket per week of lard use. I admit it.

All the while as I'm giving this list, the interrogator is looking me up and down and checking whether I look fat and unhealthy, with a slight upturned lip of disgust. Look, I really don't know if lard is unhealthy as compared with vegetable oil or butter or peanut oil or some other poor substitute. I do know that when I fry with lard as opposed to vegetable oil, there is more lard remaining in the fryer, from which I conclude that less is in the food. And don't even talk to me about that fake lard product called “shortening.”

I also know that lard has a very high smoke point, so it is cleaner and makes less of a mess. Also, lard, which is nothing but rendered pig fat, has been a staple of the Western diet for many centuries. I see no reason why I must automatically adopt the widespread prejudice against it and regard it as a poor-person food. Nor do I trust what some government

expert says. As regards dieticians, you can find one around who will endorse or condemn anything you want. And do I need to point out that Crisco has recently come under fire for its trans fat content—a problem that lard does not have?

What I do find interesting is that the campaign against lard began during and after World War II, when lard was put on the list of rationed items in the United States and England. Every government intervention is an opportunity for some private company to come along with some substitute. Sure enough, this was when margarine and shortening began to be pushed on the American diet. Somehow, butter made a solid comeback many decades later. But lard somehow never did. I can only credit a very effective marketing campaign by the shortening producers.

Are we going to let government's wartime central planners control our lives 70 years after the fact? I don't think so. Not in my case anyway, regardless of what my fellow shoppers say. Sometimes embracing a life of freedom involves taking risks and paying the price. You can have my lard when you pry it out of my cold, dead fingers.

In Praise of McCafe

IT'S A STRANGE THING that all the leading progressives feel *schadenfreude* toward all the Starbucks closings around the country.

I mean, this institution samples all the fashionable attitudes in music, aesthetics, and politics, subtly embracing the ethos of the arch-lefty consumer class: happy to promote commercialism provided that the commercialism points to all the right environmental and social-justice causes.

Still, Starbucks expanded too quickly and too aggressively and eventually, for whatever reason, earned the wrath of the tribe. (The Wobblies seem particularly annoyed that they have avoided unionizing.)

For my part, I'm glad to see Starbucks go down the old-fashioned way: bested by a rival. In this case, it is the least likely rival that one might expect: McDonald's. Have you seen their amazing coffee machines that crank out lattes and cappuccinos with the best of them? Yes, I know that these treats have long been available in urban areas, but they only recently reached my home town.

The machines that make the stuff are sheer wonders. They have two canisters on top with beans that get ground fresh with each new cup ordered. The entire machine is self-contained with digital operation. And they do it all in minutes for \$2 per cup. I'll never stand around Starbucks for 10 minutes listening to bad 1980s alternative rock again.

The blogs are furious about it all, of course, with people denouncing McDonald's for stirring in the foam and other heresies of coffee-drink making, but I could not care less. I find them delicious and I'm thrilled to be free of all that Starbucks pretense.

McDonald's feigns attempts at latching on to current political trends, offering low-fat this or that or claiming to be environmentally friendly, but it is never very convincing ("Our standard operating procedures

include regular litter patrols of the areas around our restaurants.”), and thank goodness. This is a company that is all about the thing they do well, which is bringing to life the Jetsons world of push-button food, a vision that has enticed me since childhood.

One has to appreciate this company's capacity for continually reinventing itself and bringing all of its products to all social classes. They perfected the kids' playground. They have a pitch for the hip urban class. They have a country side too. They do fish. They do breakfast. And sometimes it seems like a Quarter Pounder is the best thing in the world. What's more, they don't do what they know they can't do.

Now they have taken a luxury drink like a cappuccino and found a way to bring it to every living soul, in a package that is a beautiful and unashamed mimic of the competition. In this sense, it embodies the very soul of capitalism: efficiently universalizing society's most desirable things.

One of the reasons that the elites loathe places like McDonald's, or Walmart, or Target, or any of these places that cater to Everyman—and you might suppose that the champions of the workers and peasants would love these places—is precisely their capacity to rob the rich of their distinctive social markers. One day it was a sign of class and distinction to drink a latte; the next day, every construction worker is doing it.

Places like this make it difficult for the rich to set themselves apart from everyone else. This is a message I pick up from both Mises's *Anti-Capitalistic Mentality* and Garet Garrett's wonderful novel *Harangue*. They both seek to explain the strange elitism of the Left and its opposition to capitalism for the masses. And they both discern that the answer lies in the way that the market is so slavishly devoted to serving the needs of the average person as opposed to society's philosopher kings.

And that's why McDonald's efforts to latitudinize the latte is not garnering accolades from the blogosphere. No matter: this is a success, as you can see by the lines and all the excitement. It is especially pleasing to see how much the employees enjoy the action. Next time you are in, ask about the machine and talk to the management about it how it works, how they were trained, and how it is drawing new crowds into the restaurant.

Yes, it is all about profits. Sorry socialists: this also means that it is all about people.

Work for Free

Work for Free

WITH YOUNG PEOPLE NEARLY shut out of the market (by recession, regulation, “child” labor laws, and ghastly minimum wage laws), I would like to suggest the unthinkable: young people should work for free wherever they can and whenever they can. The reason is to acquire a good reputation and earn a good recommendation. A person who will give you a positive reference on demand is worth gold, and certainly far more than the money you might otherwise earn.

Many of the essays in my book *Bourbon for Breakfast* turn out to have forecasted both the current mess and this solution. But first let me tell a story of two cases in point, the first an example of the worst possible kind of worker, and the second an example of brilliant foresight.

The first case comes from a job I had in my teens. I was standing around with a few other employees in a clothing shop. The boss walked by and said to my coworker: “Please straighten these ties on this table.” My coworker waited until the boss walked away, and then he muttered under his breath: “I’m not doing that for minimum wage.”

That comment seared right through me, and I thought about it a very long time. The worker was effectively asking for money up front before

working, even though he was employed to do things like straighten ties. This was even worse than insubordination. He had this idea that the value he contributes to the firm should never exceed the value of the money he is earning in exchange. If that must be true, one wonders why anyone should ever hire him.

The goal of every employer is to gain more value from workers than the firm pays out in wages; otherwise, there is no growth, no advance, and no advantage for the employer. Conversely, the goal of every employee should be to contribute more to the firm than he or she receives in wages, and thereby provide a solid rationale for receiving raises and advancement in the firm.

I don't need to tell you that the refusenik didn't last long in this job.

In contrast, here is a story from last week. My phone rang. It was the employment division of a major university. The man on the phone was inquiring about the performance of a person who did some site work on Mises.org last year. I was able to tell him about a remarkable young man who swung into action during a crisis, and how he worked three 19-hour days, three days in a row, how he learned new software with diligence, how he kept his cool, how he navigated his way with grace and expertise amidst some 80 different third-party plug-ins and databases, how he saw his way around the inevitable problems, how he assumed responsibility for the results, and much more.

What I didn't tell the interviewer was that this person did all this without asking for any payment. Did that fact influence my report on his performance? I'm not entirely sure, but the interviewer probably sensed in my voice my sense of awe toward what this person had done for the Mises Institute. The interviewer told me that he had written down 15 different questions to ask me but that I had answered them all already in the course of my monologue, and that he was thrilled to hear all these specifics.

The person was offered the job. He had done a very wise thing; he had earned a devotee for life.

The harder the economic times, the more employers need to know what they are getting when they hire someone. The job applications pour in by the buckets, all padded with degrees and made to look as impressive as possible. It's all just paper. What matters today is what a person

can do for a firm. The resume becomes *pro forma* but not decisive under these conditions. But for a former boss or manager to rave about you to a potential employer? That's worth everything.

Sadly, many young people who can't get jobs have no work experience to show for themselves at all. They have been wildly misled all their lives about the great glories that await anyone who "stays in school" and gets great grades. There are innumerable aerospace engineers, mathematicians, and even lawyers who are in this situation, to say nothing of sociologists, historians, and people with degrees in communications and marketing.

Adding to the problem today is the burden of student loans. Kids are graduating today with six figures in debt that they will immediately be forced to service if they accept employment. But with no prospects outside Walmart and Starbucks, they opt to stay in school and get yet another degree, hoping all the while that the labor market will turn around. This is a terrible trap.

They have structured their lives around the speculation that a high-paying job awaits following graduation. But there is no such thing. A low-paying job isn't even enough to pay the rent plus debt service.

It was a very bad speculation. Their dreams are being killed by a desperately tight labor market for anyone without work experience or any kind of work reference at all. Under these conditions, the solution is to gain that thing of highest value. That means volunteering. The state can't come after you to start paying the student-loan debt, and yet you gain people who will become your benefactors later.

Where to volunteer? A nonprofit such as a church or educational group would be fine. But also fine might be a local plant nursery, lawn service, mail house or printer, or even at a law firm. You can make an application informally but be clear that you want no payment. If there are legal issues, try to work around them. If you are accepted (not a foregone conclusion), set hours for yourself and stick with them. Make yourself super useful, super dependable. Get to know as many people as possible. Explain that you are working only for the experience, which you value. Do this for six months up to a year. Then you will have something interesting and wonderful to tell future employers about.

A time will come when one of the people you came to know will receive a phone call. He or she will be asked their opinion of you and your work. That's when the whole of your life can change for the better. Is that six months to one year of volunteer work worth it at that moment? It is worth everything.

On the other hand, you can spend your life refusing to straighten ties because you aren't paid enough to do that. That person will never be paid to do anything.

Halloween and Its Candy Economy

DALE STEINREICH ONCE WROTE that Halloween has a “socialist tenor” because “menacing figures arrive at your door uninvited, demand your property, and threaten to perform an unspecified ‘trick’ if you don’t fork over. That’s the way the government works in a nutshell.”

And yet, for overall kid excitement, Halloween seems to surpass Christmas, at least from what I can observe. The kids spend months preparing their costumes, and thrill to every detail of the ceremony: pumpkins, scary things, and, of course, candy. For the children, too, there is the attractive fact that parents are not all that happy about Halloween, with its goblins, gore, and gluttony.

But, a deeper lesson to be drawn is that there is also an economic dimension to Halloween that goes far beyond simply demanding property with menaces, however lighthearted.

Unlike at Christmas, where kids must only be good little citizens all year in order to be showered with gifts from their beneficent Guardians, at Halloween, kids must actually work in real time for their candy.

Because there is no taboo in place about trading one’s proceeds, the kids also have a chance to participate in genuine market experiences.

For starters, they work hard on their costumes, under the very real expectation that those who hand out candy tend to be more generous to those with better costumes. Nor is the labor done there, for it clearly continues with the long walk around the neighborhood, with the prospect that each house visited will yield a gain of only one or two candies, at most.

This in itself forms an interesting feature of the ritual, since all of these same kids have lots of candy back at home that is being given out to

other kids even as they tramp through the cold October evening. What could be the point of seeking out abroad what you already have at home?

There are two reasons: first, though the kids may not consciously recognize it, they surely appreciate the candy more if it represents something they have to go seek out for themselves, and second, by mixing their labor with the process of candy acquisition, they have a greater sense that the candy partakes of qualities of duly earned, private property.

No child really believes that the bowls of candy at home really belong to him or her, but, by contrast, the candy that the child collects from the neighborhood is said to be his or hers exclusively, even if mom or dad still oversees the overall patterns of distribution.

The candy you collect is yours, a product of your own efforts, and nothing can quite replace that feeling of merited ownership. And yet, the real thrill is far from over.

What children truly adore about Halloween is what takes place after the candy has been brought back to home base: the trading. Here is where the excitement begins.

No child can fully control what he or she is given, so it is up to that child to make exchanges with others in order to obtain what he or she really wants, and to do so in a strategic manner so that overall wealth is enhanced.

This process of trading began at our house at 8pm and lasted for about 30 minutes, at which point, the children concluded that they had come as close as was possible to what they wanted most and so, there was no more trading left to do.

During the 30 minutes of active haggling, nine kids sat around the dining room table and participated in a hectic, yet orderly—if complex—interchange, bearing a good deal of resemblance to a Wall Street trading floor.

Some traders shot up and shouted prices, deals, proposals, results, changes in preferences, new resource discoveries. Other traders remained quiet and moved with great subtlety and surprise. The more strategic the plan, the more impressed the other kids were by it.

It was fascinating to watch as the trading began slowly and as the first barter relationships began to form.

One for one; two for one; three packages of Nerds for one popcorn ball; two Snickers for one candy necklace; a Blow Pop for two pieces of caramel; and so on.

All children brought to the table their own subjective sense of what was valuable—a sense which was strongly influenced by the corresponding opinions of the other players, but one which also added to it a degree of prediction concerning just how the subjective values of others would stack up.

It wasn't long before barter relationships, even those involving 3 or 4 simultaneous transactions, did not suffice.

What those around the table needed was some means to achieve indirect exchange. They needed to hit upon a good which everyone would desire to possess because of its more certain, onward marketability among all the other kids.

This entity did not need to be highly valued from the outset by everyone present. What the kids only needed to notice was that there was something which a sufficient number of their group tended to want more than any other competing candy on offer.

It was a short step from there to the dawning of a realization that would occur to one or two kids. These would then try to acquire that particular candy, not to consume it themselves, but to use it to trade it for whatever other candy they really wanted to enjoy.

As more and more of the participants copied them, this one candy would come to play a role in more and more indirect exchanges. Child A would accept it from Child B for a less desired kind of candy and would instantly swap it again with Child C who happened to have the goodie he or she really preferred, but who hadn't wanted any of A's originally proffered treats.

This way, this one candy would come to possess a quality none of the others had. It would come to be money.

In general, money, whatever specific form it takes, tends to have a high value per unit of weight and yet it should be split into units small enough to cope with any scale of exchange. It should ideally have a fixed supply. Above all, it must be the one thing most readily accepted in settlement of a trade because the acceptor knows it is something which can,

with the highest available degree of certainty, be used to facilitate additional future trades.

There is no way to know ahead of time what will fulfill this role; only the market process itself will reveal this choice.

In our house, the popcorn ball would not work since there were only four of them and these were not divisible into smaller units. The Twizzlers did not pass the test because only one child had any knowledge of what they tasted like and hence no one else had any concept of their value.

Though this problem might seem an intractable one, as it happened, it only took a few minutes for everyone to discover what would become money for the evening: a micro-size 3 Musketeers bar.

Before people realized the true measure of its usefulness, a 3M would trade for as little as a Smarty package. But, then, it began to rise in value—selling for the Smarty and a Tootsie Roll.

Once it became clear that 3M was the commodity of the most use in exchange, it didn't matter whether you actually liked it or not. You were happy to trade the candies you didn't much care for in order to obtain a 3M simply because this could then be traded again for something which really did make your mouth water.

Once the 3M became money, its own value was seen to rise as a consequence. What was occurring was that this extra property of "tradability" was being added to the underlying demand for it as a consumption item.

Indeed, by the end of the session, this value reached such a height that it became an instant legend as, at its peak, one solitary 3M changed hands for no less than three Tootsie Rolls and a Tootsie Pop!

Once this money was settled upon, it became much easier to price such candies as Reese's and Kit Kats, which had previously had an illiquid and uncertain market.

Now they began to sell for one-half and one-quarter of a 3M, despite the fact that they had started out with much the same intrinsic value as a snack item. From there on, their prices hovered within a narrow trading range, roughly comparable to that of a small Tootsie Roll, while Snickers did slightly better than all of them.

Extreme scarcity led to very high prices—anything up to four 3Ms in the case of Jolly Rancher hard candy. Skittles, too, were highly prized and sold for as many five 3Ms. Reese’s “Inside Out” sold at a premium over the plain variety.

However, showing that scarcity is not just a numerical concept, the parents of all these kids had long discouraged gum chewing, so despite the gum’s similar rarity, no one wanted it.

In fact, the price quickly fell to zero where it was eventually given away free to the one child who was permitted to chew it.

Thankfully for the future of civilization, even that child soon lost interest in it!

Interestingly, the advent of money also encouraged the kids to think beyond the immediate trading round. Instead, they began to acquire a surplus, to be saved for successive rounds where it was hoped better terms might be on offer.

The kids soon adopted different strategies.

Some started saving (“hoarding”) 3Ms to trade them in at the end of the trading session, speculating that the goods price of 3M would continually rise.

Others would acquire this valuable thing solely in order to consume it (this money, after all, originated as a consumable good and so it remained).

But mostly—and this was the satisfying part for those anxious to observe the entrepreneurial discovery of money—kids would acquire 3Ms solely to facilitate other exchanges.

Outside observers of a Misesian bent imagined the following: Let’s say someone arrived at the scene and threw down 100 3Ms on the table. All kids know precisely what would happen. The price of 3Ms would tumble. Each one would purchase far less than it had before.

The “inflation” might be so extreme that 3Ms might even cease to be money—the good everyone wants to acquire in order to acquire other goods—and some other candy might take its place instead.

Imagine the chaos that would ensue, as the kids came loudly to bewail their recent exchanges of worthwhile candy for this now devalued commodity.

Imagine the loss of innocence as they saw honest bargains frustrated and vowed to be more cautious of extending their trust upon the market.

Imagine the general loss as trading once more became scattered and choices were again restricted as the idea of money fell into disrepute.

But, fortunately, no Halloween bogeyman from the Federal Reserve Candy Factory came to ruin their game. So the kids could remain free to trust in the soundness of their candy unit.

At last, the kids became exhausted by this frenzy and the market closed—not because someone sounded a bell, but simply because, in general, everyone came to see that each was as satisfied as they were likely to be with what they had.

This was the Misesian “plain state of rest.”

In Mises's words,

people keep on exchanging on the market until no further exchange is possible because no party expects any further improvement of its own conditions from a new act of exchange. The potential buyers consider the prices asked by the potential sellers unsatisfactory, and vice versa. No more transactions take place.

Once the trading had ended, the status of the 3Ms promptly reverted to that of a purely consumable item, since the end of the trading game signaled the loss of their monetary properties, leaving them just a plain candy, much like any other.

Some kids left with a far lesser quantity of candy than when they first arrived, but that did not prevent them feeling far wealthier because now what they owned was a much closer approximation to their ideal mix.

As for the other kids, well, they were astounded to discover that their own bags were far heavier than before, that they too felt wealthier—and that nobody was complaining to mom about the fact!

Indeed, all children left the table with smiles and happiness, each feeling as if he or she had gotten a great deal.

What a stunning achievement!

After all, the available physical resources were unchanged. Nor had anyone planned or policed the trading. It had all happened spontaneously.

One was left wondering at the true magic of that Halloween—namely, at the transforming effect of something as simple as the opportunity for free exchange, for the chance to derive mutual benefit from the difference in tastes between individuals.

In this, at least, Halloween was all about treats, and, despite what the opponents of the exchange economy will tell you, there was no trick about it anywhere you looked.

A Market for Criminal Skills

WE'VE ALL SUSPECTED THAT the market economy has a civilizing effect on people, but I've rarely seen such a poignant example.

Here I was returning a rental car to the dealer, and some confusion set in about the keys. The attendant asked for them back, and I handed them over even as I was pulling bags and things out of the car. The attendant hopped in the driver's seat to check the mileage, and left the keys in the car. He shut the door, I shut another, even as one more bag remained inside. But there was a hitch: the car was now locked.

We all looked at each other with a sense of: What were we thinking? Now the car was locked, and it was the only set of keys. This isn't one of those old-fashioned cars that were easy to crack open. No sir, this was a new car with all the security features we've come to expect. It surely couldn't be broken into.

I was imagining that we would have to throw a brick through the window, and we would be arguing for weeks about liability.

Then something amazing happened. The attendant, who didn't look like a pillar of the community, called over some of his rough-looking buddies—authentic archetypes of street thugs—and gave them a special signal. They reached into their little bag of tricks and pulled out four little items:

A business card

A crowbar

A squeegee stick

A clothes hanger

I watched with intense interest, and then astonishment. One person slid the business card between the top of the door and the car. Another

stood next to him and began to work the crowbar between the card and the door until it began to move outward. He gave it a bit of a twist, and a third person made the gap wide with the squeegee stick. The tools moved here and there until they locked into place and a clean gap separated the doorframe and the car body.

Next, one person bent the clothes hanger in a curved way, and put a loop at the bottom. He inserted it and with surgeon-like precision, he lifted the lock. The door opened right up, the tools were removed, and all was well. The car alarm did not sound, and there was not a single scratch on the car. No evidence remain that the car had been hacked.

Total time that it took to open this door: about 20 seconds.

The operation was a marvel, and it proved to me something I did not know: namely, that cars only appear to be locked. In the hands of these guys, every car was only superficially secure.

The owner of the rental place came over to see what had been happening, and he too was rather shocked. "If one of my cars ever turns up missing," he said in a gruff way, "I'll know who took it!" Then he smiled and winked: "Good job, men."

Now, it is possible that this skill was one learned on the job. Possible, but doubtful. They were too accomplished at it. And one confirmed to me that this was the first time in memory that a set of keys had ended up being locked in the car.

So what do we have here? A skill gained from, mostly likely, years spent doing things they should not have been doing, now put to service in a way that is beneficial and profitable to the human community of civilized people.

It's hardly the only example. We can think of the number of computer hackers now serving large companies to the benefit of everyone, or toughs who might otherwise be hurting people who play sports, or people with a penchant for guns and violence now serving as security guards or bouncers. There are many ways in which skills associated with criminality can serve a productive purpose.

Imagine a world without market-based opportunities to serve. These people would be social parasites instead of producers who are valued by others for their contribution. The more the division of labor expands

and capital is accumulated in a context of the freedom to trade, the more opportunities there are for civilizing what would otherwise be destructive impulses.

These are the effects of markets that are impossible to quantify but they have a grand impact on the culture in turning people away from crime and toward peaceful forms of human engagement.

They can also teach us a few things about security holes that exist in the world we inhabit. In the same way that a hacker can provide a good test against holes in program code, the crowbar kids at the rental place showed me something important: if you are worried about the security of your automobile, you need to do more than lock your car.

The Debt We Owe to Trade

IT WAS THE YEAR 1600 and coffee had become wildly popular all over Europe, just as it had been popular all over the Muslim world since its discovery 900 years earlier. The sitting pope was Clement VIII. His advisers urged him to do something to stop the coffee mania then spreading across Christendom. He tasted the coffee, reflected on its properties, and then, to the astonishment of his advisors, blessed it as a Christian beverage.

Long live the pope!

Matters weren't so simple in the Protestant world. The beverage was still a raging controversy in parts of Germany in the eighteenth century, as J.S. Bach's hilarious "Coffee Cantata" demonstrates.

The story, which is apparently true from all the checking I've done, appears on page 247 of a marvelous book that covers not only the expansion of the coffee trade but all trade of all goods and services from the Stone Age to the present day, and does so in a marvelously intriguing way. The book is *A Splendid Exchange: How Trade Shaped the World*, by William J. Bernstein. The book is long—494 pages—but engaging on every page.

After finishing the book, I found myself thinking about its contents constantly. Its subject is so ubiquitous that it is hardly ever closely analyzed. The time period stretches from age to age; the geography covers the planet; and the items covered include spices, coffee, silk, pigs and pork, precious metals, oil, and, really, just about everything else. Bernstein demonstrates thousands of times that the world as we know it would be unrecognizable without trade, and shows that trade has shaped who we are in ways that none of us fully recognizes. The

historical detail is amazing. The writing is scholarly but clear and fascinating on every page.

Try to imagine Italian cuisine without the tomato, the highlands around Darjeeling without tea plants, an American table without wheat bread or beef, German cooking without the potato, or a café anywhere in the world beyond coffee's birthplace in Yemen without coffee.

Such was the world prior to 1492, before billions of acres of farmland were taken over with species from remote lands. It is not part of natural law. It was a result of deliberation and work. Fantastic economic and physical risks were involved. It is one of the ways in which the garden of this world has been tilled and kept by mankind, inch by square inch.

The Bernstein book helps keep all the controversy about globalization in context. There is absolutely nothing new about globalization. Nothing. The progress of "globalization" has been on its current trajectory for the whole of recorded history. This trade has made the world ever-more prosperous. And why? Because trade has permitted populations across the globe to cooperate to their mutual betterment. Without trade, the human population would shrink and most all of us would die. Even a slight curtailment of trade can bring on economic depression and dramatically shrink our standards of living.

It is one of the great failings of the human race that we tend to regard the wealth that surrounds us as a given, something that is just part of the world that will last forever and requires no work to acquire. Part of the reason we commit this error is our general tendency to contemplate only what we experience in our lifetimes. But the wealth that surrounds us is the fruit of the whole of history, the accumulated capital of the human race from all time. We are born into it; it grows while we live; and then we die. Appreciating the bigger picture entails transcending one's own, brief interval of experience.

This is precisely what Bernstein's book does. It takes us outside the here and now and helps us understand the big picture, and he does this by looking at the details of goods traded in lands far away during all times. The book is beautifully written and wonderfully interesting on every page. I can't recommend it enough.

My only complaints are minor ones: Bernstein doesn't seem to have a solid theory of trade that goes beyond neoclassical economic

conventions. Had he put one up front, he would have been able to go beyond the very good chronicle here to actually forge a solid theory of the social order itself. It is another example of how Smith's "propensity to truck and barter" has misled: instead of seeing trade as an extension of human rationality, a mutually beneficial exchange that extends from the desire to better one's lot in life, he treats the entire subject as if it were an instinct of some sort. But that is a regrettable oversight that in no way diminishes the contribution here.

My second complaint concerns the final chapter, which conforms to a rule often cited by the late Murray Rothbard—that all final chapters of books should just be removed. Bernstein spends the entire book showing how trade can take place without any government management, and then uses the last chapter to argue for government-managed trade in the form of the North American Free Trade Agreement and the World Trade Organization.

You just want to shout, *Read your own book, Mr. Bernstein!*

In general I would have appreciated a less tentative conclusion, something along the lines of pointing out that trade is what makes it possible for all great and glorious things to take shape in this world, and without which only a few people would be alive, living in caves and eating whatever they could hunt or gather.

The book is even more important than the author knows.

The End of the U.S. Piano Industry

TODAY THE HIGHEST-PRICE good that people buy besides their house is their car, and this reality leads people to believe that we can't possibly let the American car industry die. We couldn't possibly be a real country and a powerful nation without our beloved auto industry, which is so essential to our national well-being. In any case, this is what spokesmen for the big three say.

What about the time before the car? Look at the years between 1870 and 1930. As surprising as this may sound today, the biggest-ticket item on every household budget besides the house itself was its piano. Everyone had to have one. Those who didn't have one aspired to have one. It was a prize, an essential part of life, and they sold by the millions and millions.

That too was new. Americans before 1850 mostly imported their pianos. American manufacturing was nearly nonexistent. After 1850, that changed dramatically with the flowering of what would become a gigantic U.S. piano industry. The Gilded Age saw a vast increase in its popularity. By 1890, Americans fed half the world market for pianos. Between 1890 and 1928, sales ranged from 172,000 to 364,000 per year. It was a case of relentless and astounding growth.

They were used in classrooms everywhere in times when music education was considered to be the foundation of a good education. They were the concert instruments in homes before recorded music and iPods. They were essential for all entertainment. American buyers couldn't get enough, and private enterprise responded.

New York, Boston, and Chicago were the homes of these companies. There was the great Chickering piano made by a company founded in 1823 and which later led the world in beauty and sound. There was

Hallet and Davis in Boston, J. and C. Fischer in New York, as well as Strich and Ziedler, Hazelton, William Knabe, Baldwin, Weber, Mason and Hamlin, Decker and Sons, Wurlizer, Steck, Kimball in Chicago, and, finally, Steinway.

The American piano industry was the greatest in the world, not because the Americans came up with any new and great manufacturing techniques, though there were some innovations, but because the economic conditions made it most favorable to be manufactured here.

With the rise of this industry came a vast marketing apparatus. Piano ads were everywhere, as a tour of old magazines shows. It was widely believed that spending money on a piano wasn't really spending. It was an investment. The money you paid would be embedded right there in this beautiful and useful item. You can always sell it for more than you paid for it, and this was generally true. So people would make great sacrifices for these instruments.

With the growth of this manufacturing came an explosion of shops that served the piano market all up and down the industry. Piano tuning was a big-time profession. Retail shops with pianos opened everywhere, and the sheet-music business exploded with them. Ever notice how in big cities the music stores are typically family owned and established 40, 50, and even 100 years ago? This is a surviving remnant of our industrial past.

All of this changed again in 1930, which was the last great year of the American piano. Sales fell and continued to fall when times were tough. The companies that were beloved by all Americans fell on hard times and began to go belly up one by one. After World War II the trend continued, as ever more pianos began to be made overseas.

In 1960, we began to see the first major international challenge to what was left of the U.S. market position. Japan was already manufacturing half as many pianos as the United States. By 1970, a revolution occurred as Japan's production outstripped the United States, and it has been straight down ever since. By 1980, Japan made twice as many as the United States. Then production shifted to Korea. Today China is the center of world piano production. You probably see them in your local hotel bar.

And what happened to the once-beloved and irreplaceable American piano industry? Steinway survives to make luxury instruments that few can afford (a reader notes that Baldwin is still around today too). Mason & Hamelin has made a great comeback in the high-end market. The rest moved overseas under new ownership or were completely wiped out.

Does anyone care that much? Not too many. Have we been devastated as a nation and a people because of it? Not at all. It was just a matter of the economic facts. The demand went down and production costs for the pianos that were wanted were much cheaper elsewhere.

Now, a piano aficionado reading this will say, Buddy, you are crass. Listen to the sound of an older model Chickering and you can tell the difference. It was warm and wonderful, nearly symphonic. It is mellow and perfect for the best repertoire. By comparison, this new Chinese piano is sharp and angular and pointed. It sounds like a marimba. You can't play Schubert or Brahms on such junk. No one wants to hear that thing. Bring back the old days when pianos made sounds that sounded like real music!

Well, you can still get that old Chickering sound, even from a piano made in New York. You can buy a Steinway. Of course you have to pay \$50,000 plus and even as much as \$120,000, but they are there. You say that is unaffordable? Says you. It is all a matter of priorities. You can forego your house and live in a tiny apartment and still own the most gorgeous instrument money can buy. In any case, it makes no economic sense for you to demand a magnificent piano at a very low price when reality does not make that possible.

In the same way, many people will bemoan the loss of the U.S. car industry and wax eloquent on the glory days of the 1957 Chevy or what have you. But we need to deal with the reality that all that is in the past. Economics demands forward motion, a conforming to the facts on the ground, and a relentless and realistic assessment of the relationship between cost and price, supply and demand. We must learn to love these forces in society because they are the only things that keep rationality alive in the way we use resources. Without them, there would be nothing but waste and chaos, and eventual starvation and death. We simply cannot live outside economic reality.

Let's say that FDR had initiated a bailout of the piano industry and then even taken it over and nationalized it. The same firms would have made the same pianos for decades and decades. But that wouldn't have stopped the Japanese industry from taking off in the 1960s and '70s. Americans would have far preferred them because they would have been cheaper. American pianos, because they would be state owned, would fall in quality, lower and lower to the point that they would become like a Soviet car in the 1960s. Of course you could set up tariff barriers. That would have forced American pianos on us. Except for one thing: demand would still have collapsed. The pianos still have to have a market. But let's say you find a workaround for that problem by requiring everyone to own a piano. You still can't make people play them and value them.

In the end you have to ask, is it really worth trillions in subsidies, vast tariffs, impositions all around, just to keep what you declare to be an essential industry alive? Well, eventually, as we have learned in the case of pianos, this is not essential. Things come and things go. Such is the world. Such is the course of events. Such is the forward motion of history in a world of relentless progress generated by the free market. Thank goodness that FDR didn't bother saving the U.S. piano industry! As a result, Americans can get a huge range of instruments from all countries in the world at any price they are willing to pay.

Today government is even more arrogant and absurd, and it actually believes that by passing legislation it can save the U.S. car industry. It can subsidize and pay for uneconomic activities, and pay ever more every year. The government can also pay millions of people to make mud pies because mud pies are deemed to be an essential industry. You can do this, but at what cost and what would possibly be the point? Eventually, even the government will have to accord itself to the reality that economics reminds us of on a daily basis.

Should There Be Shop-Closing Laws?

A REALLY COOL THING IS happening in Germany. After decades of strict laws regulating when stores can open and close (*Ladenschlussgesetz*), the laws are progressively liberalizing. Since 2006, the decision has been left to the individual states. Whereas commercial establishments once could not open their doors before 6 a.m. or keep them open past 10 p.m., now many open earlier and close later.

Consumers are celebrating, while labor unions and regulators are not.

In the United States, we have no national history of such laws, apart from restrictions on Sunday shopping, which are left to the states and counties. And even with these so-called blue laws, the general trend has been toward liberalization.

The subject intrigues me because it is like many other such subjects that touch on the very viability of liberty itself. If you were to think this issue through using what F.A. Hayek calls a “constructivist” mindset—the presumption that society is a giant Lego model with pieces that must be assembled and disassembled at will—it is not difficult to dream up many seemingly reasonable arguments for why a commercial society must have such laws. Do we really want to leave such things to the “anarchy of the market”?

So let’s just pretend to be statist constructivists for a moment and see how this works.

- A civilized home business will stand no chance against a heavily capitalized corporation that can more easily absorb the high costs of early openings and late closings. There are electrical bills to pay and labor costs involved that a small business—which might have better products and services—will not be able to afford.

- So, what is the undercapitalized company going to do? It will have to choose between adopting the hypercapitalistic focus of its competitors or closing its doors. In a footrace, all competitors have the same starting line. One would never permit one runner to start at a different place from the others. Why should we permit this in enterprise?
- Competition is fine, but the rules have to be the same for everyone.
- And think of the workers. They have families. They need downtime. They need a breather to have dinner with others, read books, and cultivate a civilized lifestyle. No one should be forced to choose between working ridiculously early (or late) and having no job. And yet this will surely be the result if we just let any business open or close whenever it wants to.
- As for the consumers, surely people can figure out a way to get their shopping done between 6 a.m. and 10 p.m. That leaves a solid eight hours for sleep, which everyone needs.
- If we let people shop at any hour, consumers will naturally choose times when the streets aren't crowded and the store lines are shorter, which means that businesses will have to stay open ridiculously long, even 24 hours a day! But with mandatory limits on commercial hours, consumers will figure out that they need to get real lives and stop commercializing the whole of them.
- And think about this: what kind of society do we want to be? Do we want the entire nation engulfed in the buying and selling of things, or do we believe that there are other human values that must be part of the balance? If we permit the anarchy of the market to rule, we make profit and loss the measure of all human success and failure. This is not something anyone wants.

OK, now that I've made what seems to me to be an impenetrable case for shop-closing laws, consider that we do not have these laws in the United States (for the most part). And somehow, against all seeming rationality, the system works, as we all well know. Chick-fil-A voluntarily closes on Sunday, and McDonald's does not; somehow they both make a profit. Many stores stay open 24 hours and the workers love it: they have more options to adjust their working hours. This is good for employment.

Consumers may or may not take advantage of longer hours. In fact, it is the consumers that dictate whether it is in the interest of the store to stay open after hours. Stores might try it and find it pointlessly unprofitable and stop. For some reason I don't understand, most barbershops in the South close on Wednesday. Such is their right. It works for them. When it stops working, they will change.

Or it could go the other way. In my own town, a pharmacy long had short hours (8 a.m.–5 p.m.) until a big chain store came in across the street with a 24/7 policy. Faced with declining profits, the old store adopted the same hours. Now there are two pharmacies facing each other, each of which is open at all times. Who wins? Both seem profitable, but the real winner here is the consumer.

My point is that this is a case where the idea of freedom would seem not to work—from a constructivist point of view—and where a plan seems needed. This is true in a host of areas: the freedom to live where you want, work where you want, invest in what you want, drink or smoke what you want, freely trade with anyone from any nation, etc.

You hear these kinds of objections when you propose that any law be repealed: why, there will be chaos!

It turns out that the real chaos comes when the state attempts to allocate scarce resources rather than leaving it to the price system and its talent for revealing what is economically rational or irrational. Shop-closing laws presume to tell people how they should use their time. But time, writes Mises, is a scarce resource; man “must economize it as he economizes other scarce factors.” Only private actors—not politicians and bureaucrats—are in a position to make decisions concerning how it is used. Their choices can be accessed based on a business model rather than arbitrary political wrangling.

This is why liberty works and the state fails so miserably, and why the best-laid plans in politics never work out as expected.

Consider the case of patents. People say that if we get rid of patents, no one will invent anything anymore, and those who do will have their ideas and just profits stolen. And yet for most of human history, patents have not existed; and patents have not been part of the biggest technological explosions in our history. In fact, the opposite is true: patents slow down

the pace of development by granting monopolies to favored producers. They thereby discourage innovation in the name of encouraging it.

This is why I found Ron Paul's answer on the drug question at an early Republican debate to be so incredibly brilliant. The questioner asked him if he would favor legalized heroin. The viewers are supposed to be horrified, and surely many were. He said the real issue is liberty, and then he asked the question: how many people here in this room would start using heroin if it were legal? How many people would say: oh, we have to have these laws to keep me from being an addict? Everyone cheered, because we knew the answer!

There is a remarkable rationale behind what he said. He pointed out the simple truth that we are all what we make of ourselves, and the state isn't really making us better people. To be a good or bad person is a choice, and the state's laws don't really possess the magical power to influence that decision. This was an extremely rare moment in human history, when good sense actually emerged from a political debate.

It often happens that when societies adopt some constructivist rule, the inner contradictions eventually end up leading to its repeal. This is what happened in Germany. The closing laws couldn't really apply to gasoline, for example. After all, we can't have people pulling over on the Autobahn and sleeping while they wait for the gas stations to open. Then the bakers too pointed out that they have to be open earlier. Then there are shops for tourists, who don't have all the time in the world. So special zones of freedom were created for them.

Gradually, the laws were eroded to the point where human choice was permitted to prevail. Does this cause a race to the bottom? No, it causes a race to serve people through excellence. In other words, it makes everyone happier than they would otherwise be. It makes for a better society. Liberty works because it permits people to work out their problems through exchange and cooperation. No one is coercing anyone to do anything. Everything happens through consent; nothing happens through force.

In some ways, liberty is the craziest and most implausible idea anyone ever dreamed up. And yet only liberty really accomplishes that seemingly elusive dream of a prosperous, orderly, and peaceful society

in which every member is permitted to have a role in its development. It takes some imagination to understand how.

We are fortunate to be living in times when the digital world of relative freedom is providing us a model of the ideal. Every day, there is improvement. Every day, we are served up better and better ways of doing things. Imagine if the physical world were just as free as the digital one, drawing on the creative powers of everyone in the world in the service of the common goal of finding ever-better ways to do things.

What would life be like? How much are we being held back by seemingly necessary laws that actually make us all poorer and less civilized than we would otherwise be? It takes a certain kind of brilliance to imagine such counterfactuals. This is why we owe a particular debt of gratitude to the liberal tradition of thought for helping us make sense of how the truly implausible can become the only truly workable ideal.

The Miser Hurts No One but Herself

THE LATEST CHAPTER of John T. Flynn's *Men of Wealth* that has my head spinning concerns someone I probably should have known about, except that late-nineteenth-century Wall Street lore is in short supply these days. But thanks to Flynn, I now know all about Hetty Green (1834–1916), whose weird and creepy life now haunts me to no end.

She was the richest woman of the Gilded Age, and sometimes the richest person, having died with a solid \$200 million. But she was a miser. In fact, if the term describes her, it should describe no one else, or else we need some other modifier like x-treme miser or hyper-miser. This is a woman who refused to pay the doctor to treat her son's leg wound, so it later had to be amputated. She was once offered a horse for \$200 and she was outraged at the price so she found out everything terrible she could on the seller and intimidated him down to \$60. She rode the ferry with the cars rather than pay the passenger fee. She lived in a dumpy house in Hoboken. She had two changes of clothes, both black and tattered. She would travel hundreds of miles to collect debt payments. She never tipped.

She was wicked smart. Emphasis on wicked: she was called “the witch of Wall Street.” On the smart part: her key to success was rather simple, so simple, says Flynn, that everyone preaches but hardly anyone practices it. She bought things that no one wanted and sold them when everyone wanted them. Nothing was permanent in her mind. So she bought bonds when they were crashing and dumped them when they were in high demand. She did the same with real estate and railroads. She seemed to have money to lend when no one else did, so a

long line of borrowers was always at her door. She offered tough terms and charged a high price.

Before she invested a dime in anything, she would find out the names of all the principals of the company. She would dig up every bit of dirt she could find. She would then take all the accusations against each person and interview them at length, demanding detailed answers. She would do the same when people came to her to borrow money. She wouldn't lend unless she felt she effectively owned the person in question.

As Flynn writes: "She was not a builder. She projected no great productive industry. Her business was to stand on the side and take her toll from those who were producers and builders and needed her money."

She was crazed with paranoia. She was convinced that everyone was out to kill her. When a wood beam fell nearby, she was sure that it was intended for her. Same with every mishap: the entire world was organizing against her, in her mind. She hated everyone and everything, truly.

Normally in a market economy, such people don't thrive. But she did, if only because she had the goods. She had been fascinated by finance when she was a young girl, as she read aloud the stock pages to her aging family members. She inherited some of their money made from the whale oil trade. She turned that into an enormous financial empire with which she did absolutely nothing except spend it on litigation. She loved the courtroom and sued many people. She insulted them in the courtroom with venomous comebacks and cruel words. She always lost.

Did she love? Briefly, apparently. Edward H. Green was a wealthy bachelor who, for some odd reason, took a liking to her. He wrote her a love letter, and, on the same day, wrote a check for a cheap suit of clothes from a tailor. He inadvertently switched the letters, so that Hetty got the letter intended for the tailor. She was so touched that he would spend so little on a suit that she agreed to marry him. Later he lost all his money. She provided no help and let him languish in poverty the rest of his days.

One good thing: she hated politicians. When they asked her railroad officials for free passes, she instructed the officials to hand them a card that read:

MONDAY: "Thou shalt not pass." Numbers XX, 18.

TUESDAY: "Suffer not a man to pass." Judges III, 28.

WEDNESDAY: "The wicked shall pass no more." Naham I, 15.

THURSDAY: "This generation shall not pass." Mark XIII, 30.

FRIDAY: "By a perpetual decree it shall not pass." Jeremiah V, 22.

SATURDAY: "None shall pass." Isaiah XXIV, 10.

SUNDAY: "So he paid the fare thereof and went." Jonah I, 2.

What became of her money? Part of the estate was divided up in a thousand directions, owing to a complication in a family will. Part went to various family members. Nothing much came of any of it.

What can we say about this miser? I think we can say that she did much good, despite her wickedness and despite her horrid ways. She lent money at a profit. She bought when no one was buying and sold when everyone was. She engaged in mutually beneficial exchange. She was a pill to work with, but evidently people were happy enough about what she had to offer that they were willing to put up with it. Both sides of the exchange ended up better off than they were before.

Now, people on the left sometimes think that the market economy breeds such types. Not so. Hetty was famous for being unlike all her colleagues. Everyone was liberally minded by comparison. Indeed, the Gilded Age gave rise to the accusation that vast wealth makes people wild spendthrifts. Both can't be true.

What we can observe from the life of Hetty Green is that there are bad people in all kinds of institutions. Capitalism doesn't create misers; it turns their ways toward productive good. Hetty hurt no one but herself and those dear to her. The market economy localized the effects of her sins and contained them. She created massive value to society and was rewarded for it.

It is even hard to argue that she hurt herself. She was as happy as she could be just the way she was, and no amount of forcing her to be otherwise could have improved the situation. She embodied traits that we think of as being awful but she worked in an industry that allowed these traits to be turned to good for all. That is a credit to the market economy! Indeed, it is the highest praise of the free market that it can find a place even for someone so awful as this.

A note about Flynn's extraordinary book: it was published in 1941. Flynn was an old-time progressive, a journalist deeply suspicious of

the business class. He was disgusted at the truth he saw about the New Deal: it was a racket concocted by the corporate class. He turned against FDR. He was shocked to see that his fellow liberals did not follow suit. Then he opposed U.S. entry into World War II. I suppose this book was written during his period of sadness, as a way of investigating the complex relationship between government and business. He gradually came around to a full-blown embrace of the free market as the only means to check the power of the government-business combine.

This is only one chapter. Every chapter is just as great. It is a phenomenal work, and it is a mystery to me that it seems to have been forgotten. Thank goodness this reprint is now available again.

What's a Job Good For?

MOST PEOPLE SAY THAT a job is good for making money. So, if you don't need money, what's the point? The fabled English aristocratic class of the late nineteenth and early twentieth century apparently thought that way, if the caricatures painted by Jeeves and Wooster, Brideshead, and the like, have any truth to them. Their main job was getting dressed and undressed. It seems like young Americans are thinking the same way.

Doug French drew my attention to some statistics from the Wall Street Journal on teenage employment that knocked me out. In 2000, slightly more than a third of 16- and 17-year-olds had jobs. Today, in 2011, it is 14 and 15 percent. These are shocking numbers. But in retrospect, I've seen enough anecdotal evidence to back them up.

I was speaking for a group of 200 plus high school students (location I will not disclose) and I casually asked how many of them have worked in a retail environment, working directly with customers. Not a single hand went up. Shocked, I asked the question more broadly: how many have had a job that yielded a paycheck? Not a hand went up.

In talking to parents, it seems that a new attitude has taken hold among them. Their kids don't work. They are in school. They should spend their extra time doing sports and studying. Work is for the lower classes. What's to be gained? Putting the kids to work implies that the breadwinners in the household can't provide for their offspring. What are they going to do with the money they earn anyway? Buy more iPhone apps?

And there's also the problem of legal restrictions. Hardly any 16-year-old is worth the prevailing minimum wage, which has risen dramatically over the last five years. No employer would choose a teen

over an adult willing to do the same job for \$7.25 an hour. Also, schools require all kinds of permission slips—because of ghastly “child” labor laws—and what employer wants to jump through those hoops? And it is ever harder to fire people you hire so few are willing to take the risk of hiring kids in the first place.

Faced with all these barriers, the culture has adapted. Since, as we know, no parent has ever made a bad choice for the life of their own beloved offspring, parents have just decided that working is for other people's kids, not theirs.

And so fewer and fewer people know anything about the workplace. They will sit in desks and run around on fields until they are 24 years old and then present themselves, fully formed, to waiting employers who will proceed to cough up as a reward for staying in school.

Well, what's the loss? Let's talk about the loss by talking about what might be learned from a job that will go unlearned.

There is the “work ethic,” a phrase that is batted around all the time, but what does it really mean? You have to actually work to acquire one. As innumerable titans of the Gilded Age attempted to tell us, no young person is born wanting to work. How do you learn to come to thrive on it?

To have a “work ethic” means the willingness to experience discomfort on the way toward the completion of a job done with excellence. This doesn't come naturally. The “natural” thing is to stop doing what you are doing when it begins something discomforting or when more is expected than you want to give. But this approach goes nowhere. In fact, if this is your approach, you trim more and more until the point that you become a sofa slug, which pretty much describes . . . a whole generation.

I recall when I was 10, or so, working on a roofing job with my great uncle. It was in the middle of a boiling-hot summer. We were balancing ourselves on a black, slanted roof, banging nails into things. After about 30 minutes, I thought I was going to die. We continued working up there for hours and hours. Finally he said it was time to take a break. I shoved the garden hose in my mouth and swallowed what must have been a gallon. He went inside and drank a cup of coffee. Now, that was inspiring.

I have an early memory of my brother's first job on a construction crew. He came home the first day looking like a zombie. We spoke to him

but he could not speak back. He held onto the wall as he found his way to his room and collapsed. It was this way every day for weeks and then suddenly he got the hang of it. He became a machine. This was one summer that gave him a lifetime work ethic.

Other memories of my early jobs include: repairing organ pipes in a high loft; crunching pigeon bones under foot and wearing a protective mask; drilling water wells in the blazing sun; scrubbing honey off tables in a fish restaurant for which I served as busboy; collecting paper plates from 500 tables after a lunch catered by the company that hired me as a gofer; fighting off mobs of people who were trying to buy the \$10 pants that went viral in a retail outlet; feeling terror that the piano I was moving up a flight of stairs would double back and crush me; picking up tiny pins on dressing room floors in a department store; learning to run the floor-waxing machine in the china department and having later nightmares that I hit an entire shelf of fine crystal.

You quickly learn in any job, and especially low-paying ones, that it hurts to work, physically and mentally. You must focus intensely for longer than you really want to. You do things you don't like. You can find every excuse to drift off but you can't because there are tasks that must be done. And if it is the right kind of job, if you don't do the task, it doesn't get done and then everyone up and down the line that depends on that task finds their tasks are harder and so everyone hates you.

If you are cleaning bathrooms, you must make sure there is toilet paper there, else customers are going to be very unhappy. If you are frying fish, you have to change the grease or else you will destroy the whole business. If you are moving a fence, you have to dig deep holes or it will fall down in six months. And so on. You learn to avoid these bad results in the only possible way: complete the task.

We are not born into this world of plenty understanding that there is a direct relationship between what we do and what the consequences are. Quite the opposite: the very definition of immaturity is failing to take responsibility (as our mothers always said). Well, how do we learn about this connection between our actions and the results? There is no better place than the workplace, or commerce generally. We work, we see the results, and we are paid. This is direct. It is beautiful. It emblazons on the brain the relationship between actions and results.

School doesn't always teach us this, and, besides, the "action" in school is pretty limited. It is about studying, which too often means mimicking what the assigned authority says. In real work, you have to be creative. You exercise volitional control over your body and what it does and you see the results. And the results are not abstractions like As, Bs, and Cs, but very material: dollars and cents that can be used to acquire anything. And this reward comes from using the whole of yourself in a productive activity.

As John Wanamaker, the pioneer of marketing said, a "well-ordered, modern retail store is the means of education in spelling, writing, English language, system and method. Thus it becomes to the ambitious and serious employees, in a small way, a university, in which character is broadened by intelligent instruction practically applied."

That's it! Work is like university—a real university that builds up a person and makes him or her better than he or she would otherwise be!

What you get out of a job is all about what you bring to the job, and what you bring must be more valuable to the employer than what you take out. I recall some bum who once worked with me who snarled once: "No way am I straightening ties for minimum wage." Very interesting perspective. He wanted more money to do more work. But that's not the way it works. You have to do more work in order to get more money. You must provide more value than you extract in order to advance.

Work (and I should specify that I mean private-sector work) is the best way to learn this hugely valuable lesson and carry it with you your entire life. This is surely a feature of what we call the "work ethic."

A part of this means acquiring a sense of the need to serve others in order to gain for your service. This is the very essence of a job, whether it is frying up potatoes, crushing boxes out back, or planting shrubbery. You are always doing something for someone else. If you do enough of this, you begin to make this need to serve part of your mental outlook.

I've never understood the celebration of "volunteering" for a soup kitchen or whatever. Most of the "customers" are not grateful and the employees are mostly self-congratulatory about their wonderful pious deeds. Far better would be, for example, a fast-food restaurant where people pay and where workers are truly serving others—in their own

self-interest. This is the ideal. This is the setting where true virtues are learned.

You might say: Oh, this whole world of commercial life is the big phony. The service providers pretend to like customers because the business wants money. And the customer is faking it too. You could say that, but then there is this: if we behave a certain way all the time for years, we might eventually find that our minds conform. We become sincere. We begin to value others for what they do and give. We learn how to get along, how to appreciate differences among people, how to look for unique qualities in others and see their merit.

Someone once said that a capitalist society is a friendly society. This is not surprising at all, since the essence of capitalism is mutual service, cooperation, and trade to the betterment of the whole. To take part in that reshapes who we are. It makes us better people.

Contrast this with the blasé existence of desk sitting, coach potatoing, or working in the public sector (they don't call it "going postal" for nothing). It's the private sector and its commercial ethos that can give us that thing we need most: self-improvement.

What strikes you immediately about jobs in commerce especially is how forward looking they are. It takes some getting used to. If you had a bad day without many customers and sales, there is always another day. If you had a good day, there is another day coming and you can never be sure of how it will go.

So you learn to live in a world in which bygones are bygones, and the future is always uncertain but possibly bright. In commerce, there are no grudges because today's seeming enemy could be tomorrow's customer, co-worker, or business partner. The past is merely an assembly of passing data; it is the future where the action and excitement are. And in this way, a job in commerce is completely different from the world of sloth, in which neither past nor future matter, or school, where the past is stock-piled and never goes away.

With a job in commerce, you have your finger on the pulse of life itself, the thing that is active, moving, growing, and reflective of changing social values and interests. You have something that becomes you, something that gives you bragging rights, something that connects you to others. You become defined, skilled, useful, experienced. You have

stories. You are in some measure liberated from the authority structures you inherit from birth and growing up and adopt new ones of your own choosing.

Now, consider all of this and imagine whether teens really are better off not working. Research has demonstrated that retirement in general “leads to a 5–16 percent increase in difficulties associated with mobility and daily activities, a 5–6 percent increase in illness conditions, and 6–9 percent decline in mental health, over an average post-retirement period of six years.”¹ And this is after a lifetime of work. The effects on the mind are much worse with the young who have never developed the mental habits that come with working.

Do we really want to deny all of this to an entire generation and then expect these people to just leap into the “real world” at the age of 24, or so, fully formed? They will not be formed. They will not be ready. They will be less useful, less skilled, less productive, less shaped in their character, less ready to be free and responsible. Sorry, but languishing and pretending to study aren't substitutes.

¹ “The Effects of Retirement on Physical and Mental Health Outcomes,” Dhaval Dave, Inas Rashad, and Jasmina Spasojevic (National Bureau of Economic Research, 2006).

The Economics of Happy Feet

GARY NORTH RECENTLY SUGGESTED that we count our capitalist blessings and name them one by one, while inviting people to add to a list that would be inexhaustible. My addition: shoes.

For years I've read to my kids a story about a cobbler and his wife who can't seem to make enough shoes to bring in enough revenue to put food on the table. One day they wake to find a pair of fabulous, fully finished shoes on the worktable. They put them in the display case. The shoes sell immediately, and for a high price. The same happens the next night.

They stay up the next night to discover tiny elves have taken pity on this hard-working couple and made shoes for them to sell. Once prosperous, they pay back the elves by making tiny shoes for them. And thus is the old saying that "Him that makes shoes goes barefoot himself" made false by the intervention of benevolent visitors from the world of fantasy.

These days, the fantasy of such a story stretches in every direction. There are no more cobblers who make shoes (well, there are some who cater to highly specialized foot issues). There are people who repair shoes, and we call them cobblers for nostalgic reasons.

If we go back far enough in time, we can see that in the greatest portion of known history, shoes consisted of nothing but wrapped animal skin, bark, or leaves. The stage of economic development that permitted people to *specialize* in making shoes was itself a great step forward. And yet today, the specialization of shoemaking itself has been displaced but for eccentrics who choose to "reenact" their making and even pay for them (just as some people like vinyl records).

We've all had the experience of reading old works of literature and finding that various shoe miseries and dramas play a huge factor in daily life. We read long details of the way in which shoes are falling apart and bringing about terrible pains, and how difficult it was to find a new pair. They were expensive and the wait was long. Shoes are the subject of great longing (Cinderella), sin (Anderson's Red Shoes), magic (Dorothy), and suffering (Valley Forge). They are made and presented at major turning points in life: communion, confirmation, weddings. Great ceremony was attached to their acquisition. They were the defining mark of class ("nor no more shoes than feet"—Shakespeare on poverty). They were the subject of comment, regulation (Sumptuary laws), envy, and crime.

Today, because we take the availability of shoes for granted, we can only wonder what all the fuss was about. Some data FYI. Americans bought 2 billion pairs of shoes last year, mostly women's shoes and sports shoes made in China. On this we spend about 0.65 percent of our budgets, a figure that has been falling precipitously for decades. This is in a period when domestic production of shoes has fallen by 75 percent in ten years.

Concerning China, accounting for 80 percent of imports, how interesting a turn of events this is! When capitalists of old used to speak of China, they imagined all the shoes that could be sold to a country so populous. Who would have imagined that it would be China that would turn out to be the maker and seller of shoes to the world? This represents a reversal of the "open door" policy that led to the Boxer Rebellion, among other infamous events of Chinese history. But today, it is our door that is open. Meanwhile, U.S. shoe exports go mainly to Mexico.

The history of shoes online assumes that in the middle ages there were women's shoes and men's shoes, both dreadfully uncomfortable, and that there were either low-quality or high-quality shoes available for peasants and elites, respectively. Shoes were a coveted mark of social advancement. That was true for most of history until very recently. If you enter a shoe store today—and actually even my local grocery store sells shoes—you find a seemingly infinite variety, produced not by elves, but a coordinated international marketplace of corporations and suppliers and factories that make shoes for all the feet of the world.

For men, there are what are called “work shoes” (which today, strangely, means shoes for manual labor), which are made of hard rubber soles, “dress shoes,” meaning leather soles or the faux version with leather uppers with rubber soles, office shoes of hundreds of varieties of styles that most men wear, and sports shoes, designed specifically for leaping or running, or playing tennis or basketball or baseball or anything else. Whole chain stores are devoted to selling the hundreds and thousands of styles of sports shoes alone. And lest we are tempted to think that this is an example of capitalist redundancy and repackaging, trying running a few miles in a racquetball shoe (as compared with the brilliance of a running shoe proper) and you discover that there really is a point.

And prices. You can go to the military surplus store and get excellent dress black for a dollar or two. You can pay between \$6 and \$600 for a pair of sports shoes. You can do the same for men’s dress shoes. It seems, too, that the prices are always falling for shoes, but it is more likely that, as always in a market economy, yesterday’s luxury good becomes tomorrow’s sale item at Big Lots. If wearing status shoes is what you seek, you have to act fast since the poor will be wearing next week what only the rich wore last week. As for women’s shoes, I would guess that the average consumer has more in her closet than Marie Antoinette ever dreamed of owning.

And this is true all over the world. Even in the poorest countries, shoes are available everywhere and at rock bottom prices. One of the great miseries of living in the third world used to be the aches and pains associated with poor quality footwear (if you could find it at all). But no more. American capitalist “excess,” which led entrepreneurs to pay workers in China and Indonesia to make shoes for American consumers, has yielded surpluses that spread affordable shoes to all corners of the globe.

Today a peasant in the fields of a Guatemalan village wears shoes that medieval lords would have traded for their own models made of wood and leather. Even bums who beg for a living in big cities, and want to do their best to look the part, have a hard time finding shoes that look appropriately worn and ragged. The trash bins are filled not with leather shoes taped and tied together but only mildly worn sneakers that a quick application of bleach can make look nearly new.

Shoes all over the world are all of extremely high quality as compared with previous times. Even in my youth, I can recall that “track shoes” were black with white stripes and had a thin little layer of rubber on the bottom that would allow you to feel every pebble beneath your feet. Today, a running shoe is a spectacular thing. With the proper fit, it goes on with a suction sound, hugs and holds your foot, seems to put jet propulsion at your back, and creates the illusion that you could run up a wall and across the ceiling—all this without creating a blister even on the first wearing. And for less than \$40.

Now “quality” might not be the same as “long lasting,” of course, which is a feature that is dictated by consumer preference. A hand-made shoe of the nineteenth century might have lasted two generations but we no longer need or want our shoes to last that long—any more than we want our houses to have the enduring power of medieval churches. Mostly, people would rather buy new rather than apply new soles. Of course for those who do prefer shoes that live generations, those are available too.

And yet this is all rather new to our time, and crucially important for health and well-being. Podiatrists tell us that the bones and tendons in the feet begin to weaken severely with age, especially past forty. Now consider that the average life expectancy didn't pass the age of forty until 1850 (in the U.S.). Throughout the whole of world history when shoes were so shabby and miserable, most people didn't have to worry about weakened foot bones and tendons because they were dead long before this became a problem. But now that we are living twice as long as our great-great-grandparents, it becomes crucially important that we have shoes that treat our feet with loving attention.

How interesting, how marvelous, that the coordinating powers of the free market grant us comfortable, healthy, pain-reducing shoes in the very time when we are living longer and longer and thereby requiring even more sophisticated ways of forestalling or otherwise dealing with bodily decay. It is conventional to credit medicines and hospitals for long lives but we should also give due regard to such conventional consumer products as shoes that make life past the age of 40 worth living at all. When we go the way of all flesh, we should request not to be buried with boots, but with Rockports.

The great irony of living in the age of entrepreneurship is that we no longer have to put thought into life's necessities such as the production and acquisition of shoes. It has made a problem that has vexed all people in all times obsolete, and so much so that to even write about the topic is considered frivolous and obsessive. There are even whole interest groups calling for shoes to be less plentiful and more expensive. In a world without markets, such as these people seek, many things would be missed, but I'm guessing that footwear would be at the top of the list.

When Capital Is Nowhere in View

A TRAVEL CHANNEL EPISODE OF *No Reservations*, a cooking-focused show narrated by Anthony Bourdain, took viewers to Port-au-Prince, Haiti. I had heard that the show offered unique insight into the country and its troubles. I couldn't imagine how. But it turns out to be true. Through the lens of food, we can gain an insight into culture, and from culture to economy, and from economy to politics and finally to what's wrong in this country and what can be done about it.

Through this micro lens, we gain more insight than we would have if the program were entirely focused on economic issues. Such an episode on economics would have featured dull interviews with treasury officials and IMF experts and lots of talk about trade balances and other macro-economic aggregates that miss the point entirely.

Instead, with the focus on food and cooking, we can see what it is that drives daily life among the Haitian multitudes. And what we find is surprising in so many ways.

In a scene early in the show set in this giant city after the earthquake, Bourdain and his crew stop to eat some local food from a vendor. He discusses its ingredients and samples some items. Crowds of hungry people begin to gather. They are doing more than gawking at the camera crews. They are waiting in the hope of getting something to eat.

Bourdain thinks of a way to do something nice for everyone. Realizing that in this one sitting, he is eating a quantity of food that would last most Haitians three days, he buys out the remaining food from the vendor and gives it away to locals.

Nice gesture! Except that something goes wrong. Once the word spreads about the free food—word-of-mouth in Haiti is faster than Facebook chat—people start pouring in. Lines form and get long. Disorder ensues. Some people step forward to keep order. They bring belts and start hitting. The entire scene becomes very unpleasant for everyone—and the viewer gets the sense that it is worse than we are shown.

Bourdain correctly draws the lesson that the solutions to the problem of poverty here are more complex than it would appear at first glance. Good intentions go awry. They were thinking with their hearts instead of their heads, and ended up causing more pain than was originally there in the first place. From this event forward, he begins to approach the problems of this country with a bit more sophistication.

The rest of the show takes us through shanty towns, markets, art shows, festivals, and parades—and interviews all kinds of people who know the lay of the land. This is not a show designed to tug at your heart strings in the conventional sort of way. Yes, there is obvious human suffering, but the overall impression I got was not that. Instead, I came away with a sense that Haiti is a very normal place not unlike all places we know from experience, but with one major difference: it is very poor.

By the time the show was made, the glamour of the postearthquake onslaught of American visitors seeking to help had vanished. One who remains is actor Sean Penn. Although he's known as a Hollywood lefty, he's actually living there, chugging up and down the hills of a shanty town, unshaven and disheveled, being what he calls a "functionary" and getting stuff for people who need it. He had no easy answers, and he had sharp words for American donors who think that dumping money into new projects is going to help anyone.

The people of Haiti in the documentary conform to what every visitor says about them. They are wonderfully friendly, talented, enterprising, happy, and full of hope. Like most people, they hate their government. Actually, they hate their government more than most Americans hate theirs. Truly, this is a precondition of liberty. There is a real sense of us-versus-them alive in Haiti, so much so that when the presidential palace collapsed in the recent earthquake, crowds gathered outside to cheer and cheer! It was the one saving grace of an otherwise terrible storm.

With all these enterprising, hard-working, and creative people, millions of them, what could possibly be wrong with the place? Well, for one thing, the earthquake destroyed most homes. If this had been the United States, this earthquake would not have caused the same level of damage. This led many outsiders to think that somehow the absence of building codes was the core of the problem, and hence the solution is more imposition of government control.

But the reality shows that this building-code notion is some sort of joke. The very idea that a government could somehow go around beating up people who provide shelter for themselves while failing to obey the central plan is simply laughable. Coercion of this sort would bring about no positive results and lead only to vast corruption, violence, and homelessness.

The core of the problem, says Robert Murphy, has nothing to do with a lack of regulations. The problem is the absence of wealth. It is obviously true that people prefer safer places to live but the question is: what is the cost, and is this economically viable? The answer is that it is not viable, not in Haiti, not with this population that is barely getting by at all.

Where is the wealth? There is plenty of trade, plenty of doing, plenty of exchange and money being exchanged. Why does the place remain desperately poor? If the market economists are correct that trade and commerce are the key to wealth, and there is plenty of both here, why is wealth not happening?

One can easily see how people can get confused, because the answer is not obvious until you have some economic understanding. A random visitor might easily conclude that Haiti is poor because somehow the wealth is being hogged by its northern neighbor, the United States. If we weren't devouring so much of the world's stock of wealth, it could be distributed more evenly and encompass Haiti too. Or another theory might be that the handful of international companies, or even aid workers, are somehow stealing all the money and denying it to the people.

These are not stupid theories. They are just theories—neither confirmed nor refuted by facts alone. They are only shown to be wrong once you realize a central insight of economics. It is this: trade and commerce are necessary conditions for the accumulation of wealth, but they are

not sufficient conditions. Also necessary is that precious institution of *capital*.

What is capital? Capital is a thing (or service) that is produced not for consumption but for further production. The existence of capital industries implies several stages of production, or up to thousands upon thousands of steps in a long structure of production. Capital is the institution that gives rise to business-to-business trading, an extended workforce, firms, factories, ever more specialization, and generally the production of all kinds of things that by themselves cannot be useful in final consumption but rather are useful for the production of other things.

Capital is not so much defined as a particular good—most things have many varieties of uses—but rather a purpose of a good. Its purpose is extended over a long period of time with the goal of providing for final consumption. Capital is employed in a long structure of production that can last a month, a year, 10 years, or 50 years. The investment at the earliest (highest) stages has to take place long before the payoff circles around following final consumption.

As Hayek emphasized in *The Pure Theory of Capital*, another defining mark of capital is that it is a nonpermanent resource that must nonetheless be maintained over time in order to provide a continuing stream of income. That means that the owner must be able to count on being able to hire workers, replace parts, provide for security, and generally maintain operations throughout an extended period of production.

In a developed economy, the vast majority of productive activities consist in participation in these capital-goods sectors and not in final consumption-goods sectors. In fact, as Rothbard writes in *Man, Economy, and State*, at any given time, this whole structure is owned by the capitalists. When one capitalist owns the whole structure, these capital goods, it must be stressed, *do him no good whatever*.

And why is that? Because the test of the value of all capital goods is conducted at the level of final consumption. The final consumer is the master of the richest capitalist.

Many people (I've been among them) rail against the term *capitalism* because it implies that freedom is all about privileging the owners of capital.

But there is a sense in which capitalism is the perfect term for a developed economy: the development, accumulation, and sophistication of the capital-goods sector is the characteristic feature that makes it different from an undeveloped economy.

The thriving of the capital-goods sector was the great contribution of the Industrial Revolution to the world.

Capitalism did in fact arise at a specific time in history, as Mises said, and this was the beginning of the mass democratization of wealth.

Rising wealth is always characterized by such extended orders of production. These are nearly absent in Haiti. Most all people are engaged in day-to-day commercial activities. They live for the day. They trade for the day. They plan for the day. Their time horizons are necessarily short, and their economic structures reflect that. It is for this reason that all the toil and trading and busyness in Haiti feels like pedaling a stationary bicycle. You are working very hard and getting better and better at what you are doing but you are not actually moving forward.

Now, this is interesting to me because anyone can easily miss this point just by looking around Haiti where you see people working and producing like crazy, and yet the people never seem to get their footing. Without an understanding of economics, it is nearly impossible to see the unseen: the capital that is absent that would otherwise permit economic growth. And this is the very reason for the persistence of poverty, which, after all, is the natural condition of mankind. It takes something heroic, something special, something historically unique, to dig out of it.

Now to the question of why the absence of capital.

The answer has to do with the regime. It is a well-known fact that any accumulation of wealth in Haiti makes you a target, if not of the population in general (which has grown suspicious of wealth, and probably for good reason), then certainly of the government. The regime, no matter who is in charge, is like a voracious dog on the loose, seeking to devour any private wealth that happens to emerge.

This creates something even worse than the Higgisian problem of “regime uncertainty.” The regime is certain: it is certain to steal anything it can, whenever it can, always and forever. So why don’t people vote out the bad guys and vote in the good guys? Well, those of us in the United States who have a bit of experience with democracy know the

answer: there are no good guys. The system itself is owned by the state and rooted in evil. Change is always illusory, a fiction designed for public consumption.

This is an interesting case of a peculiar way in which government is keeping prosperity at bay. It is not wrecking the country through an intense enforcement of taxation and regulation or nationalization. One gets the sense that most people never have any face time with a government official and never deal with paperwork or bureaucracy really. The state strikes only when there is something to loot. And loot it does: predictably and consistently. And that alone is enough to guarantee a permanent state of poverty.

Now, to be sure, there are plenty of Americans who are firmly convinced that we would all be better off if we grew our own food, bought only locally, kept firms small, eschewed modern conveniences like home appliances, went back to using only natural products, expropriated wealthy savers, harassed the capitalistic class until it felt itself unwelcome and vanished. This paradise has a name, and it is Haiti.

Can Ideas be Owned?

Our Miracle of Pentecost

MY INBOX served up the following email just now:

I mention I have 62 years and are of Swiss nationality. I contact them in this way because I want to do something that would me very important. And this argument that worries him so much, is make a gift of my good fortune, they are still conscious of my actions despite the short time I have left to live certainly still on this earth.

The email goes on in this way for 500 words. Obviously, it's an email scam, and I would be a fool to go for it. But here is the thing: it was originally written in Italian. Thanks to a Google Labs feature that I have enabled on my email account, I can see a translation by clicking "Translate this Message."

Now, you might say this is not that helpful because the translation is vaguely broken. Consider that the message was probably written in some other far-flung language and then electronically translated several times until it finally came to me. Considering that, this is pretty impressive.

Last month I received a message from Israel. It was written in Hebrew. I enabled the translation to see a very clear question. He wanted to translate a Mises.org article into Hebrew and was seeking permission. I answered in English. He received the message and translated my message into Hebrew. He wrote again in Hebrew and I translated this back into English. We did several rounds this way in a period of about one minute.

Do you see what is happening here? For the first time in the history of the world, I'm able to communicate with anyone in the world instantly, regardless of language, and they with me, regardless of language. The great barrier of all of human history has been overcome. The great divider of peoples, the cause of war, the root of social division and separation from time immemorial, is being put to rest.

Has there been a headline about this? Of course not. It's not even news. It is technology, buried inauspiciously in a tiny tab in a seemingly mundane piece of software. Not only does it not make history; it is not enough that people are inspired to tell others. It's just something that washes over us without notice.

And yet: at anytime, anyplace, through the whole of human history, if I had said that I had come up with a way for anyone to speak to anyone with understanding, without the aid of knowing the language, I would have been called a liar or a miracle worker. If I had demonstrated that what I was saying really worked, I would be regarded as some kind of magician or prophet.

Google does this and no one seems to care.

I mean, when this happened at Pentecost it was news enough to make the pages of the Bible, specifically the 2nd chapter of Acts.

And when the day of Pentecost was fully come, they were all with one accord in one place. And suddenly there came a sound from heaven as of a rushing mighty wind, and it filled all the house where they were sitting. And there appeared unto them cloven tongues like as of fire, and it sat upon each of them. And they were all filled with the Holy Ghost, and began to speak with other tongues, as the Spirit gave them utterance. And there were dwelling at Jerusalem Jews, devout men, out of every nation under heaven. Now when this was noised abroad, the

multitude came together, and were confounded, because that every man heard them speak in his own language. And they were all amazed and marvelled, saying one to another, Behold, are not all these which speak Galilaeans? And how hear we every man in our own tongue, wherein we were born? Parthians, and Medes, and Elamites, and the dwellers in Mesopotamia, and in Judaea, and Cappadocia, in Pontus, and Asia, Phrygia, and Pamphylia, in Egypt, and in the parts of Libya about Cyrene, and strangers of Rome, Jews and proselytes, Cretes and Arabians, we do hear them speak in our tongues the wonderful works of God. And they were all amazed, and were in doubt, saying one to another, What meaneth this?

What meaneth this, indeed? What we have in Google's Gmail translator roughly approximates this, in the same way that a robot might approximate the movements and the behavior of a real person. It is not a miracle. It is technology. But technology can approximate miraculous things. And it does so often in our times, so often that we hardly take notice of it anymore.

But we should. If we did, we might learn some things about the world—namely the self-organizing capacity of free enterprise. Google is a private company. No one ordered this company to invent this technology. It did so and deployed it because it is in the interest of the company to serve others. By serving others, it makes a profit. And it also profits in unpredictable ways, not by selling this particular service but rather by giving it away to you for free. A seeming miracle for free!

There is no one on the planet who could have anticipated this, not one person. And yet here it is, courtesy of the capitalism that everyone is so happy to hate and blame for all ills in the world. But look at reality: capitalism is bestowing blessings on one and all, and hardly ever gets the credit.

And yet, perhaps this is what we might expect. Recall what happens at Pentecost when others have witnessed this miracle. Some people gathered around suppose that they have been drinking too much wine.

Then and now, the crowds just don't get it. But history proceeds, miracle after miracle, driving progress forward, uplifting humanity, bringing glorious things to life on earth.

The Socialism of Agri-Patents

I'M WATCHING THE MOVIE *Unknown*, which is about what happens when a man's identity is stripped away while in a foreign country. Without a passport or any other proof of identity, he is left to wander and then turn to a battle for recapturing who he is. It is a thrilling film in every way, one that taps into a deep anxiety we all have. The whole time, the viewer is thinking: Please God, never let me lose my passport!

But as we approach the core of the film, the topic turns (in ways that are unimportant to this article) toward the problem of agricultural patents. This is one in a long line of lefty films that seem to turn on this topic. It was the same with the blockbuster *Food, Inc.*, which, for all its annoying and pointless hectoring about the evils of living amidst capitalist plenty, did have one compelling point to make about the injustice and exploitation of agricultural patents.

Such ridiculous patents had no part in the whole history of humanity. As Boldrin and Levine write,

until the early 1970s animal and plant species innovation flourished without much in the way of protection from intellectual monopoly. Breeders would develop a new plant variety, the initial seeds of which were sold to farmers at relatively high prices. Farmers were then free to reproduce and resell such seeds on the market and compete with the initial breeders, without the latter bringing them to court.

In fact, some bozo tried to patent a species in 1889, but the patent commissioner rejected it as “unreasonable and impossible.” Exactly. But this changed in stages. The Plant Patent Act of 1930 provided very narrow coverage, which was later extended in the 1950s. Then in 1970 the

Plant Variety Protection Act extended such protection to plants that are sexually reproduced. Then between 1980 and 1987 patent protection was for the first time extended to the products of biotechnology. Then all hell broke loose as seeds and species and even genetic codes came to be monopolized by private parties holding government privileges.

The tragedy for defenders of the free market is that these monopolies have handed socialists the best case they've ever had to rail against capitalistic exploitation. After all, we are dealing with the staff of life, the very core of the human problem (how to feed ourselves), and this has hit the sweet spot of socialistic bias. We have something here that has always been universally available, a free good for all, that has been transformed by private lobbying into a scarce commodity that has led to countless billions in profits for a handful for monopolists like Monsanto and Dupont, who spend their billions lobbying to keep their privileges and fighting those who would dare trespass on their proprietary "ownership" of knowledge.

It sounds like a nightmare that only a socialist could invent to feed his or her paranoia about private producers. Think of it this way. Let's say you go to a restaurant and have a lemon cheesecake. You love it, so you reverse engineer it in your mind and make it at home to serve a Tupperware party. As soon as the party starts, jack-booted thugs arrive wielding guns and drag you away as a criminal for stealing a recipe. The cook is dragged away, same as a real thief or murderer.

That is the short version of what has happened to the food and agriculture industry over the last 30 or so years. Again, this is after a whole history of humanity somehow getting by without central planners working with private monopolists to cartelize what was once part of the bounty of human experience: the knowledge of how to grow and cultivate things that permit human flourishing.

In the movie in question, the monopolists are pictured as thugs and killers who will stop at nothing to prevent a new method for growing corn from becoming part of the commons. A scientist works with an Arab prince to release the recipe to the world, but the goon squads plot and plan a series of assassinations to stop this.

It may sound crazy but there is actually a plausible scenario here. For it is impossible these days to otherwise release innovative recipes into the

commons: as soon as they are known, they can be patented, and the patent holder is thereby permitted to use coercion against any competitor, even the one who first came up with the idea.

In general, it strikes me that supporters of the free market have underestimated the extent to which the socialists have made hay from the case of agri-patents. Here is the thing. Socialism in real stuff is a nutty idea that leads to disaster, as the whole of modern experience shows. But there is one area in which common ownership does make sense and that is the area of knowledge, which is not a scarce good but rather an infinitely copyable good.

Producers are free to try to keep their knowledge under wraps, but the very public nature of markets mitigates against that. As Maria Montessori wrote in *Education and Peace* (1937),

there is no discovery—not even the most minor intellectual advance—in any corner of the world that does not soon become known from one end of the earth to the other, like liquid in connecting vessels that seeks a common level.

Such is the way that free markets provide a kind of Taoist-like balance to the world order. Scarce goods are rationed by necessity (the Yin), while nonscarce goods like information are provided as free and held as the common possession of humanity (the Yang). The free goods take the edge off the rationed goods, and, working together through voluntary exchange, the market serves the cause of peace and prosperity, giving us the best of all possible worlds at all times.

Government intervention upsets the balance by using coercion to make free goods artificially scarce and thereby inflating the scarce-goods sector to take on a significance that the market would not otherwise support. The reality becomes grist for the socialistic mill and the Left can point to this as an incidence of how they believe the whole world works: private owners bashing others to extract an unfair share of the world's wealth (same as they wrongly point to the armaments industry as an example of capitalism).

Free marketeers are under a grave obligation these days to distinguish real from fake examples of capitalism. Bailouts are not the market at work. Bubbles inflated by the Fed are not the market at work. Military

imperialism in foreign lands designed to protect oil stocks is not the market at work. And in the same way, agriculture patents are not the market at work. Each of these cases represents the failure and injustice of the interventionist state.

The core of the Misesian critique of socialism is that scarce goods cannot be held in common because the price system that provides rational economization gets destroyed under those conditions, thereby resulting in chaos. Mises's argument did not apply to those things like knowledge that need no economization. So, yes, there can be "socialism" in the formulas that go into making seeds. But the products of those seeds and the seeds themselves need markets to be produced and distributed.

It is the government regulations that conflate all these categories and lead to the ideological confusions of our time. Agricultural patents are indeed an evil, but they are not an evil of the market; they are an evil of government intervention. If the movie *Unknown* were to live up to its title, it would have made some effort to point this out. Instead, it ends only in sowing confusion of the same type sown by all government interventions. We are led to believe that the capitalist order is sustained only by violence and conspiracy, whereas the truth is that the real energy of the free market derives from the glorious and civilized principle of mutual agreement.

Why Religious People Struggle with Economics

FOR YEARS I'VE PUZZLED over the question of why religious people have such trouble coming to terms with economics. This problem applies only to *modern* religions, for it was Catholics in fifteenth- and sixteenth-century Spain who systematized the discipline of economics to begin with. That was long ago. Today, most of what is written about economics in Catholic circles is painful to read. The failing extends left and right, as likely to appear in “progressive” or “traditionalist” publications. In book publishing, the problem is so pervasive that it is difficult to review the newest batch.

It's not just that the writers, as thoughtful as they might otherwise be on all matters of faith and morals, do not know anything about economic theory. The problem is even more foundational: The widespread tendency is to deny the validity of the science itself. It is treated as some kind of pseudo-science invented to thwart the achievement of social justice or the realization of the perfectly moral utopia of faith. They therefore dismiss the entire discipline as forgettable and maybe even evil. It's almost as if the entire subject is outside their field of intellectual vision.

I have what I think is a new theory about why this situation persists. People who live and work primarily within the religious milieu are dealing mainly with goods of an infinite nature. These are goods like salvation, the intercession of saints, prayers of an infinitely replicable nature, texts, images, and songs that constitute nonscarce goods, the nature of which requires no rationing, allocation, and choices regarding their distribution.

None of these goods take up physical space. One can make infinite numbers of copies of them. They can be used without displacing other instances of the good. They do not depreciate with time. Their integrity

remains intact no matter how many times they are used. Thus they require no economization. For that reason, there need to be no property norms concerning their use. They need not be priced. There is no problem associated with their rational allocation. They are what economists call “free goods.”

If one exists, lives, and thinks primarily in the realm of the nonscarce good, the problems associated with scarcity—the realm that concerns economics—will always be elusive. To be sure, it might seem strange to think of things such as grace, ideas, prayers, and images as goods, but this term merely describes something that is desired by people. There are also things we might describe as nongoods, which are things that no one wants. So it is not really a point of controversy to use this term. What really requires explanation is the description of prayers, grace, text, images, and music as *nonscarce* goods that require no economization.

So let us back up and consider the difference between scarce and nonscarce goods. The term scarcity does not precisely refer to the quantity of goods in existence. It refers to the relationship between how many of these goods are available relative to the demand for goods. If the number available at zero price is fewer than people who want them for any reason whatever, they can be considered scarce goods. It means that there is a limit on the number that can be distributed, given the number of people who want them.

Scarcity is the defining characteristic of the material world, the inescapable fact that gives rise to economics. So long as we live in this *lacrimarum valle*, there will be no paradise. There will be less of everything than would be used if all goods were superabundant. This is true regardless of how prosperous or poor a society is; insofar as material things are finite, they will need to be distributed through some rational system—not one designed by anyone, but one that emerges in the course of exchange, production, and economization. This is the core of the economic problem that economic science seeks to address.

It is almost impossible to think of a finite good that is nonscarce. We can come up with a scenario, perhaps, like two people living in paradise surrounded by an ocean of bananas. In this case, the bananas would be a nonscarce good. They could be eaten and eaten forever, provided that the bananas do not spoil. Another proviso is that there can be no free

trade between paradise and the rest of the world, else one of the inhabitants might get the bright idea to arbitrage between nonscarce bananas in paradise and scarce bananas everywhere else. In this case, the bananas would obtain a price and would therefore have to be called scarce goods, not nonscarce goods.

In the real world outside of the banana paradise, nonscarce goods are of a special nature. One feature is that they are typically replicable without limit, like digital files or the inspiration one receives from an icon that can be copied without limit.

As an example, consider the case of the loaves and fishes, an incident in the life of Jesus recorded by all four Gospel writers. Jesus is speaking to the multitudes, and the listeners grow hungry. The apostles only have five loaves and two fishes: These are scarce goods. They could have thrown them into the air and created a food riot over who got what. They could have opened a market and sold them food at a very high price, rationing them by economic means. Both solutions would produce outrageous results.

Instead, Jesus had a different idea. He turned the scarce bits of food into nonscarce goods by making copies of the scarce food. The multitudes ate and were full. Then the food evidently turned back into scarce goods, because the story ends with Jesus instructing his disciples to collect what is left. Why collect what is nonscarce? Clearly, the miracle had a beginning and end.

The story nicely illustrates the difference between a scarce and nonscarce good. Jesus often used this distinction in His parables, which are mostly stories about the scarce world told in order to draw attention to truths about the nonscarce world. Think of the merchant who bought pearls at a low price and sold them at a high price. One day he found the pearl of the highest possible value, and he sold all he had just to buy and hold it. The pearl, of course, represents salvation and the love of God—nonscarce goods, because there is enough for everyone who desires them.

We are in fact surrounded every day by nonscarce goods exactly like the loaves and fishes. All ideas are of this nature. I can come up with an idea and share it with you. You can possess it, but in so doing, you do not take that idea away from me. Instead, you hold a replica of it—just as real

and intact as the original version. Words are this way: I do not need to parse them out in order to save some for myself. Tunes in music are this way, too. I can sing a tune to you, and you can repeat it, but this action does not remove the tune from me. A perfect copy is made, and can be made and made again unto infinity.

This is completely different from the way things work in the realm of scarce goods. Let's say that you like my shoes and want them. If you take them from me, I do not have them anymore. If I want them again, I have to take them back from you. There is a zero-sum rivalry between the goods. That means there must be some kind of system for deciding who can own them. It means absolutely nothing to declare that there should be something called socialism for my shoes so that the whole of society can somehow own them. It is factually impossible for this to happen, because shoes are a scarce good. This is why socialism is sheer fantasy, a meaningless dreamland as regards scarce goods.

The difference between scarce and nonscarce goods has long been noted within the Christian milieu. St. Augustine was once challenged to explain how it is that Jesus can speak for the Father in heaven though the Father is separate. He responded that there is a special nonscarce nature associated with words so that the Son can speak the same words and possess the same thoughts of the Father.

This is true on earth, too, Augustine continued:

The words I am uttering penetrate your senses, so that every hearer holds them, yet withholds them from no other. . . . I have no worry that, by giving all to one, the others are deprived. I hope, instead, that everyone will consume everything; so that, denying no other ear or mind, you take all to yourselves, yet leave all to all others. But for individual failures of memory, everyone who came to hear what I say can take it all off, each on one's separate way.

In saying these things, Augustine was both establishing and following up on a tradition that prohibited the buying and selling of nonscarce things. Jewish Halachic code prohibits a rabbi or teacher to profit from the dissemination of Torah knowledge. He can charge for time, the use of a building, the books, and so on, but not the knowledge itself. The

Torah is supposed to be a “free good” and accessible to all. From this idea also comes the prohibition on simony within Christianity.

The moral norm is that nonscarce goods should be free. There is no physical limit on their distribution. There is no conflict over ownership. They would not be subject to rationing. This is not true with regard to material goods.

To further understand this, let’s try an alternative scenario in which a nonscarce good like salvation (nonscarce because it is infinitely replicable) is actually a scarce good that must be rationed. Let’s say that Jesus had not offered salvation to all but instead had restricted the number of units of salvation to exactly 1,000. He then put His apostles in charge of allocating them. (When I mentioned this to a non-believing friend of mine, he said: “You mean like tickets to Paradise? I bought five of those in a Mosque in Istanbul!”)

The apostles would have immediately confronted a serious problem. Would they give them all out immediately or dispense them over the course of a year, or ten years? Perhaps they suspected that the world would last another 100 years; they might limit the distribution of salvations to only ten per year. Or perhaps they needed to reserve them to last 1,000 years. Regardless, there would have had to be rules and norms governing how they were distributed. Perhaps this would be based on personal displays of virtue, of monetary payment, of family lineage, and so on.

No matter what the results, the history of Christianity would have been very different if Jesus had not made salvation a nonscarce good, but instead had limited the supply and charged the Church with allocation. There would have been no liberality in spreading the gospel. Forget the whole business of going to the ends of the earth or becoming fishers of men. Under a limited supply, the salvation could not be replicated. If, for example, the apostles had chosen a 1,001th person to be saved, eternal life would have been taken away from the first person to receive it.

This might sound preposterous and even frightening, but this is precisely the situation that persists with all material goods in the real world. All scarce things are fixed, and all things must be allocated. Even under conditions of high economic growth and rapid technological progress, all goods in existence at any one time are finite and cannot be distributed

without norms or property rights, lest there be a war of all against all. Another factor of production that is scarce is time, and this too must be allocated by some means.

As it happens, salvation is indeed a nonscarce good available to all who seek it. So are the intercessions of saints. No one fails to ask for the intercession of a saint, but no one knows for a fact whether someone else is employing that saint at the moment. No, we rightly assume that saints have no limits on their time for prayer. Indeed, the limitlessness of salvation is the prototype for all forms of nonscarce goods like music, texts, images, and teachings.

But consider people who have dedicated their life to the work of these nonscarce goods. One can easily imagine that they find immense power and glory in these goods. I certainly do. They are the things to which all religious people have devoted their lives. This is a fantastic thing—and truly, without nonscarce goods, the whole of civilization would come crashing down to the level of the animals.

At the same time, the world does not only consist of nonscarce goods. The economic problem deals with the issue of scarce goods. And this is just as important to the flourishing of life on earth. All things finite are subject to economic laws. We dare not ignore them nor ignore the systems of thought seeking to explain their production and distribution. Note that Jesus's parables deal with both realms. So should we all.

Ideas, Free and Unfree

THE TOPIC OF INTELLECTUAL PROPERTY is hugely important in the world today, especially with the growing digitization of so many of the goods and services we use every day. For something to be digitized meant to take some portion of that good and transfer it from the realm of scarcity to the realm of infinite reproducibility. Under these conditions, the notion of “intellectual property”—that only one government-privileged monopolist may use a certain idea for a certain period of time—becomes rather preposterous. It is unenforceable apart from despotic impositions on consumers and producers, and the attempt alone shuts down the learning process that is inherent in the development of the market-based social order.

The topic rather snuck up on Austrians, however. It has always been in the background. Carl Menger wrote of the definition of goods and how their scarcity is a precondition for ownership and rationing. Böhm-Bawerk wrote a long reflection on whether things like justice, love, and other such values could ever be considered goods in the normal sense in which we think of that term, and he concluded that they cannot because there was no inherent need for economizing them. Hayek wrote extensively on the social benefit that comes from the free flow of knowing and information. Mises and Rothbard were more explicit on the matter of patents: both saw them as unneeded government monopolies. Machlup joined them in this view. Rothbard rejected copyright as it exists in law in favor of common-law standards of manuscript ownership.

That’s pretty much where matters stood until 1996 when Stephan Kinsella shocked everyone with a journal article calling for the complete repeal of intellectual property law. The article stunned me, and I instinctively rejected the idea. I figured that the idea could be ranked among

the far-flung notions one bumps into within the world of libertarianism: true, perhaps, in some trivial, abstract sense but with no serious application for the here and now. Years went by but I kept thinking of the topic and its meaning, mainly because the headlines were constantly bringing the topic back up. Kids were being fined millions for illegal downloads. Corporations were being looted in patent suits. Drug prices were soaring due to patents. And so on. I had come to the point of actually embracing Kinsella's position but without fiery conviction.

Then I read *Against Intellectual Monopoly* by Michele Boldrin and David Levine. It was a mind-blowing experience, and I ended up documenting the journey chapter by chapter on the Mises blog. I recall how I could hardly sleep at night as I thought about the thousands of examples they gave that demonstrated that this topic is not just intellectual play. The topic gets to the heart of the meaning of free competition itself. How could I have neglected it so long? The authors are not Austrian adherents, and certainly Kinsella's own treatment is more theoretically robust. But they know the field so well and their endless stream of real-life examples provides just what the consistent advocate of freedom needs to hear about this topic.

It has been suggested that I put these "liveblogs" of the book in a monograph form. I enjoyed reading the proofs because they really do chronicle an exciting intellectual journey. It was a long haul—six years from the time I first started thinking about the topic—but the payoff has been enormous for me. This book helped me see the world more clearly and understand so much that had previously remained cloudy. This is just about the best thing that can ever be said of a book. I hope this chronicle is of some help to you on the same journey.

What is your attitude toward IP?

As I think more about intellectual property in the form of patents and copyrights, it seems that the implications for social theory are profound. The behavior targeted and slaughtered by IP is one that provides a fuel for all social and economic development: imitation or emulation.

In the German-speaking world of art in the 18th and 19th centuries, imitation by composers was considered to be the greatest tribute. When Bach would write an elaboration of Buxtehude, it was seen as a

wonderful gift to Buxtehude's legacy and memory. When Mahler would turn a phrase by Brahms, or reorchestrate a Beethoven symphony, it was the tribute of one master to another. So it is in literature and economics.

Imitation in economic affairs is essential for development, since nothing is ever perfect right out of the box, and society is constantly changing. You need that imitative dynamism in order for technology to keep up with changing market conditions. This is what IP shuts down in the name of rewarding creators. How can creators make a buck in a world of fluid imitation? The same way they always have: by having the best product at the right price to the market first. When others imitate them, they have to hustle again and innovate some more. This is how societies and economies grow.

Think of the fashion world, where IP isn't in force. It is fast-moving, innovative, and remarkably profitable. Designers have their ideas imitated nearly as soon as they are seen on the runway. This imitative behavior is widely regarded as a ratification of a good idea. It is something that people are socialized to look for as an indication of marketability. It is the same with generic drugs, fonts, perfume, and other sectors in which there is no IP.

Sadly, in sectors in which IP does apply, the opposite attitude applies. Authors, artists, and inventors sit and brood about the need to keep their wares to themselves and hunt down anyone who would dare "steal" their ideas. In the successful cases, they can end up rewarding themselves but at the expense of social development.

In the far more prevalent unsuccessful cases, the obsession with being ripped off leads to brooding, resentment, and disgruntlement that the world has failed to provide them a living. A sector consisting of nothing but people like this—with an attitude encouraged in law—is stagnant. By way of illustration, compare the imitation-oriented jazz and rock sectors with the IP-obsessed area of serious classical music!

Other sectors like advertising fall somewhere in between. Several years ago, Apple ran a commercial for the iPod that looked incredibly similar to one produced by Lugz shoes. Now, one might laugh and appreciate this—surely it will benefit both companies—or one can regard it as theft. Instead of celebrating a success, Lugz regarded it as a rip-off,

which Apple denied. Words flew between the companies, along with threats of litigation and cease-and-desist orders.

This is really just pathetic and completely unnecessary.

It really all comes down to the attitude one takes toward one's influence on others. The absence of IP creates a broad-mindedness that seeks to make a difference in the world and looks for imitators as a sign that it is working. The presence of IP subsidizes a kind of inwardness and bitterness that sees the whole world as being populated by potential thieves to keep at bay.

You see the two ways of looking at the world in the way kids interact with each other. I'm speaking of preteens and the way they deal with their emergent societies. Let's say one kid has developed a certain phrase or gesture that is new to the social group. Another kid picks up on it and employs it.

Now, there are two ways to respond to this imitation. The innovator child can see others doing and saying what he did and said and realize that he has made a difference in the world, put a dent in this little universe. He has become a force for changing the world as he knows it. He has made his mark, and the evidence is how others are doing the same thing. He feels a sense of pride and joy and works at coming up with other unique ways of dressing, speaking, or behaving that others similarly imitate.

Or the child can have another response. He can accuse his imitators of stealing his words, ripping off his gestures, pilfering his personality, and plundering his special way. He sees others who imitate as threats, forces that are reducing the value of his unique personality. He treats it as the equivalent of cheating on a test. It is taking what is his. It is the first stages of a very destructive, IP-style mentality.

Parents: Be alert to signs of this among kids. Explain to children that it is a good thing when others are influenced by you. It means that you have made a difference in the world. It is not something to complain about at all. It is something to celebrate. It means that you are an entrepreneur on the cutting edge, someone who does things that succeed in society. That also comes with responsibilities to do good things and improve the look and feel of the world around you.

Which attitude do you take toward emulation? Before you answer, consider that emulation is unavoidable. There is no such thing as absolute originality. Everything in a growing and healthy society is an elaboration on something else that already exists. This applies to technology, literature, music, art, language—everything. A world in which the ethics of IP applied would be backward and stagnant, headed nowhere but backward.

Children's movies cut both ways. The movie called *Ratatouille* strikes me as the ultimate IP-supporting propaganda. A rat with a gift for taste and smell is rescued from the gutter and put in a position to cook food at a fine restaurant. All his food is great. He has imitators all over the place but he alone remains the best. But then he begins to seethe with resentment that he alone is not given credit and accolades. Oddly, some people fear that customers will not like the idea that a rat is cooking all the food! The movie ends with his being discovered—he feels great pride, and we are supposed to be happy about this. The restaurant is destroyed, but the audience is supposed to figure that it is worth it.

A much better case is *Horton Hears a Who*. Throughout the film, we see competitive pressure between the various animals to see which one will have the dominant influence over others. The Kangaroo tries to prevent Horton from influencing people, but he does anyway, and eventually everyone comes around. We see it too in the lovely operation of Whoville, a place where emulation is king, and it is a vibrant and lovely society in which everyone is happy.

As web editor of Mises.org, hardly a week goes by when I don't see imitators of our successful web presence. It can be images, articles, design, feel, structure—everything. Some years back I had the view that this had to be stopped. Fortunately, no one here had time to bother with it. Thank goodness. The whole reason we exist is to influence the world. Evidence of that is glorious, and it keeps the fire under our staff to keep doing a better job and stay on the cutting edge.

The universals of IP theorizing

Against Intellectual Monopoly might have begun with a story about the failed attempts to stop illegal downloads or the wicked crack-downs on teens for file sharing. Instead, the authors take us back to the

Industrial Revolution to explode the myth of the supposedly great innovator James Watt and his steam engine.

Why? Because, as the introduction points out, this is a book of economics. If you have something to add to the science, it can't just apply to now, or last year, in this place, or just that place. Economics is a universal science. Its laws and lessons apply to all times and places. For this reason, a theoretical breakthrough is a massive event. It means work for generations of scholars: revising history, fine-tuning other aspects of theory, and applying it to different fields.

This is one reason why this book is so important. And sensing that they are taking on more than just the problem of digital downloads, they put this ancient history up front. They take the first crack at revisionist history with regard to a famous patent.

They show that most of Watt's energies were spent lobbying for and defending a government patent on a technology that was quickly surpassed and could not come to market thanks to his rent-seeking behavior. Nor was this patent somehow necessary for his economically useful behavior. It wasn't until after the patent expired that steam-engine technology really took off, but by that time the Industrial Revolution had given up ten to 15 years of what might have otherwise been economic progress.

There we have it: we are put on notice that this book is not merely about the digital age or life after the Internet, written by a couple of geeks. No, this is a revisionist treatment of the whole subject that applies not only now but to the whole modern history of intellectual property, which they insist on calling "intellectual monopoly."

Next they stake out their unique position, which is neither that patent and copyright law has gone too far nor that it hasn't gone far enough. They take a third position that only a few dare take: the stuff needs to be abolished altogether. Their grounds for saying so aren't nearly as complicated as one might at first think.

First, grant that "everyone wants a monopoly. No one wants to compete against his own customers, or against imitators. Currently patents and copyrights grant producers of certain ideas a monopoly."

Next, concede a point that everyone brings up first: "Certainly few people do something in exchange for nothing. Creators of new goods are

not different from producers of old ones: they want to be compensated for their effort.”

Now the core of the argument:

it is a long and dangerous jump from the assertion that innovators deserve compensation for their efforts to the conclusion that patents and copyrights, that is monopoly, are the best or the only way of providing that reward.... Creators' property rights can be well protected in the absence of intellectual property, and that the latter does not increase either innovation or creation. They are an unnecessary evil.

They continue to spell out precisely what they mean. They favor the property rights of producers. The property rights of innovators should be protected, and so should the property rights of those who have a copy of the idea of the creator. The first property right encourages innovation. The second property right encourages diffusion, adoption, and improvement of innovation.

The question is whether creators should have a right to dictate how purchasers use a creation. To say they should amounts to a claim not of property rights but of intellectual property. It confers a privilege and restricts third parties in what they can do with property. It is a grant of monopoly privilege. Monopolies are not friends of innovation in any area of life. They don't go into detail here, but we know this by looking at the Postal Service or the public schools or the utility companies. All of the sectors controlled by monopolists are characterized by high prices, low innovation, and stagnation generally.

How odd it is that we believe otherwise—this one kind of monopoly is something we can't live without!—with intellectual property!

The authors point out that the supposed incentive to create is a double-edged sword. Someone pays the bill. It's not as if the creator benefits and nothing else happens. For example, they cite the case of a movie that cost \$218 to make but that cost \$400,000 in music rights. This is a serious social cost. It is largely an unseen cost, too. Think of the movies that are not made, the profits in publishing that are never seen, the inventions that are delayed or never come to market, the alternative use of the billions and billions that are spent by consumers on patented drugs.

The introduction also deals with the U.S. Constitution's endorsement of copyright and trademark. They say that it is outmoded but no more than that. For my own part, I'm somewhat curious about this. Many parts of the Constitution are fundamentally antimonarchical (only republican governments permitted in the states, for example). The history of patent legislation in England prompts me to wonder if the purpose of this clause is to say that government will not own and dispense mercantilist privileges; rather individuals alone will possess such rights. It was supposed to be a point against kingly privilege; still misguided, to be sure, but one can make a bit more sense of it in this case.

The first chapter is highly provocative and puts the reader on notice that a wild ride is coming. The authors don't disappoint.

People sometimes ask me about ideas for research projects. What the authors have done with the Watt case could be done for a thousand other cases. There is so much work to do, and so much rethinking to do.

Does monopoly create wealth?

How strange this intellectual property issue is. In normal life, we tend to (or should) credit enterprise and markets for most innovations that surround us. I'm typing on a system that includes products from several dozens of different creative companies, with hardware and software and applications of all sorts stitched together through some miracle we call the coordinating power of the market. No news in that, I suppose. Ho hum.

But let the subject of IP come up, and most people will say that we only have this stuff thanks to IP. Think of the shift here. On the one hand, we credit markets. On the other hand, we credit monopoly. Both can't be true. Or if both are true, we have a serious theoretical tangle to unravel. So which is true?

This is the topic addressed in the second chapter of Boldrin and Levine's book. They begin by observing that "virtually none of the innovations" in the digital industry of computers "took place with the protection of intellectual monopoly."

Before 1981 it was not possible to patent or copyright software. The craze to patent every mouse click began only following a 1994 court ruling (*In re Alappat*). Meanwhile, the underlying guts of all that you see

began long before. As with all genuine, economic revolutions, the foundation of end-user consumption was decades in its preparation. Compilers, assemblers, linked lists, databases, search algorithms, displays, languages, word processing: they all began long before the age of software patents or copyrights.

Let's see how this works. Property rights are protected. Trade is free. People made useful stuff. People bought stuff and used it. They imitated and emulated each other and improved things step by step through investment, profit, and reinvestment. That's all. All development since this great age of innovation that preceded software IP has built on this foundation of open-source material. Said Bill Gates, "If people had understood how patents would be granted when most of today's ideas were invented, and had taken out patents, the industry would be at a complete standstill today."

The authors comment on the *post hoc ergo propter hoc* fallacy: "Intellectual monopoly is not a cause of innovation, but rather an unwelcome consequence of it." How so? Young industries do amazing things and get a foothold in the market. Then even better folks come along with better ideas. The old guys panic, and turn to government for protection. The industry freezes in place. It is the oldest pattern. Thus did Microsoft make no effort to protect its IP in the early days; it begged for attention and encouraged widespread use and copying. When it saw a threat from newcomers, matters changed.

There hasn't been that much innovation in operating systems since 1994. There has been innovation in web browsing, but where did the web browser come from? It was purchased from a creative company in 1993, before there were software patents. Imagine how a patent in web browsing would have set back the entire industry! The losses would have been incalculable.

We can see here that the authors are holding up the computer industry as a model for how things work in a free market. And a superstrong case for their position is the open-source software movement, which is a main fuel behind the development we see today. Firms relinquish monopoly to assure longevity in the industry: others can pick up their designs and develop them. This helps build their market. In any case, we all depend on open-source software every day if we use Google: it

runs Linux, an open-source operating system. There are many others. Indeed, open-source dominates the web completely. Some 70 percent of servers online today run Apache.

But how can they make money? The authors tell the story of Red Hat. It is open source. It has plenty of competitors who offer the exact same product. But because of brand name, Red Hat is still marketable and has more staying power. As Boldrin and Levine say, “If you had a problem with software you bought, and had to call the seller for advice—who would you prefer to call—the people who wrote the program, or the people who copied it?” Thus does Red Hat profit and their many competitors come and go, come again and go again.

The authors effortlessly segue from software to books, and here is the part that especially interests me. They provide an alternative explanation for why British literature was so widely circulated in the United States in the nineteenth century. American publishers could publish without copyright—there were no international copyright agreements—and there was massive competition. It was so intense that American firms would pay authors directly for sending chapters even before they appeared in Britain. The amounts they would receive even exceed their British royalties over a period of years.

As a result, there was huge dissemination of knowledge. And the prices were low: Dickens's *A Christmas Carol* sold for six cents in the United States and \$2.50 in England. Printing technology improved. Literacy improved. Ideas spread. Children and schools could have books, which in turn increased the demand for books, and spurred on new investment and technological improvements. It was a dynamic and wild world of publishing, comparable to what we see with the web today.

But could it work in modern times? Look at government documents, which are always and everywhere in the public domain (unless they are secret). The 9/11 report of 2004 was a huge best seller, comparable to the first Harry Potter in sales volume. Norton even negotiated a deal with the government to release a paperback on the day of release, and it was also available for free download. Why would they do this? The same reason all entrepreneurs do what they do: to be the first to market. Meanwhile, anyone on the planet could publish it a day later. Still, Norton turned a massive profit.

Another fascinating section concerns the newspaper industry. It began without patent protection. Benjamin Day started the *New York Sun* and his technology was open source: he collected advertising to pay the costs and recruited young boys to sell it. Anyone could do it. But the point is that he did it first and made lots of money. He was first and he was innovative. That's the key to success. It was a massively costly undertaking!

Why wasn't he driven out of business by piracy? The Recording Industry Association of America claims constantly that a free market can't work because pirates will go straight to the most profitable production ends and steal them. But the authors of *Against Intellectual Monopoly* ask us to think about this carefully. How do we know what is profitable? We have to let the market work. You can't know in advance. And once a line of production is profitable, it is too late: the player has market dominance, and all of the advantages that come with that. They ask us to try this yourself: try ruining a pop star by pirating songs only once you are certain they are big hits.

Back up and consider the history of IP. It is a modern invention, whereas music and literature appeared at the dawn of civilization. Music and literature and art thrived for many centuries before IP. The authors don't go into it, but just imagine if the invention of the musical staff had been copyrighted and patented by the monk Guido d'Arezzo who invented it. Progress would have been set back by a century!

The first signs of IP appeared after the invention of the printing press. Governments used it to suppress political dissent (I suspect that the Wars of Religion had something to do with this). It was a royal mercantilist privilege conferred on printers—the same as it was conferred on tea, tin, cotton, banking, or any other good. In the day, it seemed reasonable. The ruler wanted to control goods and producers wanted guarantees. Everyone wins, right? Except that there was no competition, no market process, and hence there was stasis. Mercantilism was refuted by economists and the free market emerged and history was changed.

What happened to IP in the age when mercantilism was being repealed? It was not abolished but transferred from kings to producers: the exclusive right to produce was granted to private owners who became responsible for enforcement under the cover of law. This was a

huge mistake in the liberal revolution of the eighteenth century, an inconsistency that continues to haunt us.

Boldrin and Levine's section on IP history should be mandatory reading!

Next in the second chapter: a short section on the history of sheet music. Did you know that the industry leader in sheet music—Francis, Day & Hunter—got its start through mass piracy? Fascinating. The war on cheap sheet music is comparable to the war on pirates today. It didn't work, thank goodness.

The chapter concludes with a long and interesting section on the dynamic, hugely profitable industry of porn. You wince. Of course. So does the state. Copyright protection is nearly unavailable here for reasons that are obvious. It is a legitimate subject for investigation from an economic perspective. This open-source industry is massive and growing, orderly and profitable, and technologically innovative. How tragic that IP has created a situation in which we have to look to the seedier side of life to see how truly free markets work.

Does innovation require property in ideas?

Against Intellectual Monopoly dares step out front, on a topic very dear to our hearts, to prove that “the great role of patents in giving us modern software is unadulterated fantasy.” And they show this by reviewing the history of software innovation and its present workings. Neither Google nor YouTube nor any other driving force is using patents to retain competitive advantage, and those who do collect patents mostly do it in order to avoid patent trolls, e.g., those who would patent a technology already in use in order to possess and restrict its use.

The lesson, however, applies far more broadly. Wealth in the Western world has been rising for a thousand years, and innovation along with it, and patents have played virtually no role whatsoever. The authors, in chapter three, go more fully into the history of the patent to show that they originated out of kingly privilege associated with mercantilism and that the legislation of the 17th and 18th centuries were forms of liberalization, despite first appearances. It wasn't until the nineteenth century that the laws tightened again.

Comprehensive intellectual property laws as they exist today didn't make an appearance until the end of the nineteenth century and the beginning of the twentieth century. Taking the long view, we can see even with a superficial look that economic growth throughout the world has been in process for one thousand years, while patents are new and were mostly very narrow until quite recently.

Why did patents enter the picture? The rise of modern IP is due to the lobbying of incumbent firms threatened with competition. It is a complete myth that patents give rise to innovation; the reverse has been true: innovation gives rise to patents. The authors offer this incredible challenge: "Can anyone mention even one single case of a new industry emerging as a result of the protection of existing patent laws? We cannot.... Strange coincidence, is it not?"

Examples. Services in the United States were not covered by patent until the 1990s. In Italy, pharmaceutical products and processes were not covered until 1978. In Switzerland, it was 1954. Agricultural seeds and plants were not effectively patented until 1977—but the greatest progress here occurred over the previous 100 years. Basic sciences like math and physics cannot be patented. The tendency in the biological and life sciences toward patents is a very grave sign for the future of these sectors.

The authors cite George Stigler in pointing out that patents did not assist "automobiles, frozen foods, various electrical appliances and equipment, petroleum refining, incandescent lamps, radio, and uranium mining." Stigler further cites the mail-order business, which revolutionized retail, as a case of patent-free development.

Shall we go on? It helps to have the specifics that the authors provide:

Ray Kroc's fast-food franchise (better known as McDonald's), the 24-hour convenience store, home delivery of precooked food, the suburban shopping mall, franchise-everything (from coffee to hairdressing), the various steps that make up the delivery business of UPS, Federal Express, and DHL, and, obviously, online commerce. That is, pretty much each and every innovation which, during the last half-century, has had any lasting impact in the retail and distribution sector was not spurred or protected by patents.

How did the inventor of the cotton gin—Eli Whitney—become rich? Not through the cotton gin! He and his business partner took out a patent and spent their energies crushing competition. They were trying to charge farmers two-fifths of their profits, paid in the form of cotton. Farmers hated it, and started to pirate the machine, and many competitive companies sprung up. Litigation followed and lasted from 1794 to 1807. Nothing came of it but an expenditure of time and energy, not to mention lawyer's fees. The growth of cotton ginning in the South ended up owing more to the pirates than Whitney.

So where did Whitney get his money? How did he die rich? In 1798, he invented a process to manufacture muskets by machine. This time he was smart: he sought no patent. He encouraged "piracy," that is, imitation. The industry took off, and he remained the leader through innovation. What a blessed life to be rid of the stupid waste of using legal means to crush the competition and instead devote yourself to doing good for others and making money at the same time!

Here is the section in which the authors tell the story of agriculture. Before 1930, there was no patent protection—the very period in which the United States became so productive in agriculture that the entire population shifted in its main industrial focus. After 1930, law granted only patents for a narrow range of plants. It wasn't until 1970 that the Plant Variety Protection Act extended protection to sexually produced plants, and not until the 1980s when protection was extended to biotechnology. So we have a test case, and the authors measure innovation using total-factor productivity. They find no increase after patents, and even some disturbing data oscillations. In corn in particular, the astounding increase in yields occurred before patents and has nearly leveled off since patents. Two splashing examples of amazing innovation are now introduced in the book. The area of Almeria, Spain, was an unusable desert from the beginning of time until 1963, when an unpatented greenhouse was introduced into the area. The greenhouse was copied and copied and spread all over the region. The results can be seen from space with color photos reproduced in the book. The entire region was transformed from desolate to rich in the course of two decades. The same process took place in Treviso, Italy, where the "ready-to-color" sweater was introduced by the Benetton family, and the process was imitated and spread to change an entire region in the absence of patent.

Other examples: financial services (no patents), fashion (no patents), and advertising (no patents, and copyrights are ineffective). These are the leading examples of innovation in the modern age. This section is so compelling that so far as I am concerned, the book could end here.

But if patents really are that irrelevant, why don't the captains of industry realize it? It turns out that they do. Two surveys in modern times asked R&D heads what techniques are most effective in realizing gains from innovation. It turns out that they regard the patent as the least effective means. The authors conclude this mind-blowing chapter with a long discussion of patent pools: these are cases in which companies relinquish patents in order to establish sharing agreements. It is a way of stepping sideways toward what the market would give us anyway.

Companies live and breathe by innovation. Innovation and monopoly are not compatible. We are back to an old lesson that remains true: it is the market and all that comes with it—not laws granting exclusive privileges to produce—that gives rise to innovation.

I end with a statement from Mises himself:

The great monopoly problem mankind has to face today is not an outgrowth of the operation of the market economy. It is a product of purposive action on the part of governments. It is not one of the evils inherent in capitalism as the demagogues trumpet. It is, on the contrary, the fruit of policies hostile to capitalism and intent upon sabotaging and destroying its operation.

Sometimes those most hostile to capitalism are the capitalists themselves!

Seen and unseen costs of patents

Drug patents took it on the chin a few years ago when major drug companies refused to sell cheap AIDS drugs in Africa. Presuming the drugs work, countless lives might have been saved. But the desire to protect the high price on the patented drug—despite the low marginal cost for producing additional units—trumped the humanitarian impulse to save lives. The large drug companies refused to budge, despite protests from all over the world.

Defenders of the drug companies say: Well, sure, it is cheap to produce mass quantities of drugs after they have been developed. But the costs of getting there are sky high. If companies can't charge high prices, they won't develop the drugs in the first place.

Boldrin and Levine, in chapter four, offer an interesting response to this claim, but it requires a bit of thought. They point out that the drugs can still be sold profitably at vastly lower prices, in the same way that many other products can be sold profitably at low prices. Items of superhigh cost—think of passenger airlines or cruise ships—recoup those costs through volume sales over time. It is the same with drugs, or could be.

So why wouldn't the pharmaceutical companies budge in the African case? It is due to the fear of reimportation, that is, that the drugs would make their way back to the United States and Canada and be sold at cheap prices, thereby undercutting the monopolistic price. Why not just price discriminate? It's not so easy to price discriminate in a global economy. Rather than take that risk, companies settled for not selling at all. This reflects a general principle articulated by Boldrin and Levine: "Intellectual monopolists often fail to price discriminate because doing so would generate competition from their own consumers."

Think about this principle. It helps explain why large software manufacturers routinely degrade their products available to individual consumers while reserving their better products for the more lucrative corporate market. This is why the versions of operating systems and end-user software are dumbed down on the consumer market. The companies don't want to permit cross-selling between markets, even though the costs of selling better products across markets are virtually identical. Only IP allows them to get away with this sort of behavior.

So, yes, there are some benefits to patents in the same way there are benefits to all monopolists. The Post Office benefits from the prohibition against private delivery of letters. Public schools benefit from regulations on private education and mandatory funding. The electric company benefits from its statutory guarantee against competitive intrusion.

But that is not the same as saying that all groups benefit. Boldrin and Levine examine data from total factor productivity in crossnational studies and show that the astounding increase in patents in the 1990s—rising

more than threefold from a stable rate in previous decades—has had no effect on increases in prosperity and innovation.

Meanwhile, there are huge costs, even for those who acquire and own the patents. Oracle Corporation, for example, spends vast resources on what can be called “defensive patents.” They must get them before someone else does, or else risk having to pay huge fees to someone else. Cross-licensing is the only way to develop software now, so the patent route has been forced on everyone. The word “thicket” is the one everyone uses.

What it really amounts to is a cold war between patent holders—a patent race that is very much like an arms race. This is why Nokia owns 12,000 patents and Microsoft is adding 1,000 patents a month to its arsenal. Intel’s CEO spoke for many when he said he would be glad to cut the number of Intel’s patents to a tenth of its current rate provided that others did the same.

Conventional patent theory says they are necessary for generating revenue to fund research and development, and to inspire innovation. This is supposedly the economically valuable contribution of patents. Then there is the real world. A Carnegie Endowment survey of firms shows that businesses themselves report that this function of patents is mentioned as important only six percent of the time. The main reason businesses say that they want patents is to enforce monopoly—preventing people from developing similar but better and cheaper products—and to prevent lawsuits.

The authors describe the result of patents as not a competitive market for innovation but an oligopolistic market structure around patent-pool mechanisms. This affects every industry, as patent battles hinder economic development. A good example is the ongoing battle over who and what can lay claim to the title “basmati” rice. A Texas company called RiceTec won a patent in 1997, infuriating Indian and Pakistani companies that have been making basmati for hundreds of years. These companies have been fighting back with their own attempts to register patents on the rice. What this has to do with the consumer and the dinner table and the need for cheap and delicious food being made widely available is the unanswered question.

A peculiar form of patent abuse comes in the form of the submarine patent. This is a patent taken out early while the production of the product itself is delayed as long as possible. When someone else finally goes to market with a product, the patent emerges from the deep as a method of blackmailing the company that has gone to market.

Boldrin and Levine explain that this tactic dates to George Seldon's patent on the "road engine" in 1895. It commanded 1.25 percent on the sale of every car in the United States. He sold his patent for \$10,000 and 20 percent of royalties to a syndicate in 1899. As the car actually started to make it to market, the Association of Licensed Automobile Manufacturers formed a cartel around the patent. The authors comment, "if you were wondering why the U.S. automobile industry developed so quickly into the oligopoly we know and hate, a fair share of the roots lie in bad 'intellectual property' legislation and the intellectual monopoly it created."

Personally, I find that revelation remarkable. More than a hundred years later, we are still paying the price for this car-cartel-creating patent. Something similar happened to airplanes, when the Wright Brothers managed to get a patent on anything resembling an airplane, despite their own contribution to the technology being so meager. They were so aggressive in blasting all competitors that all serious innovation in airplane technology ended up taking place overseas in France.

The authors make a statement that I wish could be made more prominent, since it comports with everything I know about businesspeople and patents. It is the most common thing in the world for a businessperson who uses every market-oriented skill to get a product to market: a good product at a good price that becomes the market leader. At this point, and for some odd reason, the businessperson gets confused. He thinks that it is his IP that is the key to his success and ends up fighting for it with all his might, even at his own expense.

Here is the statement by Boldrin and Levine:

"Being a monopolist" is, apparently, akin to going on drugs or joining some strange religious sect. It seems to lead to complete loss of any sense of what profitable opportunities are and of how free markets function. Monopolists, apparently, can conceive of only one

way of making money that is bullying consumers and competitors to put up or shut up. Furthermore, it also appears to mean that past mistakes have to be repeated at a larger, and ever more ridiculous, scale.

A clear case in point concerns the Recording Industry Association of America, which managed to make itself appear as the devil incarnate in the eyes of an entire generation of music downloaders. Another example concerns Google Print. This work of genius would have brought all the world's libraries to one central location so that users could search the books and purchase them. Wonderful! But the Authors Guild sued, and the suit has gutted Google Print as a useful tool. The dream of all educated people from the ancient world to the present—a single accessible repository of all the world's wisdom—was stopped for no good reason.

The authors conclude chapter four with a restatement of the theme: the benefits of patents are small and narrow, while the costs are large and broad. The biggest costs are the unseen ones that Bastiat speaks of. These are innovations we don't see, the products that don't come to market, the efficiencies that we never experience, the companies that don't come into existence, and the investment that would have taken place with the resources that are expended on patent acquisition and enforcement. Here are the real costs of patents, and they are incalculable.

The book and music killers

One theory of copyright is that it promotes the production and distribution of literary works. Well, that myth is completely shattered in chapter five of *Against Intellectual Monopoly*. The chapter is pithy, thorough, dead-on in its practical analysis, and deeply radical. It is the perfect illustration of why I think this is one of the most original and compelling books on economics in a generation.

Copyright is a subject replete with mythology. People toss around junk legalisms that they pick up on the street while knowing nothing about the facts or the law. They imagine that copyright is important for protecting rights, even though the practical reality is that it is a killer of ideas and a rights violator on a massive scale. Indeed, something must be done to crush this institution before it brings the creative and literary arts to a grinding halt.

We must remember that the copyright law is just another bogus modern institution we can do without, just like the income tax and central banking. International copyright only came to exist in 1891—it was the result of lobbying not by authors but by publishers!—and has steadily increased over the century to the point of maniacal absurdity today: thanks to the U.S. Congress, an article you write today is under copyright protection until 70 years after your death.

As was mentioned earlier, copyright originated as a kingly permission to publish what was politically correct. The privilege passed to individual writers in the twentieth century but didn't stay there long: the publishers inherited the right through contracts, and they now use that right to rob writers, musicians, artists, and consumers of what Jefferson considered to be inalienable.

Did the internationalization and institutionalization of copyright actually achieve its stated aim of promoting literary work? There was no increase in copyright registrations as a percentage of the population between 1900 and 1950, despite the double lengthening of the copyright term. So much for the great outpouring of creativity in literature and music. In 1998, the Sonny Bono/Mickey Mouse Copyright Term Extension Act (“the biggest land grab in history”) boosted copyright by 40 percent—but with what effect on incentives to produce? None, so far as anyone knows. But the publishers and moguls who pushed for this nonsense are surely happy that they don't have to work harder and can continue to live off the royalties of their long-dead predecessors.

Boldrin and Levine find that the countries with no copyright legislation (German territories in particular) had more composers per capita than countries like England, where copyright had the effect of bringing the entire composition industry to a grinding halt.

Actually, what that 1998 legislation did was provide a massive boost for authors to find ways out of the chains of copyright. The development of Creative Commons, and other tools, followed because it is ever more obvious that copyright is at war with the digital age. And thank goodness for that. But in the meantime, copyright in the twentieth century has accomplished horrible evil.

Large swaths of the literary output of the last 50 years, for example, now lies buried in the vaults of large publishers who neither print them

nor permit them to be printed absent some huge fee. Nor will they return rights to the author. Nor will the publishers allow them to be posted. Getting them back in print is a very expensive and time-consuming operation.

In my own work at the Mises Institute, I've encountered a dozen such cases myself, and while most individual cases offer some possibility of a fiduciary workaround, economic considerations on the margin effectively drive these works off the market. Meanwhile, the greatest thing that could ever happen to an author is for his or her works to enter the public domain, but that only happens if you wrote your book before 1963 and the copyright was mercifully not renewed.

Here is a test case brilliantly conceived of by Boldrin and Levine. The works of Edgar Rice Burroughs are right on the fence of the copyright law. Some are out of copyright. Some are in. They compared the circulation between them. The books out of copyright in the Mars series are *A Princess of Mars*, *The Gods of Mars*, *The Warlord of Mars*, *Thuvia, Maid of Mars*, and *The Chessmen of Mars*. All of these are available on Amazon, in illustrated HTML versions, as electronic versions to buy and see for free, and in innumerable editions in stores.

Meanwhile, other books in the Mars series are under copyright, including *Master of Mars*, *A Fighting Man of Mars*, *Swords of Mars*, *Synthetic Men of Mars*, and *Llana of Gathol*. Every single one of the books under copyright is out of print! This is not an accident. In this way, copyright serves as a tax on production, so of course it results in less, not more.

The same is true of innumerable authors, including many classically liberal authors. The world is highly fortunate that they published with marginal firms that failed to renew their copyrights after they expired. Otherwise, their works would be unavailable. It is in fact tragic that Hayek himself had major publishers who renewed many copyrights, because that fact alone has caused them to be tethered to the point of limiting Hayek's own influence.

What the 1998 act did was put tens of thousands of titles under copyright that would otherwise have been open to the world. All this was done to protect the work of one company—Disney—which ironically made its fortune by making movies based on public-domain stories! The

authors here further point out that large companies have no incentive to bring back into print the titles for which they own copyright, because they don't want them to compete with their new hardback titles. It really is a form of legal suppression of literary work going on here, made possible only by the state's law, and it is an outrage. A vast swath of the literary output of the West of the last 50 years has been kidnapped by private parties with the legal approval by the state.

Again, the beneficiaries of the law are not authors and not musicians and artists. Musicians themselves typically earn far more from concerts than royalties. So the conventional theory is wrong: copyright doesn't inspire creativity. These musicians would work and create without it; in fact, no one has a greater incentive for abolishing the current system than creators.

For 2,000 years, the core of musical creativity was the emulation and elaboration on existing musical forms, with composers both competing with each other and cooperating in a communal way toward advancement. They depend most heavily on sharing information. If this is stopped, culturally significant creativity is seriously impeded. Copyright shut the cooperative process down at the turn of the nineteenth century.

Today, serious "classical" composers have to keep returning to public-domain material like folk songs to make variations on themes. The music of the twentieth century is largely off limits. Meanwhile, the search for originality has created bizarre forms of music within the conservatory culture, none of which has sticking power in the culture at large because it is illegal to imitate it.

This whole scenario represents a radical attack on the very essence of cultural advancement. The repeal of copyright would result in a huge outpouring of great music that uses popular music in a variety of different forms. Composers would be unleashed to write, ensembles could perform and record, and musicians of all sorts would produce with glorious new creativity. As it is, they live in a caged world in which lawyers determine what they can write, play, and record. If you understand this, you can see why musical forms have taken such a huge tumble in the last 100 years, while creativity has taken place only in sectors that eschew copyright, such as jazz and independent rock.

As for recording, the whole effort to prevent file sharing has been a disaster for artists. Again, this resulted from special-interest legislation. The tethers are so tight now that many bands are reduced to refusing any recording contracts at all, merely so that they can distribute their own music the way they want to. This has been proven again and again to be compatible with huge sales. The best-selling CDs of last year were also the ones available for free download.

Whenever this subject comes up, people unthinkingly toss around crazy bromides. “You mean you want to allow anyone to just steal anyone’s work? Why would anyone bother to write a book or write a song?”

These kinds of questions reflect what happens to our thinking in a time of statism; we can’t imagine how freedom would work. We do not, for example, ask similar questions about other sectors. “If you allow the private growing of vegetables, why would anyone bother to start commercial farms or open grocery stores? If you allow people to cook at home, why would anyone open a restaurant? If you allow people to just share recipes, why would anyone become a master chef? You would allow just anyone to steal the idea of a tomato sauce or a fancy dish that took years in culinary school to create?”

These questions only sound stupid to us because we don’t have existing laws covering these topics. Somehow everything works out. Because we have copyright, we can’t even imagine how we could get along without it. And yet we see many examples around us. Public-domain works are hugely popular and firms profit from selling them, and they are more prevalent than copyrighted works.

What I find striking is that copyright operates today by state-authorized theft of creativity by large firms. Writers and composers and bands permit themselves to be looted of their own right to distribute their own work. Composers work years on a piece and then give up the results to some business corporation in exchange for their right to publicly hum the tune they wrote. It is astounding, and wholly nonviable.

Fortunately, the free market is finding a workaround to evil copyright laws in the form of Creative Commons and other institutions. In this way, at least there is a path to freedom for us, whereas the same can’t be said of patent laws.

One last note: Do not write me with some smarty-pants remark about how, if we are serious, the Mises Institute should allow anyone to publish our books. All our new works, insofar as it is possible, will be published with a Creative Commons license as a matter of signed contract with authors. As for this book, please “steal” it. That goes for anything I write. If you can sell it and make a buck, good for you. If you become a millionaire, shame on me for not thinking of it first.

Back to basics on property and competition

Zeroing in on a topic like intellectual property offers a chance to clarify fundamental notions in economics generally. You think you understand something like property rights or the nature of competition—you have studied the ideas for years!—and then a challenge comes along that blows everything up. It's an opportunity. Time to think and think again.

Is there really property in ideas, and if so, what rules should govern it? Is it really necessary that such property be protected in order that competition be kept fair and just and efficient?

The authors of *Against Intellectual Monopoly* state at the outset of chapter six that property is a great and indispensable thing. It allows people to own, develop, be creative, profit, and build a prosperous society. Societies without private property stagnate and die.

Property rights are necessary too when there is a limit on the number of things in question. But owning a thing doesn't prevent others from owning other things too. For example, cars. They must be allocated through property rights because there is a potential for conflict if they are collectively owned. But my owning a car doesn't prevent you from owning a car. There is no coercion involved in the institution of ownership.

The authors make a very important point with regard to ideas. If you have an idea, it is yours. You can do with it what you want. If you share it (sing, speak, broadcast, let others see the products of your ideas), others then have copies of it. They are entitled to do with their copies of the idea precisely what you can do with your idea. They can use it how they want provided they don't prevent others from doing with it what they want. This is a simple application of the nonaggression principle that governs a free society. Whether it is fashion, language, know-how, or whatever, people are free to copy.

Ideas, then, are what Mises calls “free goods”: copies are potentially limitless. They “do not need to be economized.”

Intellectual property is the completely wrongheaded idea that, in the words of the authors, someone has the right “to monopolize an idea by telling other people how they may, or more often may not, use the copies they own.” This strikes at the heart of progress, because it means not improving what exists but rather prohibiting others from using and improving it.

In the same way that property is good, competition is also good. It inspires people to strive for excellence, and to measure their progress against what others are doing. It allows people to try and fail or try and succeed. It permits people to learn from each other, looking at what others do that is successful and emulating them. This is how society leaps forward from stage to stage: how we went from horses to engines, how plumbing came indoors, how industry took over from agriculture, how the digital came to be.

Competition is predicated on the ability to learn and copy. If you think about it, this is the essence of daily life. We watch how people do things and learn from them. We get on the subway and hold the stabilizing strap a certain way. We follow fashion sense. We watch the Food Network. We listen to our professors and talk to other students. We read and absorb the ideas of articles on the Internet. The newly taught person becomes a competitor: the student becomes a professor, for example. The protégé is always a threat to the monopoly previously held by the mentor.

What can you copy? Anything and everything. This is not “taking” anything from anyone. The owner of the original idea still has his. Other people now have their copies, and are free to improve them.

Commerce is part of this stream of life, and, in fact, learning through imitation and improvement is even more crucially important if we want to sustain a rising population with ever better health and well-being at their disposal.

Let’s say I write a book and publish 1,000 copies. They are all mine. When I sell one, I now have 999 remaining, and the new owner of the one book, in a free society, is free to do with his copy what he wants: use it as a placemat, throw it away, deface it, photocopy, and even republish

it. You can even republish it under your own name, though that would amount to the socially repudiated vice of plagiarism (vice, not crime). The new copies, which always involve some cost, compete with old copies.

What are the advantages of living under intellectual freedom as described above? The authors list three main ones: (1) The number of copies is more plentiful and their price is thereby lower, which helps consumers. I like this point because it underscores that IP is really what the old classical liberals denounced as a “producers’ policy,” like protectionism or industrial subsidies. It beefs up the bottom line of specific firms at the consumer’s expense. (2) The initial innovator still earns money, as in the perfume or fashion or recipe industry. (3) “The market functions whether there is one innovator or many—and socially beneficial simultaneous innovation is possible.”

The authors give the example of Mozart and Beethoven, who published without IP but did very well by being the first to market. This is the source of profits. It’s the same today with products such as the iPhone. It was the first-time market, and Apple made a killing, enough of one to have inspired and ratified the initial innovation. Now they are attempting to prolong their period of monopoly profits by considering patent suits against imitators. Society is certainly not better off under these conditions. As the authors say, “the goal of economic efficiency is not that of making monopolists as rich as possible, in fact: it is almost the opposite. The goal of economic efficiency is that of making us all as well off as possible.”

It’s interesting how people immediately object that no one would create things under free-market competition. Look around! A tiny fraction of what we use and experience every day is subjected to intellectual monopoly. And look at your own life. Do you trim the bushes in front of your house only because you then have copyright to your new design? Do you take a casserole to a potluck lunch only on the belief that no one is permitted to copy your dish? Do you wear a navy jacket with a yellow tie only on the condition that no coworker is permitted to do the same? There was no IP at all for many centuries during the greatest period of modern economic growth from the fifteenth century onward.

Others generate all kinds of arguments to show that competition doesn't work. For example, we are told that very high costs are associated with some investments, and so monopoly is required in order for investors to make a profit and thereby have incentive to invest and innovate. The authors cite the cases of shoes and gasoline. Building a shoe factory or an oil-refinery plant is a very expensive undertaking, and competition is everywhere. But somehow no one suggests that these must thereby be produced under monopoly conditions. I suggest that the reason is that we experience competitive conditions in these industries; it is so difficult for people to even imagine freedom where it doesn't exist.

I recall a story told to me by an economist who was serving as an adviser to a former Soviet satellite state. He advised free labor markets and privatization. Officials objected that this wouldn't work because people might build plants where there are no workers. He said that people would just move to the places where capital is most profitable for labor. The officials objected that they couldn't possibly allow the freedom for people to live wherever they wanted; this would amount to an intolerable kind of anarchy. They just couldn't imagine how such a system could work!

There are advantages to being the first mover in markets, and here is the main source of the innovator's profits. But there is no reason to freeze the market process right there. In many ways IP represents the same fallacy that antitrust does: it takes a snapshot of the economy in one stage and evaluates it and manufactures a policy response. Antitrust tries to break up what only temporarily appear to be monopolies; IP attempts to create and sustain monopolies over time. Competition, by contrast, lets the market work as an undirected and uncontrolled and rivalrous process of discovery, emulation, and creativity.

Will some firms suffer under competition? Of course. "Competition is not a gala dinner," write Boldrin and Levine, "and getting rid of inefficient firms while allowing efficient ones to blossom is exactly what competition is supposed to accomplish."

The chapter ends with a hymn to imitation as a social force. These few paragraphs are so important, and what they imply is something that I believe has been overlooked by classical liberals. It is a foundation of social order. And that gives us three talked about in this chapter:

property (which gives rise to exchange), competition (a species of cooperation), and imitation (learning through emulation).

Fallacy run amok

Fed up with the patent craze, *The Economist* magazine wrote the following in a main editorial:

The granting of patents “inflames cupidity,” excites fraud, stimulates men to run after schemes that may enable them to levy a tax on the public, begets disputes and quarrels betwixt inventors, provokes endless lawsuits.... The principle of the law from which such consequences flow cannot be just.

It's not in a current issue. That was published in 1851, but every word of it remains true today. It was once conventional wisdom among economists that state-granted monopolies were as bad as mercantilism. But in the meantime, sometime after the middle of the twentieth century, the conventional wisdom became confused.

The source of the problem was a mechanistic view of the market embodied in the idea of general equilibrium theory. It is a theoretical picture of what the macroeconomy looks like when all the dust is settled.

Demand and supply perfectly match. The prices of all things have been competitively bid down to their cost, so there are no profits. All prices are a given and all markets are cleared. There is perfect information, perfect rationality, no uncertainty and no transaction costs or any other costs. Indeed, there is no activity at all. All the world is made of perfectly satisfied robots.

It's a mathematical notion only, but once it is embedded in your head as a picture of a perfect economic world, it is a small step toward using it as a benchmark for the whole of economic theorizing. It turns out that the case for patents and copyright is bound up with this theoretical notion, and Boldrin and Levine's seventh chapter of *Against Intellectual Monopoly* has the authors grappling with this idea's problems.

Joseph Schumpeter was an advocate of patents precisely because he couldn't shake the general equilibrium idea out of his head. He sought to account for how change happens under general equilibrium, and settled on a theory of entrepreneurship that imagines an innovation that

shakes up the dust before it settles into a new pattern (Rothbard called this “breaking out of the Walrasian box”).

With his benchmark, imitation would be as costless as any other activity, so it seemed necessary for the innovator to have an exclusive right to produce for a period, during which profits could be earned. Otherwise, the creative destruction necessary for social and economic advance can't take place.

Well, the core problem here is that general equilibrium has nothing at all to do with the way an economy works, as the Austrians have pointed out for half a century. There are costs to every action, pervasive uncertainties in all aspects of life, entrepreneurship is inherent in all action, and the clearing of markets takes place over time and through a process of ceaseless trial, error, and change.

It is a fascinating idea that the core reason why economists have only recently begun to look critically at the problem of IP is due to the triumph of the general equilibrium construct and the associated mathematization of the profession that excludes the possibility of modeling central features of real-world markets. We can chalk this up as yet another cost associated with the refusal of the profession to fully absorb the ideas of Menger, Mises, and Hayek.

This is the core theoretical problem with those who believe that innovation cannot occur in the absence of IP law: they assume a world in which all the hard stuff of life is a snap. In fact, imitation is costly and takes time. It requires effort. Even if a process or product is perfectly imitated, getting the product to market is a far more serious hurdle than simply copying something. It took a hundred years for the process of silk making to be imitated successfully. Even to this day, most of the world cannot figure out how to make a decent cup of espresso.

And even the possibility of quick and easy imitation doesn't strip away the profits associated with being first to market. I'm pretty good at making ice cream, and I could probably replicate the Moosetracks recipe over the course of a weekend of experimenting. But it isn't the Moosetracks trademarks, copyrights, and patents that prevent me from doing it. It is because I have better things to do, and bringing anything to market has huge opportunity costs.

Even if competitive but nearly identical products make it to market, that doesn't necessarily mean that the first mover cannot maintain a profit stream. The authors cite the case of TravelPro, the suitcase with the handle that has thousands of imitators. Yet even now, TravelPro does a booming business through ceaseless innovation, marketing, brand recognition, and competitive pricing.

If you take the arguments of the IP advocates seriously, you would never be able to figure out how there could be a thriving market for pizzas. There are high start-up costs (buildings, employees, ovens, drivers, technique) and yet there is a very low marginal profit associated with selling each one, a product that can be imitated by anyone. Surely there must be a recipe copyright, a patent on the pizza, a monopoly of providers, in order to make sure that someone is willing to undertake this task. And yet look around: there are a dozen places you can call to bring a pizza to your desk in 20 minutes.

Another argument concerns the idea of overgrazing. If you put ideas into the commons, they will be overused and degraded the same as regular property. This is true with real property. Public schools, public roads, public lands, and the like are all overutilized and fall into disrepair for lack of any economizing mechanism that allows rational allocation.

What about intellectual property? The Walt Disney Company says that its IP in Mickey Mouse is designed to prevent overgrazing, that if he went into the public domain, he would be drawn as cat food or placed in unseemly settings. Its currency would be debased.

Of course you can make the same argument about anything, such as pizzas or all food, but there is no question that, while an imaginary pizza and food monopolist would be worse off under competitive conditions, society is most certainly better off because anyone can make a pizza or make food. The authors make a further telling point in passing: when some good or service today is labeled as "Mickey Mouse," it is certainly not intended as a compliment. So despite the monopoly, the cartoon figure has certainly been degraded.

Many pro-IP arguments boil down to beliefs that something is either going to be undersupplied or oversupplied on a competitive market. In other words, this is the same argument used for all forms of claims about "market failures."

I can recall that there was great controversy when the first books about medical information and pharmaceutical drugs came on the market. Shouldn't doctors and pharmacies hold the monopoly? Somehow, however, everything worked out. We buy books, look up medical information online, and still go to see the doctor.

All providers are annoyed by competition. College professors are not entirely thrilled about Idiots and Dummies guides, but sometimes a colleague breaks ranks and writes one. This is just part of the rough and tumble of life in the absence of a general equilibrium.

The hoax of invention history

All popular business histories are replete with lies. Or, to be more charitable, they are filled with untruths based on a stupid version of cause and effect: inventions happen because people take out a patent on them. This assumption is hardly ever questioned in the mainline literature. Writers look through patent records and assume that they are a record of technological advance.

The truth is far messier. The patent records are a snapshot of those who filed a patent, and nothing more.

It is because of patent-based historiography that people believe that the Wright Brothers invented the airplane, when in fact they made only a tiny contribution of combining wing warping with a rudder. It was Sir George Cayley in Britain and Otto Lilienthal of Germany who did the bulk of the work of inventing the airplane. But it was the Wright Brothers who applied for the patent and quickly used it against Glenn Curtiss, who improved wing warping with movable control surfaces.

So it was with the radio, which is conventionally attributed to Guglielmo Marconi, the Nobel Prize winner in 1909. What about the contribution of Oliver Lodge in the UK or the forgotten genius Nikola Tesla or the Russian Aleksander Popov or the British Naval engineer Henry B. Jackson?

All Marconi did was ground the antenna, and also manage to win the patent wars thanks to the deep pockets of fellow aristocrat and partner Andrew Carnegie. Fifty years after the patent was granted, the Supreme Court conceded that it was unjustly given, but by then the

other claimants were dead! (Marconi was consistent at least: he was a big supporter of fascism in Italy.)

Then there is the famous myth about Alexander Bell that displaced knowledge of the real inventor of the telephone, Antonio Meucci. But Meucci couldn't afford the fee to file the patent. This oversight was fixed in a 2002 declaration by the U.S. Congress, but just a bit too late. There is an unlimited number of such cases that lead to fundamental questioning of the relationship between patents and innovation. It turns out that there are very few great leaps forward in history that are the result of a single, Prometheus-style figure. Most advances are the cooperative work of many factors alive in society, with individuals improving things a bit at a time until all those improvements come together in a marketable form.

The patent has essentially nothing to do with it. And Boldrin and Levine are hardly the first to point this out. You might be surprised to know that many academic economists have done empirical studies on the relationship between patents and economic advance. Of all those studies they reviewed, 23 in total, they found none that could establish a strong relationship, and many that found negative relationships between patents and development: that is, that patents actually impede progress.

What they found further is that the main contribution of patents is to increase the production of patents. But that is not the same as increasing invention, for the main use of the patent is to put a stop to any similar innovation that builds upon and improves the patented thing. The patent holder rides high for a time, but history is actually frozen in place. The process of imitation and sharing that led to the innovation becomes formalized, centralized, fixed, and stagnant.

They examine the case of databases, which are patented in Europe but not in the United States. The United States wins the competition easily. The American dominance of database production runs 2.5:1 compared with Europe. To me, this helps explain what many have noticed, namely that Europe is seriously behind in its digitalization and organization of information, with most Europeans possessing oddly antiquated intellectual capital concerning even the most basic databasing skills. Now we know: it's not their fault; it's the fault of their IP regimes.

Thus does chapter eight of *Against Intellectual Monopoly* discuss all the existing literature that makes the case—on purpose or inadvertently—

against patents. It is packed with empirical detail, but in particular I'm intrigued at their review of the history of musical composition in England and Europe during the 18th and 19th centuries.

They find that the countries with no copyright legislation (German territories in particular) had more composers per capita than countries like England. And in England in particular, the 1750 copyright law, extended to music in 1777, had the effect of bringing the entire composition industry to a grinding halt. And later, when copyright was imposed on Italy and France, it led to a diminution of composer effort.

This demonstration is intriguing beyond what most music historians can possibly imagine. It solves a long-running mystery concerning how it came to be that the most musically educated population in the world, one with a massive history of compositional genius, would suddenly fail to participate in the progress that defined the age of Mozart and Beethoven. These historians just haven't known where to look for clues.

This chapter makes me sad for all the great innovators whose names are not in the history books, and even sadder for all of us who have been denied great innovations because some fool managed to make it to the patent office first only to use that privilege to kill his competition the next day. Far from encouraging innovation, patent and copyright have managed to kill off so many wonderful works of art and technologies that it boggles the mind. In order to understand this, you have to look beyond the patent records. You have to train yourself to look at the unseen costs of government regulation.

Do patents save our lives?

How essential are drug patents as a piece of the machinery of the modern pharmaceutical industry? Incredibly so. Repealing them with no other changes would likely lead to a dismantling of a massive and lucrative industry that saves lives every day.

To elaborate, without patents, compensation for the hundreds of millions of dollars necessary for jumping through FDA hoops would not be forthcoming. Without patents, the huge manufacturers, who face mandatory disclosure requirements, would have their formulas taken

by others, and knockoffs would immediately drive the price to marginal cost.

The vast costs of redundant testing and retesting could not be absorbed by future revenue streams. And these streams are themselves uncertain due to the arbitrariness of the FDA's process. And thanks to wicked antitrust laws, companies face a legal minefield in combining efforts, cooperating on research, maintaining prices, and sharing markets.

But notice that all the reasons why patents in pharmaceuticals seem necessary are themselves due to some other form of government intervention: drug regulation, antitrust, government funding, and government mandates of all sorts. Regulation has begotten regulation, with each step seemingly dependent on every other regulation.

The result is a massive rat's nest of laws that is buried deep within a much larger hairball of the medical industry itself, which has been dominated by increasingly tight state controls for nearly a century. Then there is a further problem of liability confusion and court precedent that is woven through the system like a tapeworm in a deeply diseased body.

How can anyone begin to discuss only one aspect of the marketplace without thoroughly discussing all the other aspects? How can the authors of *Against Intellectual Monopoly* possibly sort through this thicket to make a case for repealing patents on pharmaceuticals?

Because of the above complications, I dreaded this chapter most. I was wrong to do so. What they have produced is a masterpiece of exposition. They have both the big picture and the small picture, with fascinating details in paragraph after paragraph. They take the reader through the logic and evidence at just the right pace, and manage the seemingly impossible: the reader is wholly convinced that drug patents are not necessary and in fact are doing great evil in the world today. It is the hardest case to make, and they knew this going in. Theirs is a virtuoso performance, worthy of separate publication.

Some people love the pharms and other people hate them. The authors take a middle-ground position. They do great good for the world. But they are embedded deep within a regulatory regime that is stultifying the industry, and drug patents play a big role in this.

Can we imagine a world without drug patents? No need to dream. In the sweep of history, patents like we have today are essentially a postwar phenomenon, and prior to that, the industry developed faster in countries without patents than those with them. One way to show that is to examine nineteenth-century chemical production. They tell the story of the French patent on coloring dyes granted to the La Fuchsine company, a patent that pretty well destroyed all development in France, while the absence of patent in Germany, Switzerland, and Britain led to massive innovation and the beginnings of the modern industry. The United States was very behind here due to its strong patents, and even in the First World War the United States had to import dyes from Germany in violation of the British blockade. This was how DuPont got its start.

In recent decades, there have been pockets of pharm-patent freedom. Before 1978, it was Italy where a thriving industry existed for a century in the absence of patents. The patent accounted for the discovery of ten percent of the new compounds between 1961 and 1980. Foreign companies poured into Italy to imitate and develop. But this shut down after 1978, when Italy introduced patents under pressure from foreign multinationals. India then took the position of the free-market country, and its industry became a huge player in the generic-drug production market, until India too was forced into the WTO agreement and shut down its dynamic market.

The whole world of pharmaceuticals is now engulfed in an incredible patent thicket, and people praise all the innovation taking place but rarely ask how much prior innovation really owes to the patent or how much innovation we might experience or how low the prices would be in absence of the patent.

Boldrin and Levine dare to ask the question about where the innovations of highest social value over the centuries have come from. They looked through medical journals and found several surveys. What were the medical milestones most significant in history? The list: penicillin, X-rays, tissue culture, anesthetic, chlorpromazine, public sanitation, germ theory, evidence-based medicine, vaccines, the Pill, computers, oral rehydration therapy, DNS structure, monoclonal antibody technology, and the discovery of the health risks of smoking.

Only two of those were patented or were due to some previous patent or brought about with a patent incentive.

A separate list of the top ten public-health achievements of the twentieth century was put together by the U.S. Centers for Disease Control and Prevention. It is striking that not a single one involved patents at any level. Several people wrote in to complain that aspirin, *Helicobacter pylori*, and Medline were not on the list. None owes anything to patents.

Even looking at a list of top pharmaceuticals does not produce a patent-favorable result. Boldrin and Levine find that patents had nothing to do with aspirin, AZT, cyclosporine, digoxin, ether, fluoride, insulin, isoniazid, medical marijuana, methadone, morphine, oxytocin, penicillin, phenobarbital, prontosil, quinine, ritalin (methylphenidate), salvarsan, vaccines, or vitamins.

Of the remaining products that owe their existence to patents, most were either discovered accidentally, were discovered in university labs, or were simultaneous discoveries that led to expensive battles over who would get the patent.

The authors turn to the problems of corruption in pharms and their relationship with doctors, and to the crazy requirements involved in redundant testing for patents and final FDA approval.

More than half of newly patented drugs are nothing other than repackaging of existing drugs on the market. It is not uncommon for a drug going out of patent to be repatented as something new but that requires massive new clinical trials and high costs. The companies then have the incentive to market the patented over the out-of-patent product, and doctors have proven responsive to this tactic.

It is not surprising that even some studies sponsored by the pharmaceutical industry have concluded that they would be better off without the patent, given the high costs of otherwise adhering to the mandates, marketing, and all the rest, and especially given that the length of patent is comparatively short given the time required for FDA approval.

Despite all odds, the authors have made a very compelling case that a free market in pharmaceuticals would lead to the development of innovative drugs, save dramatically in all the associated costs of bringing drugs to market today, and save consumers a bundle. Even if you are completely unconvinced by this cursory summary, I urge you to read their

entire case. It causes a mind shifting to take place, consistent with the overall theme of the book: competition, not monopoly, is the source of innovation and development.

Life-saving drugs are too important to be left to government grants of monopoly.

The mercantilism of our time

Someone handed me a book the other day—a cult classic among music geeks—and urged me to read it, and, when I had finished, sign my name in the front cover. That way I could be added to the already long list of readers in the front cover, each of whom had added his or her scrawl to the book after having read it.

How charming!

Except for one thing: this is in complete violation of the spirit of intellectual property law. All these readers were sharing the same book instead of buying a new copy. Think of the revenue lost to the publisher and the royalties lost to the author! Why, if this gets out of hand, no one will ever write or publish again! These readers are all pirates and thieves, and they should probably be subject to prosecution.

So goes the rationale behind intellectual property law. It's what economists call a "producers' policy," designed to create maximum revenue for one side of the economic exchange, consumers be damned. In that sense, it is exactly like trade protection, a short-sighted policy that stymies growth, robs consumers, and subsidizes inefficiency. It's Bastiat's "petition of the candlemakers against the sun" all over again.

Apply the IP principle consistently and it's a wonder we tolerate public libraries, where people are encouraged to share the same copy of a book rather than buy a new copy. Isn't this also an institutionalized form of piracy?

The defenders of IP would have to admit that it is. They are often driven to crazy extremes in sticking to the claim that copying is a form of theft.

I asked one emphatic correspondent about the ethics of the following case. I see a guy in a blue shirt and like it, so I respond by wearing one too. Is this immoral?

No, he said, because the color blue occurs in nature.

What if a person draws a yellow happy face on the blue shirt? Can I copy that? No, he said, this would be immoral. I must ask his permission and gain his consent. Actually, it's even worse than this case suggests. If even one person had previously worn a blue shirt with a happy face, no one else on the planet would be able to do that without seeking consent.

It should be obvious that if everyone were required to seek the permission for the use of every infinitely reproducible thing that "belongs" to someone else—every word, phrase, look, vocal inflection, chord progression, arrangement of letters, hair style, technique, or whatever—or if we were really to suppose that only one person may possess the unique instance of any of these things, civilization would come to a grinding halt.

Sadly, this is where our laws are tending. Right now, there are laws being considered that would step up IP enforcement to the point of clear absurdity. Just last week, YouTube removed the background music of countless videos for copyright reasons, even though such videos help popularize the music. Even home performances of songs written in the 1930s—young kids playing piano and singing—were taken down at the behest of producers.

People are talking about extending patents to sports moves, extending copyright to story lines, imposing a central plan on computer design to comply with patents, forcing everyone on the planet to obey U.S.-style IP laws by means of military force. Kids are going to jail, institutions are hiring internal police forces to watch for IP violations, and an entire generation is growing up with a deeply cynical attitude toward the entire business of law.

We are at a Prohibition-style moment with regard to IP, just as with liquor in the 1920s. The war on the banned things isn't working. Those in power face the choice of stepping it up even further and thereby imposing a militarized state in place of anything resembling freedom, or they can admit that the current configuration of law has no future and bring some rationality to the question. Other societies have indeed crushed innovation with this very impulse.

Do you know why we celebrate Columbus Day instead of Cheng Ho Day? Cheng Ho was a great Chinese explorer who, in the early fifteenth century, took his fleets to Africa and the Middle East, but he was forced

to stop when the elites in the home country began to feel threatened by his discoveries. The Chinese government won the war on exploration, and became static and inward. You can win a war on progress but the gains over the long term are few.

In addition to relaying the above story, the authors of *Against Intellectual Monopoly*, in the last chapter of their fantastic book, make a case for the complete dismantling of the law. “Intellectual property is a cancer,” they write. “The goal must be not merely to make the cancer more benign but ultimately to get rid of it entirely.”

The authors do not leave at that. They are intellectuals of the real world. They first make a case against any further expansions of bad laws, and lay out some reform proposals: shortening patent and copyright terms, changing burden of proof for originality, eliminating ridiculous redundancy trials for drugs, and the like. The authors even volunteer their time to help craft legislation. But the really hard work here is intellectual, since the pro-IP bias is so entrenched. The authors take the pure abolitionist position as a way of shocking us out of our stupor.

Is change possible? Of course. It was thought in the Middle Ages that most all products required monopoly production. The salt producer would enter into an agreement with the ruler. The ruler would promise a monopoly in exchange for a share of the revenue. It was thought that this would guarantee access to a valuable commodity. How can anyone make a buck without a guarantee that his hard work would be compensated?

Well, it took time, but eventually people realized that competition and markets actually do provide, as implausible as it may seem. As the centuries moved on, markets became ever freer, and we no longer believe that the king must confer a special status on any producer. They still do it, of course, but mostly for open reasons of political patronage.

And yet in this one area of intellectual property, all the old mercantilist myths survive. People still believe that a state grant of monopoly privilege is necessary for the market to work. The myth has now been crushed with this book. So now the laws can be beaten back, and they are being beaten back in the age of digital media.

Realize that for young people today, the initials RIAA and MPAA are the most hated on the planet—the equivalent of the IRS for a past

generation. The heck of it is that these are private entities. Think what this means.

Capitalists of the world, please pay attention: you have a serious problem when an entire generation is being raised to *hate* private, capitalistic institutions. Now, you and I know that these institutions are doing something illegitimate, namely enforcing “intellectual property,” which is really nothing but state coercion. Still, this besmirches the reputation of free markets. So too is a generation of socialists being raised to hate U.S. foreign policy on the belief that its export of IP is a form of capitalist imperialism.

For these reasons, no one has a stronger interest in abolishing intellectual property than supporters of capitalism.

I said at the beginning of this book that it took me fully six years to think through these issues. The book by Boldrin and Levine broke through the reservations I had that remained. In the meantime, I've received hundreds of messages to the effect that other readers have made the jump too. Whatever is holding you back, I beg you to read this account. I personally consider it to be one of the most mind-blowing books I've ever encountered, and so now I join the armies of people who are demanding an end to a system that threatens our way of life in the most fundamental way.

For this reason, this book is seminal, not only for our times but for the entire history of liberty. It has clarified a point that has been a source of confusion for many years, and put it front and center in the current debate.

It might need correcting in places, and I have my own nits to pick over their neoclassical framework and talk of social costs and the like, but these are petty concerns as compared with the overall framework. What they have done is marvelous and extremely important.

A Movie That Gets It Right

WHO ARE THE CAPITALIST folk heroes of our time? *The Social Network* is a film that celebrates one of the greats, Facebook founder Mark Zuckerberg. It might seem at first like an impossibly boring story that resists movie making: how Facebook came to be founded and grew, meeting trials along the way and becoming the giant that it is today. In fact, it is not only a super exciting and wonderful movie on its own terms; it is probably the finest movie about free enterprise made in our times. It gets entrepreneurship in the real world exactly right. It deals brilliantly with all the important issues from the motivational drive behind web startups (it is not necessarily money) and the impossibility of slicing and dicing ideas into ownership units. It reportedly mixes fact and fiction, but that does not matter in the slightest for the many lessons and the overall theme.

The movie comes just in time. Facebook has been the victim of an increasingly vituperative campaign by the intelligentsia. It supposedly violates privacy, feeds crazed egoism, destroys lives by tempting people to cough up too much information about themselves, wrecks marriages, leads teens to commit suicide, wastes vast time that people should otherwise be using to enjoy the great outdoors, ruins the culture by digitizing communication at the expense of real face-to-face interaction, and wrecks the language by dumbing down the term “friend.”

Such are the alleged crimes of Facebook, and if you think that the website is guilty, there is an easy answer: Don’t use it. Facebook is all voluntary. It is also free for everyone. People—the latest report has 500 million people signed up, but this will grow to 1 billion and beyond—also happen to love it and depend on it. In fact, it is the most popular website ever. It has connected people as never before, allowing one person to

keep up with the goings-on of thousands of others in record time. It is a major contributor to the humanization and personalization of the Internet and has made it possible for a vast plethora of causes and ideas to find expression and an audience.

There is philosophical significance to the phrase “social network.” It echoes a distinction between the economic and political means, as made by Franz Oppenheimer, refined by Albert Jay Nock in his distinction between society and state, and furthered by Frank Chodorov, who pointed out that the social means is always voluntary and the statist means is always coerced. “The social network” is shorthand for the vast matrix of communication and exchange that springs from human volition alone; it is to “society” in that Chodorovian sense that Facebook owes its energy and orderliness.

As always with free enterprise, it all started with a small idea: people like to know about others and like others to know about themselves. The Internet can make this happen. The film shows how the idea germinated within the microculture of Harvard University as Zuckerberg experimented with software solutions, and gathered ideas from every possible source. He rendered dreams into code that became a phenom. The movie nicely illustrates how his entrepreneurship was driven by ideas, tested on a daily and hourly basis in response to consumer interest and demand, with constant refinements along the way.

The ideas alone, however, were not enough. They were given life by technological genius. They were implemented through deep devotion and even a praiseworthy fanaticism. The film further shows that, while making money and the profit-and-loss test are the crucial signs and seals of commercial success, in the long run, the drive for money was not the fundamental motivation for the creation of Facebook. Zuckerberg is shown as not caring about money. He cares about doing something creative, great, and pathbreaking. He cares about making a dent in the universe.

When Facebook begins to take flight and really catch on, Zuckerberg is quoted as keenly realizing that its popularity, its coolness, is its main asset. He wisely sees that nothing should be done to risk that fundamental asset. The goal is not making as much money as soon as possible but entrenching the love that people have for the thing that Facebook

was making available. This attitude among entrepreneurs is far more common than conventional lore would suggest. The archetype is of an achievement-obsessed dreamer, not a greed-obsessed calculator.

Another point that is bang on in this movie concerns the most difficult life lesson that anyone of singular talent, any dreamer who achieves something wonderful, must learn in life. We are born into this world believing that success in anything will be met with praise and acclaim. We are not often told the truth that we see in this film: success is more likely to be met by envy, hate, disparagement, put downs, and loathing, sometimes from the most unexpected sources.

The successful person in any field—and this is probably true in all times and all places—will find himself or herself quickly surrounded by wolves (many of them former sheep) seeking to ruin, wreck, and destroy. Even the grandest achievements are put down as pure luck or credited to others or disparaged as being not so great. If there are laws that give the wolves the opportunity to work out their envy, they will be employed. Every entrepreneur must prepare for this, expect it, and deal with it.

So it was that Facebook was met with early challenges and hate campaigns, and it is no surprise in the digital age that the initial attack occurred on the issue of “intellectual property,” and here the film makes yet another great contribution. It shows how irrelevant IP is for business success, and how it has become the preferred slogan of losers, and the great excuse for whole classes of people with a bad business sense. “He stole my idea” is the great lie of our time, because ideas cannot actually be stolen and there is no existing idea that is not in debt to some other idea.

The film shows how fellow Harvard students Cameron and Tyler Winklevoss had asked Zuckerberg to write the code for their proposed site, Harvard Connection, which eventually became ConnectU. Zuckerberg had other and more elaborate ideas brewing in his brain. Once Facebook took off, the Winklevoss twins cried foul and, after having failed to crush Facebook through every other means, eventually sued Zuckerberg for violating their intellectual property, even though the projects shared none of the same code.

There are a few choice lines in the movie. Zuckerberg is outraged at the idea that he had stolen anything. The Winklevoss twins still had their

idea; it's just that they didn't do anything with it. And what if Zuckerberg had indeed relied in part on someone else's notion? As Zuckerberg is quoted as saying, does "a guy who makes a really good chair owe money to anyone who ever made a chair?" Silly Zuckerberg: using common sense in the face of the arcane and mixed-up world of IP.

Another way to put it is a line Zuckerberg uses in the depositions after the lawsuit. He tells one of the twins, "If you had invented Facebook, you would have invented Facebook." This sounds simple, but it is really all you need to know about the absurdity of such claims. Who wins and who loses in the marketplace is not arbitrary; the marketplace tends to separate the talkers from the doers, the dreamers from the risk takers, the actors from the mere thinkers. If you can't create and can't compete, you can always claim a violation of intellectual property. Hey, under American law, there is nothing you can't use as the basis of a legal extortion scheme.

An essential part of entrepreneurship is choosing which idea, among the millions that hit a person from every direction every day, one is going to use to influence a business venture. At one point in the film, a student comes up to Zuckerberg and asks him whether he knows if some particular girl has a boyfriend and, if so, how serious they are. This gives Mark the idea of permitting users of Facebook to announce their relationship status on their individual pages. The addition of that one feature convinced him that it was time to go live. The new website was launched soon after. By the standards of IP, the fellow student who asked him this question has some stake in the profits of Facebook, because that exchange gave rise to a crucial feature of the website. For that matter, every single user of Facebook has a stake.

By carefully presenting many of the outside influences on Zuckerberg, in a series of brilliant scenes that hit a huge variety of sectors and opinions, the film presents the reality of how ideas come to be, and shows how IP litigation has become a path for losers, a racketeering legal route for the resentful to loot the successful. After all, had Facebook not taken off and been a success, the Winklevoss twins would have never imagined themselves to have been victimized at all. That fact alone shows that there is no real theft involved here.

If someone steals your car, you are a victim whether the robber abandons the car or uses it to win a NASCAR race. IP only ends up being an issue when the defendant makes a go of it. Once any idea becomes a success, you can count on hordes of people to line up and claim that they had it first. Sure enough, the twins use the law to extort millions; and who is right and who is wrong—essential matters of justice—don't even figure into the decision to settle. Yet again: this is all too realistic.

Especially telling is how the twins imagine how they will destroy Facebook out of resentment for Zuckerberg's success. They make no bones about it: they want to wreck it. Here we see how IP ends up creating a moral hazard for the envious to set up barriers to social and economic progress.

I have no idea about the real-life details of the case, but it is possible that the film underplays the extent to which Zuckerberg actually did gain valuable influence from the competitive effort to create the Harvard Connection. And yet, as the film also shows, this is how great ideas come about. No great idea in this world is created out of nothing—contrary to the myth. Great ideas result from the interplay of a huge range of influences in all directions. The winner is the one who makes the commercial reality happen. Until then, it is all talk.

A second legal issue portrayed in the film concerns Zuckerberg's squabbles with his best friend, who was named the CFO of Facebook before being squeezed out of the company when the top players, among who is another legend, Sean Parker of Napster, concluded that he wasn't really up to the job. This case strikes me as a matter of manners and contract but not intellectual property. The case was settled out of court.

As *Economic Policy Journal* pointed out, this film could end up driving millions of young, code-savvy students to become entrepreneurs, and further entice students into the world of digital enterprise. More than likely, this is not something people will learn in class. They will learn it from their extracurricular exposure to the fast-moving world of commerce and from developing an intuition about what really makes people tick and how to tap into that in the marketplace.

You may not like Facebook, but it has evidently improved life for millions of people. In any case, for decades I've heard the intelligentsia disparage the latest thing, only to find those same people using that very

technology a few years later. Today's technology bashers are tomorrow's late adopters.

Just the other day, I visited an elderly gentleman, a prominent fiction writer, in a retirement home. He treats his desktop computer as his lifeline to the world outside, permitting him to keep up with all his extended family and communicate with friends all over the country. My mind raced back to a conversation I had with him 17 years ago. I had asked him what he thought of the Internet and email (there was no web back then). He said that he regarded these innovations as "the end of the world." He said it with an ominous tone in his voice. Well, perhaps he was right about that, but it was also the beginning of a new world that this very person has since learned to love.

So it is with Facebook. Zuckerberg ended one world and began a new and better one for many millions of people. *The Social Network* shows how the commercial marketplace gave a code geek a chance to do that and how he did it. It is a film that celebrates the good guys, ridicules the bad guys, shows the reality of what any successful person will face, makes the legal system look like the pathetic enemy of enterprise that it truly is, and provides a tribute to entrepreneurship that is long overdue.

This film is a glorious success—which means of course that it is under attack: A *Washington Post* reviewer thinks that it doesn't show how private innovation is really just luck of the draw, and it fails to highlight the wonderful essentials of public infrastructure as provided by government.

Yeah, sure, and this reviewer might back a similar movie called *The Government Network*, starring bureaucrats and their defenders at the *Post*, and see how it does at the box office.

Public Crimes

All Laws Have Teeth

IT'S BEEN NEARLY A decade since the feds took aim at nasal decongestant. Under George Bush, a normal part of everyday civilized life became a criminal act, namely the over-the-counter purchase of Sudafed and many other products containing pseudoephedrine. You can get it now, but it is seriously rationed. You have to present your driver's license and no one without one may purchase it. The limits on quantities you are permitted to purchase fall far below the recommended dosage, and buyers rarely know when they are buying too much.

The rationing and criminalization of this product appeared as part of the PATRIOT Act. The replacement drug phenylephrine is far less effective on noses but more effective in Washington: the company that makes it, Boehringer Ingelheim, spent \$1.6 million lobbying Washington in 2006 and the same amount the year before. The makers of the drug everyone actually wants are diffuse and spread all over China. Pseudoephedrine was targeted in the name of the drug war because apparently you can use it to make methamphetamine. Since the near ban, there are indications that production of the drug has gone up, mostly due to smuggling in Mexico. Even a quick google demonstrates that the grey market is thriving.

I've written with sympathy toward those who have been caught in the legal tangles; many buyers are not actually doing anything wrong. Anyone who attempts to buy it is treated like a criminal and one never knows for sure when one is buying more than the legal limit. In several cases I've highlighted, people have bought without the intent to manufacture drugs but were ensnared in any case. In other cases, people have been asked to buy for friends who may or may not have been plotting to make meth. Still other cases involve shady figures with criminal records and suspicious associations who are thereby discredited and hounded by police and judges.

In my view, every person who is ensnared deserves to be defended. Their rights are being violated. One lady in my own community faces 20 years in jail solely for buying 4 boxes in a 12-day period. News reports suggest that she is a bad person for many other reasons, and, for that reason, there has been little public sympathy for her—in the same way that people under alcohol prohibition were snagged on alcohol grounds even though the motivation for getting them was different (could be taxes or something else).

Something as serious as laws and jails should be used for punishment of those who infringe on person and property, not for self-medicating. If this lady is bad, she should be punished for things she did wrong, not for some trumped-up reason.

In any case, as with all stupid laws like this, the innocent are eventually harmed. It's strange how most people are willing to give the police and the courts the benefit of the doubt, and pretend as if the system somehow knows something that we do not know. Anyone hauled off to jail probably deserved what is coming to him, even if we don't know the specifics. People should do a better job of staying out of harm's way, of being beyond reproach. Don't play with fire and you won't get burned—this is how people tend to think of these cases.

They are blaming the victim. Somehow I suspect that the same sentiments were pervasive even in the worst totalitarian states. By the time people wake up to the reality that the law and the law enforcers are the problem, it is too late.

Just this morning the following email arrived:

In doing some internet research, I came across your article “Free the Clogged Nose 25” and I want to thank you for showing me that I’m no where near alone in my way of thinking and that the current situation that my husband and I find ourselves in is most certainly not uncommon. You see, we have 3 teenage children still living at home. In April of this year, their ages were 17, 16 and 15. Both my husband and I, along with our 3 teenagers suffer from terrible seasonal allergies and we have tried every over-the-counter medicine available as well as a few prescription meds. The only one that offers us any relief is Sudafed or the generic equivalent.

So, as you already know, my husband and I are the only ones in our family who can buy Sudafed. I will and have been the first to admit that in order to keep enough of the medicine for all of us, both my husband and I made purchases from more than one drug store. I knew we were exceeding our allotted amount but I also knew that the code of Alabama stated that purchasing over the allowed 6 grams per month was only unlawful “with intent to manufacture.” So, since we had no intent to manufacture anything, I didn’t see it as we were breaking the law.

In March of this year, local news media released word that a law was passed that would create a statewide database for all businesses selling pseudoephedrine so that customers could not bypass the limit by going from one pharmacy to another. That was the extent of the press release related to that new law. About the middle of May, my husband and I learned the hard way that they had conveniently left out a very important part of that new law when announcing it to the public. Apparently, “with intent to manufacture” had been dropped from the Alabama law regarding pseudoephedrine purchases. I’m sure you can easily guess the rest of the story. He and I were arrested for “buy/sale precursor chemicals” which on the first offense is a Class C Misdemeanor. My

husband is a USMC veteran so he has a criminal record (bar fights, etc.) but never any drug charges. I have never had so much as a speeding ticket and I'm a criminal justice major in college.

Even after explaining the situation to the judge and pointing out that we are law-abiding citizens just trying to offer some comfort to our kids during allergy season, the judge still found us guilty. We have appealed that decision and will go back to court in December. We cannot hope to beat this with just the truth because obviously the truth doesn't matter, so I am going to pray that "mistake of law" will get us a not-guilty verdict this time around ... or I'm going to have to find a new major!

At the time we were arrested, our oldest daughter (not living at home) was a 4.0 GPA college student majoring in forensic investigation, our middle daughter was just days away from graduating historian of her high-school senior class after already having lettered in softball and volleyball and serving as secretary in the Beta club, our youngest daughter was finishing her 10th-grade year and an A-B student who had just days before made the color guard drill team for the fall, and our son was finishing his 8th grade year, an A-B student and hard working Junior Varsity and Varsity football player. We are very very proud of our kids and hate the fact that they have had to endure any negative associations that have come from our arrest. They are so resilient, though! They know that we weren't actually doing anything wrong so they hold their heads up high and keep going.

As I suspected, these cases are not isolated. Thanks to Google News, we can learn of many such tragic cases. So far as we know, the majority of cases of arrest involve innocent people trying to unclog their noses. But even if only one in ten cases involves injustice, that is plenty of reason to repeal the law. I don't favor laws against consuming or producing meth, but, if those laws are retained, then it's the taking or making of meth that

should be punished, not actions that merely seem vaguely associated with illegal activities.

In the end, this isn't about drug use or production. It is about special interests. It is about the use of fear and coercion and the expansion of state power. It is about human rights and liberty. Should we care about these things? Yes, if we care about saving civilization from its enemy, the state.

Hazlitt and the Great Depression

OLD RIGHT JOURNALIST Gareth Garrett described the New Deal as a revolution against America's tradition of private property, limited government, and the rule of law. Indeed, it had all the earmarks. President Roosevelt ran against government spending and deficits but, once in office, acted like a dictator.

Roosevelt overthrew the traditional limits on government's role and instituted central planning and welfarism in every sector of the economy.

Then the statist juggernaut couldn't be stopped: next came FDR's war socialism, Truman's unionism, Johnson's Great Society, Nixon's price controls, Carter's inflation, Reagan's deficit spending, Bush's regulation, and Clinton's Fabianism.

Because ideas matter as much as the lust for power, the New Deal couldn't have happened without a public intellectual justification. That entailed theories on the causes of the stock-market crash and the economic downturn that followed. In order for socialism to prevail in the United States, the academy and the public had to be convinced that capitalism had failed.

Henry Hazlitt was at the center of that debate, holding forth in the pages of *The Nation*, a sophisticated and trendy fortnightly. He was hired as literary editor, a relatively nonpolitical position. But as the politics of the day became more contentious, he was afforded more editorial latitude. He began to write against federal encroachment on private enterprise.

Once Roosevelt reversed his campaign rhetoric and embraced the total state, *The Nation* editors knew they had to take a stand. As Hazlitt's criticisms of FDR grew, so did the internal complaints about Hazlitt's

philosophy. Rather than simply fire their editor of two years, they scheduled a knockdown, drag-out fight between those who said capitalism had failed (thereby making socialism the answer) and those who said interventionism had failed and that capitalism was the answer.

In one corner was Hazlitt, literary critic and financial journalist. In the other was Louis Fischer, Russian émigré, journalist, and socialist. The exchange, "Depression and the Profit System," ran in the May 24, 1933, issue, in the midst of FDR's monetary and fiscal revolution.

Fischer adopted a Marxian explanation of the Depression. Citing data from the Bureau of Labor Statistics, he argued that as productivity increased since the turn of the century, wages had declined relative to output. Laborers then were able to purchase less and less of their product because capitalists were skimming their surplus value. "The concentration of America's wealth and America's national income in fewer and fewer hands has gone on apace for many years."

What triggered the crisis?

Fischer explained it was a combination of Marxian crisis theory and Keynesian underconsumption theory: "People who wanted to consume all did not have the means, and the people who had the means could not consume all. Hence our reduced purchasing power."

What needs to be done? "Divide and redivide profits," he said. "That is the way out." There should be "provision for a perfectly equal division of surplus value in years to come"; we should eliminate "the profit of the capital owner" and create "socialism."

Hazlitt responded by showing Fischer's figures on surplus value to be based on a "fallacy of selection." Fischer had picked base years (1899 and 1929) with a purpose in mind and then confused anomalies with a general trend. Two could play that game; Hazlitt showed that labor's product could be said to have been increasing relative to output by picking other years (1869 and 1921).

Moreover, Hazlitt asked, if labor's decreasing share of profits is the cause, how do we explain economic recoveries during the same period in question? How can we explain, using this reasoning, why the crisis did not come sooner?

As Hazlitt said, Marx's theory "makes it difficult to explain why we are not always in a crisis, and impossible to explain how we ever surmount one." On that basis, he dismissed the broader implication that the 1929 crash represented anything like a long-running trend in the structural basis of the economy.

But what if Fischer was right, that labor really was earning a smaller return relative to capital? Hazlitt noted this would not necessarily mean that people were being exploited. It could just mean that the volume of capital in industry was increasing at a greater rate than that of labor, which indicates increasingly efficient technology. If so, that might lend weight to the expectations of the classical economists that labor would own more capital as productivity increased. For example, the number of stockholders increased dramatically during the 1920s.

Having dispensed with Fischer's sweeping Marxian theory, he argued that the best period to examine from an economic point of view was the time "between the last crisis and the present one—the period, say, from 1922 to 1929." In this period, one notices that the prices and output of capital and labor in the industrial sector were growing out of proportion to the agricultural sector. That may not have any significance to the cause of the crisis, but it brings into question the idea of economy-wide exploitation of labor.

Having exploded Fischer's data and economic theory, he went on to speculate on an alternative. There was no visible free-market theory on why the United States was in crisis. But Hazlitt knew from his reading of history about the trouble that comes with an overactive and indebted government. He knew the secret to the Crash resided with these problems.

A stable market order, he said, requires an atmosphere free of shocks—or at least a government that allows the economy to correct once those shocks had occurred. The war had artificially inflated the prices of commodities and they needed to correct downward to a more realistic level. He argued that the crisis of 1929 was that downward correction.

"But the focus of this collapse," he wrote, "was aggravated enormously by the whole series of post-war policies." Among these he listed the "vicious Treaty of Versailles," the "disorganization caused by reparations and war debts," the "preposterous tariff barriers thrown up

everywhere,” the abandonment of the gold standard and the adoption of the “gold-exchange standard,” and “reckless lending to foreign countries.”

Most importantly, he blamed the “artificial cheap-money policy pursued both in England and America, leading here to a colossal real-estate and stock-market speculation under the benign encouragement of Messrs. Coolidge and Mellon.” This malinvestment, caused by inflationary policies, created distortions in the capital stock that called for correction.

Later Hazlitt would conclude that malinvestment was the central problem, not only in the Great Depression, but in all business cycles. He did so under the influence of Ludwig von Mises, whom he met about a decade later. Together they advocated the gold standard and the “Austrian” theory of the business cycle. The theory, developed by Mises, points to the way markets coordinate plans over time and the way central-bank money and credit expansion disrupt those plans.

Hazlitt was inclined to the Austrian theory even before he knew it formally. It was most consistent with his manner of thinking. As a literary critic, his specialty was exploding the pretensions of ideologues. He loved picking up a fashionable academic text, dissecting its essential claims from overblown prose, and showing how patently absurd it was. He had a gift, in short, for finding the essence of an argument and testing it relentlessly against standards of reason. These are all traits the Austrian School carried with it since its birth in nineteenth-century Vienna—traits that had also been essential in the late Scholastic tradition of sixteenth-century Spain, which was indebted to Thomist and thus Aristotelian reasoning.

One patently absurd recommendation in Fischer’s essay, according to Hazlitt, was his call for high new taxes on capital. This measure “would violently aggravate the catastrophe,” Hazlitt said, by causing business to take another downturn that would make the 1929 crash look trivial. An increase in wages would be undesirable as well, Hazlitt said, because that would cause the cost to business to increase and lead to even more unemployment. In order to make the economy recover, he said, we need more private capital, not less, and that means letting markets work.

More than anything, said Hazlitt, we don't need socialism, communism, or "that ambiguous thing called Planning." Based on the type of people who would be in charge, and the nature of politics, he was sure the economy would be run by "economic illiterates," people, he no doubt meant, like Louis Fischer.

Virtually everything Hazlitt wrote in this powerful essay—his analysis of cause, effect, and the solution—was later vindicated in the work of scholars like Murray Rothbard and Robert Higgs. In his book *Modern Times*, Paul Johnson sketches the same scenario that Hazlitt laid out in the thick of the New Deal onslaught itself. More recently, Richard Vedder and Lowell Gallaway presented essentially the same position in *Out of Work*.

Hazlitt might have been spared his job had his attack on the emerging consensus not been so complete and so devastating. If he had made a few more concessions, or possibly not totally smashed Fischer, he might have lasted. But it was not in Hazlitt's nature to withhold the truth for the sake of expediency. He must have sensed the end was near for his prestigious job at *The Nation* and decided to go out with a bang.

The dramatic debate between Fischer and Hazlitt ended with an ominous note from the editor: "The discussion . . . will be commented upon editorially in a forthcoming issue." Indeed, it was the next issue in which *The Nation* announced its devotion to the socialist cause. "Mr. Roosevelt is attempting to preserve capitalism," said the editorial, echoing conventional wisdom of the day, "to save it from itself by robbing it temporarily of several of its most fundamentally capitalistic prerogatives."

If the New Deal passes, said the editors with rare insight, "he will have the power to tell industry what and how much it may produce, what it may charge for its products, how much it shall pay to labor, what hours labor shall work."

But this was not enough for *The Nation*. "We tend to agree" with Fischer, said the editors, "that a collective society offers the best hope for this desirable end." They favored a "move toward collectivism" as rapidly as possible. Criticizing Roosevelt's alleged timidity, they said the "country's steps toward an integrated, socialized industrial society should be deliberate and purposeful."

The pages of a magazine devoted largely to pushing progressive cultural reform had swung fully in favor of collectivism. The esoteric doctrine had been made explicit for the first time, and Hazlitt was pushed out and forced to find other outlets for his work.

After his death, socialist propagandist Irving Howe, editor of *Dissent*, was eulogized again and again in the popular media, even though (or possibly because) his anti-property, anti-bourgeois ideas were utterly alien to the pre-New-Deal American experience. This is even after the failure of socialism around the world.

Hazlitt was right many times over—about socialism, welfarism, inflation and the gold standard, popular culture, and much else. And unlike Howe, Hazlitt wrote as clearly as he thought.

He never used his position to spread disinformation in the service of ideology, as Howe did; Hazlitt had a profound faith in truth and let logic and facts speak for themselves. It's a measure of the corruption of official culture that the death of Henry Hazlitt was hardly noticed.

In his death, I feel sure, his greatest hope was that this country would realize the errors of its history and rectify them. When our history is rewritten, and the Irving Howes are seen as the social menaces they were, Hazlitt will be remembered as a prophet who spoke truth to power. *The Nation*, in a stunning reversal of socialist editorial policies, will concede that Hazlitt was right all along.

The Decivilizing Effects of Government

AH, FOR THE DAYS when the socialists believed in material progress! That is no longer the case. Now they propose poverty and advocate government regulations to bring it about—and expect us to be grateful for it. Whereas socialism could not actually work to bring about greater productivity, it can do what the “postmaterialist” socialists desire. Socialistic means can work to bring about lower standards of living.

In a strange way, this is a betrayal of Karl Marx, whose key complaint about capitalism was that it failed to uplift the worker:

The modern laborer . . . sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth.

Lenin’s slogan was “Communism is Soviet power plus electrification of the whole country.” Measuring the GDP was a source of great pride for countries, as were big innovations in space travel and military technology.

The same was true with regard to government-planning schemes that fell short of full-scale nationalization. During the Progressive Era, the goal of government policy was the material uplift of the population. The rap on corporate monopolies broken up by antitrust law was that they were a drag on competition and therefore on economic growth. The central bank was pushed as an instrument of fueling economic growth and progress.

The New Deal, which was nothing but a manifestation of the prevailing faith in government planning, sought to improve the material lot

of mankind. The idea of progress was embedded in its ideological structure. Every rural community was to get roads and electricity. Farmers were to leave their land and embrace industry. Our backwards attachment to settled rural life would be revolutionized and we would all embrace modern technology brought to us by the state.

Up with poverty

Somewhere along the way, during the last 50 years, the critique of capitalism changed from condemning its failure to spread the wealth to condemning the very opposite. Suddenly the great sin of capitalism was that it was producing too much, making us all too materialistic, fueling economic growth at the expense of other values, spreading middle-class decadence, and generally causing society to be too caught up in productivity and too focused on the standard of living.

In noting this dramatic change, Murray N. Rothbard writes that the turning point might have been John Kenneth Galbraith's 1958 work called *The Affluent Society*, which is one long harangue against consumerism, middle-class decadence, and the ever-increasing wealth of the average person under capitalism. Galbraith claimed that all of this was coming at the expense of public institutions and public infrastructure.

This book became a bestseller. It changed the way the Left went about promoting government intervention and critiquing free markets. This book was the first of a half-century of similar books that recaptured that Rousseauian spirit, that penchant to romanticize the world before industrialization, to toy with the idea that the hunter-gather society has a lot going for it, to imagine we can all live better by trading only at the level of the small tribe and raising our own food, and all the rest that comes with primitivism.

The romance of hunting and gathering

The current buzzword to show off this newfound love of lowering the standard of living and of forced poverty is *sustainability*.

If you want a definition of sustainability, it is this: rolling back the advances of civilization by force.

A quick look at the literature reveals hundreds of titles along these lines:

- *Sustainability by Design: A Subversive Strategy for Transforming Our Consumer Culture*
- *Sustainability Indicators: Measuring the Immeasurable*
- *Return to Sustainability*
- *147 Tips for Teaching Sustainability*
- *Living Green: A Practical Guide to Simple Sustainability*
- *The Bridge to the Edge of the World: Capitalism, the Environment, and Crossing from Crisis to Sustainability*
- *Sustainability: An Amazing Picture of What Life Will Soon Be Like*
- *Permaculture: Principles and Pathways Beyond Sustainability*
- *Future Scenarios: How Communities Can Adapt to Peak Oil and Climate Change*

The author of these last two books, David Holmgren of Australia, is an interesting figure. He is the innovator of this idea that we need to get beyond sustainability. If you have doubts about sustainability, believe me you do not want to go *beyond* it. I've been watching YouTube interviews with this nice fellow. He is always sitting outside, surrounded by natural landscapes and birdsong, and he has this spaghetti-like prose style that is sort of captivating.

He takes it as axiomatically true that oil, gas, and all forms of modern energy production are coming to an end, both because fossil fuels are running out and because people will no longer tolerate a globe that is heating up to intolerable levels due to modernity itself. There is no questioning of these basic assumptions. In one interview, Holmgren makes a passing remark that technology has been on the wrong track for the last 500 years.

Now, keep in mind that these views are not at all out of the mainstream. If I interview most of the shoppers at Earth Fare grocery, as they rummage around for their free-range-chicken eggs, ear candles, and bean-sprout sandwiches made with organic-mulch bread, I could find near-universal agreement that he is completely correct. Such is the ideological fashion of our time.

In one interview, Holmgren speaks with great optimism about the future of suburbia. He says that it can be easily retrofitted to adapt to a

new world of sustainability. Remember, he says, that the asphalt parking lots are great for collecting rain water to drink. Our backyards can be turned into gardens for growing our own food. Our garages will be otherwise useless since there will be no cars, so this way we can turn them into workshops for making crafts like benches and chairs and tables and things.

Of course there are a few problems with this vision of the world. There will be no nails with which to make things, because the process of making nails is an incredibly complicated one requiring a vast division of labor and the accumulation and use of capital. There will be no wood either, unless you chop it down from the backyard, since the wood industry as we know it relies very heavily on power tools, fossil-fuel transport, and the division of labor and capital accumulation stretching over many countries.

There is also the problem that people will have to quit their day jobs to do all this gardening and craft making, but of course they will not have a choice since the end of fossil fuels will lead to mass unemployment. I'm not sure how he plans to have water collected from asphalt and distributed house to house except by truck, but perhaps he also has a plan for horse-drawn carriages. Of course you have to actually make the carriages and feed the horses, which introduces other problems.

He doesn't seem to understand that his plan is not a romantic vision of a world reconnecting with nature but rather a prescription for mass death on an unprecedented scale. In his idyllic time of 500 years ago, there were only 500 million people alive on the whole planet. They didn't live very well. Today, there are nearly 7 billion people alive on the planet, which means he needs to come up with some way to dispense with the 6.5 billion people who could not be sustained on 500-year-old technology alone.

Of course the irony is not lost on us that my viewing of this video is itself a miracle of modern technology, one that would have been inconceivable even five or ten years ago. Furthermore, ten years ago it would not have been possible for me to purchase his books by clicking a button on a floating electronic monitor, either downloading them to my electronic reader in an instant or having them delivered in physical form tomorrow by truck. So perhaps there is one benefit to his plan: there is

no question that, once it is implemented, David Holmgren would no longer be a best-selling author.

Reducing living standards by force

It is easy to dismiss these people as fashionable cranks. We can regard their views as an understandable reaction of the ideologically restless in an age of superabundance.

And truly, anyone is free to downgrade his or her standard of living by choice, and even swear an oath of poverty and stick with it. But it is a fact that this tendency has had a massive effect on the stated purpose and cultural effect of government policy in our times.

Let's leave aside the ridiculous claims we've been hearing for two years that somehow government is going to stimulate the economy (by robbing us more, running up massive debts, and spending on anything and everything). This talk about stimulus is really a departure. The usual rubric under which government policy is pushed today is precisely the opposite: to slow down production, to take away conveniences, and to make us more virtuous by forcing on us a lower standard of living.

This is a prevailing political ethos in our own time, and it is having an effect. We are being constantly told to cut back, consume less, buy locally, go green, carpool, and recycle and save, stop indulging. To this end, consumer products are constantly being banned, every day. We have ever-fewer choices in the area of medicine, chemicals, food, drink, and otherwise, in every aspect of life, sector after sector. All of this amounts to a regression of everything we know as civilization, all that we associate with living better, healthier, smarter, more prosperous, and more cultured lives.

Let us consider, for example, the egregious but ongoing war on the incandescent light bulb, the very symbol of the bright idea and the innovation that ushered in civilization as we know it. Our overlords in government have decided that we should no longer use them since they are "inefficient"—as if bureaucrats rather than consumers and producers are the ones to decide what is or is not efficient. The last factory in the United States that makes these bulbs closed only last week, in preparation for the banning of the incandescent bulb in 2014.

Now, we are told that fluorescent lighting is just great because it gives out as much light, it is better light, and it consumes a fraction of the energy.

If all of that were true, there would be no reason to use force at all. The regulators could just stay home and take up other occupations like gardening in their backyards or making crafts in their garages. The shift from incandescent lighting to florescent lighting would be no different from the shift from the iPhone 3G to 4G or Windows XP to Windows 7. It would just be something that consumers would accomplish on their own.

We don't need government agencies to tell us to upgrade from Photoshop CS4 to CS5 or from our old cars to the latest model of the Honda Accord. Upgrades and shifts from product to product, hopefully along the lines of progress, occur naturally through consumer choice, depending on resource availability and economic priority.

But regulators don't trust human choice, and I don't think there is any question that if human choice prevailed here, we would not see the end of incandescent bulbs. This past holiday season, I was shocked to discover that I could not find a string of lights that used normal bulbs; all the light strings were fluorescent. I purchased what was available. To my amazement, the Christmas tree hosting those things did not give off the illusion of being lit up at all. Instead it looked spotted and strange, and very un-Christmas-like. It looked speckled, not lit. The claim that the light is superior in every respect is obviously false.

Now, it is possible that in a free market fluorescent would win the day. But I seriously doubt it, or else why would the governments of the world have to conspire and use force to eliminate incandescent bulbs? It seems clear to me that what we have here is a case in which government is deliberately overriding consumer preference, reducing our standard of living, and doing it with a specific ideological agenda in mind: one that seeks to use force to make us less well off, to live poorer, to be poorer, and to decline material progress.

The return of bedbugs

This is an exceedingly dangerous trend in government policy. Our country is currently suffering one of the consequences.

There was a rhyme that was common in the 1920s that went: "Sleep tight. Don't let the bedbugs bite." Generations have thought of it as a quaint saying that has nothing to do with reality.

In fact, bedbugs were almost completely wiped out all over the planet by the 1950s, due to modern, life-saving chemicals like DDT, a chemical invented by scientist Paul Hermann Müller working for a private Swiss company (Novartis) that has been widely smeared but has saved hundreds of millions of lives. Its banning in the early 1970s, under the influence of Rachel Carson's *Silent Spring*, has been blamed for a global calamity.

Thanks in part to this ban, malaria today kills between one and three million people per year. This is shocking but it is not entirely unusual in the sweep of history. It is easy to regard insects as the most dangerous evil on this earth, having killed far more people than gulags, gas chambers, and even nuclear weapons.

In fact, insects are the only things on this earth that have been more dangerous to human welfare than governments—and that is really saying something. In the fourteenth century, disease-carrying insects killed off as much as 60 percent of Europe's population. The United States has had its own serious issues with yellow fever. We don't think about this, but this is because we don't have the black death right now, due mainly to the achievements of capitalism.

Today we are living with a return of bedbugs on an epidemic level. The National Pest Management Association says that nearly all pest-management companies say that they have seen thousands of new bedbug reports from all over the country. There is even a website that tracks this: bedbugregistry.com. This epidemic, which is so bad that even the *New York Times* published an alarmed editorial, is directly related to the banning of chemicals that had had bedbugs under control.

There are other chemicals besides DDT that control bedbugs such as propoxur, but in 2007 the EPA banned it for indoor use. Now any pest-management company that uses it indoors is threatened with fines and, potentially, with jail. It's so bad that the Ohio Department of Agriculture has begged the EPA for a change in policy, but the EPA won't budge. Instead, it advises people to "reduce clutter in your home to reduce hiding places for bed bugs" and also suggests "eliminating bed bug habitats." Oh, and of course the EPA strongly suggests that you work on "raising awareness through education."

The *New York Times* had a headline story on how the return of bedbugs has baffled scientists. Later in the article, however, the text says that chemicals can control them, but that all those chemicals are currently banned. Well, if the answer is before us but we are forbidden by government to use that answer, or retailers and exterminators are too intimidated by the threatening political culture to take the risk, I don't see that there is much reason to be baffled by the problem. What is it about cause and effect that these people do not understand?

Now, I don't want to get into a dispute about chemicals and their effects. Some people say that DDT is no longer effective—but black-market DDT is still a vibrant industry—and that there are downsides to propoxur or that there are other natural and chemical agents that are effective. I'm not a scientist and I have no opinion on which views are correct here. Opinions are all over the map on these questions.

My point is simply this: the market process that would normally allow innovation, trial and error, and the accumulation and implementation of all available scientific knowledge has been subverted by government institutions that have presumed to know what is best, thereby centrally planning the use of chemicals to control pests. Even to bring a new chemical to market requires seven years and some \$100 million just to jump through the regulatory thicket, which has a bias against progress, capitalism, and innovation. We end up having to trust experts and competing scientific claims based on rarefied results from tests rather than markets.

Goodbye hot water, hello trash

Another suggestion we hear about bedbugs is that we should wash our sheets in hot water. Well, that would be fine except that most houses no longer have hot water from the tap. Because of government regulations, our hot water heaters are shipped with a default setting that makes our water lukewarm. The consequences of this are themselves devastating. Our clothes do not get clean. Our bodies do not get clean. Our dishes do not get clean. To change this requires that you open your hot water heater and turn it up to the hottest setting, but not many people know about this trick. If you suggest to a repairman that he do it for you, he will suspect that you are an agent provocateur and run away.

Next we come to the problem of trash. Government policy is increasingly limiting our trash-pickup days, and even limiting the amount of trash we can create. We all know about the attacks on and regulation of landfill space. Then there is the subject of recycling itself, which might have some limited merit under certain conditions in a market environment. But under government, we are forced to sift through our own garbage and separate it according to type to give it to the government so it can push it through specially created machines.

Now, every study ever conducted on recycling shows that it does not save money but rather wastes vast amounts of money and energy with recycling trucks and plants. Most cities have piles and piles of waste that cannot be recycled. There is nothing wrong with voluntary, profitable recycling, but there is much that is crazy and inefficient about centrally planned recycling. But what concerns me more here are the sheer decivilizing implications of having to dig through our trash with our hands, moving it from spot to spot and creating ever more receptacles for holding it for ever longer periods of time.

This is nasty, unsanitary, and probably dangerous at some level. Trash disposal has been an issue since ancient times, and the failure to do it properly has led to death and disaster all over the world. And yet who is in control of trash disposal today? For no good reason, it is government. If the private sector were in charge, the system would work very differently indeed. There might be a chute that would whoosh away trash instantly, zapping it far from our house and into some incinerator. There is no way to know, because government control has stopped the process of innovation, just as it stopped the process of chemical innovation.

Now we come to one of my favorite subjects, the attack on plumbing. The data indicate that household use of water constitutes less than 1 percent of total domestic water use. This includes all the water we use for showering, washing, and watering our lawns. And yet government has been on a decades-long campaign to forcibly limit our water use in our own homes. As a result, our toilets no longer work. Our water pressure in our houses is low. Government requires water blockers in all our showerheads so that you can't even get a decent shower unless you hack your showerhead with a drill.

I can go on with examples of this planned poverty. The attack on medicine is a very serious threat. Pseudoephedrine, a godsend for sufferers of sinus trouble, can no longer be purchased from the drug store in just any quantity. In my own community, there is a lady facing 20 years in jail for buying 4 packages of Sudafed over 12 days from several different pharmacies—an action perfectly legal only a few years ago. You will note too that simple medicines for children's coughs and aches hardly even work any more. Most have been reduced to the status of placebos under government management of medicine.

There is the attack on asbestos, a wonderful fire-reducing substance that government banned and then imposed massive costs for its removal. It turns out that removing it presents a much greater risk than leaving it. There is the attack on lead paint too.

And let us not forget the extraordinary evil of the attack on the gas-powered car with CAFE standards, the derision of larger and safer cars, the tax-funded and mandatory promotion of the electric car, and general attack on energy, oil, and gas, and the subsidization of wind, water, and electricity. And who can forget the insanity of the attacks on BP for its recent gulf oil disaster? It was a mishap, brought about because of the government's restrictions on drilling close to shore and liability limits on oil companies. The company should be liable for damages, but utterly destroyed? It is crazy.

If books and learning, the universal distribution of ideas, are essential to civilization, we must be horrified at what the government has done in the case of the Internet. For the first time in history we had the possibility of a global library of all books that have ever been printed, all available online for universal distribution. It would have been the greatest liberation of ideas in human history, embodied in the program known as Google Books. Journals would certainly have been next. Instead, the government created a moral hazard for predatory private interests who have invoked "intellectual property" to destroy the possibility, hinder the spread of ideas, and achieve a literary regress. It is the equivalent of the German state having smashed Gutenberg's printer just as it was getting going. And the attacks are growing. Intellectual property enforcement, something that would never exist in a free market, is now the number one threat to the Internet.

Freedom gives us civilization

Are you seeing the pattern here? Government planning was never a good means to do anything, but at least there was a time when it set out to bring progress to humanity. It was the wrong means to achieve the right goal. Today, government planning is working as a maliciously effective means to achieve the wrong goal: I mean by this that if there is anything that government is actually good at doing, it is destroying things.

Even so, in seeking to reduce our standard of living and drive us backwards in the progress of civilization, the government really is playing with fire, unleashing evils that are unknown to us today.

Never forget that it was not government but freedom that gave us civilization. Freedom gave rise to innovation, the unleashing of human ingenuity that built cities and expanded the division of labor across the globe. It tripled the average lifespan. Freedom gave us universal distribution of food, medicine, music, and learning. Freedom created the wealth that funds our churches, centers of research, civic associations, dance troupes, art museums, and nature preserves. Freedom is what allows institutions like the Mises Institute to exist and experience vibrant growth. Only a free and wealthy society permits civilization to flourish for everyone.

Joseph Schumpeter said that the great tragedy of capitalism is that it produces riches so abundant that people tend to take them for granted, imagining that they can hobble and destroy its productive machinery without great economic and social consequence. This is precisely what is happening today. This tendency to romanticize poverty and simplicity and a world without modern technology is an ideology that is animating the antics of many of today's intellectuals, politicians, and bureaucrats who have set themselves up as enemies of all that makes life grand, which is to say that they set themselves up as enemies of freedom.

Especially now, our taxes are paying not for civilization but rather for its destruction.

Does Favoring Free Enterprise Mean Favoring “Business”?

AMERICAN POLITICAL RHETORIC SEEMS to operate on a regular cycle, like a clock, which is why it seems lately like we are reliving the Clinton years.

The story goes like this. A Democratic administration with lefty ideas gets elected, pushes hard for a series of goofy reforms like proto-socialized medicine, which prompts a backlash and thereby a rethinking among the rulers, who then tack to the right and become “centrist” by praising the great contribution that the business sector makes to American life.

Most of these grandiose shifts—Obama is going through one now—are illusory and pointless, like slapping a new color of paint on a car that is traveling in one direction in order to fool people into believing that it is a different car going in a different direction.

But what interests me most here is the rhetoric and the way the Left uses it. They imagine that they got themselves in trouble by being seen as too pro-government and not sufficiently in favor of “business” as they understand that term. And so then comes the change when they discover phrases like “private sector” and even words like “capitalism.”

It’s all superficial, and these shifts suggest that the Left accepts a caricature of capitalism: the belief that it is the system that favors the largest and most established capital owners in society. So when things start to go wrong with a socialist agenda, they reach out to the corporate kingpins in the name of becoming friendly to free enterprise.

Look at Obama’s pathetic attempt to reach out to business. The administration claims it is reviewing government regulations to find

those for which the cost outruns the benefits. Well, we could make some progress here by turning the Departments of Energy, Education, and Labor into sports arenas, but that's not what the administration has in mind. Instead, you are to go to Regulations.gov and comment, if you can figure it out. I bumped into one rant that seems typical—some giant racket about home-energy upgrades—but no doubt that this site is more safety valve than work order.

Obama also has some new thing he established in the White House called the Council on Jobs and Competitiveness, and this is supposed to represent his new centrism. And who is to head it? Not the owner of Cupcake Kitchen down the street in my neighborhood, but rather Jeff Immelt, the CEO of General Electric, of all people. And this is supposed to signal some kind of new turn for the administration.

Obama's advisers imagine that his image has become tainted with the impression that he is too much in favor of big government—hmm, where did that come from?—and so now is the time to do the Clinton thing and triangulate by being pro-business, and hence, this new council and new appointment.

Yes, it is a hoax on many, many levels. The first great error here is the mental habit that many have of thinking that big government and big business are somehow at odds. The whole of American history from the beginning to the present suggests precisely the opposite. From Alexander Hamilton to Goldman Sachs, a careful look at the history shows that there has been no major expansion of government that some sector of big business hasn't backed with pressure and funding.

Who won from the mercantilism of the nineteenth century? Who came out ahead in the war socialism of Woodrow Wilson? Who was the major power behind the economic regimentation of the New Deal? What sectors of American life made out like bandits during World War II and the Cold War, and the regulation of medical care and the American workplace in the 1960s and 1970s? Without exception, the corporate elite were behind every push for expanding the leviathan state.

The nineteenth-century history here has been carefully documented by Thomas DiLorenzo. Murray Rothbard has revealed the role of business in World War I. The postwar period through the New Deal is documented by Butler Shaffer in his great book *In Restraint of Trade*. The

New Deal racket received a thorough exposé with John T. Flynn. The Cold War and after are shown to be radically probusiness in *For a New Liberty*, as well as Robert Higgs's excellent works. And this is just the U.S. case: it's been true in every country where free competition was overtaken by state interventions.

There are several pieces of the puzzle one must understand to see why this is so. The largest companies have a strong interest in crushing upstarts any way they can. In a free market, they do this through better products at better prices. But that's a hard-knock life. The struggle to stay on top in this rat race consumes all energies. Profits are always threatened in unexpected ways. Market share is never really secure. The capitalist in this system feels like a slave to consumers, and there is always another entrepreneur out there with a better idea to market. Not even gigantic companies can be sure that they can hold on.

In a mixed economy, the government itself becomes an occasion of sin. Capitalists are all too happy to jump out of the rat race and reach for the levers of power. And to do what? To grant favors, privileges, security, protection against failure, and, crucially, to stultify competition by imposing business costs they have already absorbed onto their less-lucrative competitors.

This is how the minimum wage and healthcare mandates and every manner of regulations comes to be imposed on the entire business sector: it is a tactical move by the dominant players. It is the same with the regulatory agencies, who hardly make a move without pressure and consultation from business interests.

Antitrust is the classic case (protecting big business *against* competition), but it is true with labor mandates, health mandates, environmental mandates, and everything else. It's true with patents, great inflations, higher taxes, mandated workplace benefits, consumer-product regulations, and everything else. They are all mechanisms to cartelize the market on behalf of the biggest players, while the rhetoric about the small guy is just the political excuse.

A book that absolutely blew me away was written by Ludwig Erhard, the great, Misesian-influenced reformer of the postwar German economy, a passionate opponent of the interventionist state, and a man who deserves nearly all the credit for the so-called miracle experienced by

Germany after the war. The book is a patient but compelling argument in favor of free competition and a plea to move away from wartime cartelization, from which the German business sector benefited mightily. The book is outstanding on its own terms, but much more interesting is the intended audience: not consumers, not intellectuals, not voters, but business itself, for Erhard knew what so many others seemed not to know, namely, that the business sector is among the least likely to favor the free market. It was this sector more than any other that *needed* to hear the message.

And this becomes transparently obvious in the case of General Electric, which is as intertwined with the government as the East India Company was in its day. Mr. Immelt himself is a good case in point: not an advocate of free enterprise but rather an enthusiastic champion of regulation, green-energy subsidies, high regulatory barriers in energy, not free trade but export-driven trade, and a loud proponent of regimentation in general insofar as interventions end up benefiting his company. This guy finds a very happy home in the halls of power, pushing for all kinds of policies that the state will love.

But back to Obama's new "centrism." What puzzles me is that left-wing triangulation of this sort could possibly fool anyone. The idealistic Left is undoubtedly upset with Obama's new turn, but are these people really naïve enough to believe that there is such a thing as a big government that is somehow untainted by the backing of big business? As for the chamber-of-commerce Republicans, can they really be fooled into believing that such moves amount to a new friendliness on the part of Obama to the interests of the private sector?

Mises wrote in his inspiring book *Liberalism* (still the bible of liberty after all these years) that freedom is not about being in favor of the business sector; often the business sector is the strongest and most well-heeled opponent of freedom.

Did we not learn this during the succession of Bush/Obama bailouts, all designed to privatize the gains of big business and socialize its losses? These bailouts had nothing whatever to do with macroeconomic stabilization or with the general interest of society; they were all about looting society to favor large banks and corporations like General Motors and AIG, protecting the state's friends from the wiles of market change.

Mises goes on to speak of the tragedy of liberalism. As a doctrine, it is not favored by any single special interest and certainly no single political party. It is nonetheless in the interest of the whole society over the long term; indeed, it is the wellspring of civilization. It is for this reason that Mises believed that liberalism needs dedicated champions in all walks of life. Otherwise we end up with endless cycles of phony change such as we observe by looking at the whole history of presidents after midterm elections.

Black Pigs and Free Enterprise

RECENTLY, I'VE SEEN TWO sets of neighborhoods with ripped-up lawns. The neighborhood in West Texas had destroyed grass caused by the remarkable proliferation of these monstrous black pigs. No one knows for sure where they came from. Some say they walked from Mexico. Some say they are indigenous but just recently out of control. No one doubts that they are a serious problem.

One pig is the size of a large desk. They travel in huge packs. They not only destroy lawns in minutes; they are also carnivores, so they trap goats, cats, dogs, and chickens in a corner and proceed to devour them alive. They are absolutely terrifying, worse even than the horned javelina pig that is native to this area of the state.

You can't kill them with small guns like .22 pistols or rifles. Those bullets just bounce off their inch-thick hides. You need a deer rifle with massive penetrating power. Once dead, they can be boiled and eaten, but most people would be disgusted at the very thought. Rarely has an intruder been so hated and feared. The preferred method is to trap them in large cages and then shoot them, carve them up with chain saws, and hurl the remains into trash dumpsters.

Free enterprise is assisting in this process. Pig-trap makers and distributors started two years ago as a cottage industry but they have grown to become a serious player in Texas commerce. Free enterprise is saving the day. One marvels at the process of how the market works here, as everywhere. There is a need and it is filled, long before the government is even aware of the problem. Where these makers and dealers come from is a mystery to me. But one thing all of human history teaches is that profit signals work; entrepreneurs won't be far behind.

On the other hand, my own neighborhood is also festooned with torn-up grass, and not because of pigs. A new Internet service provider is in town, a company that is stringing the entire city with fiber-optic cables in anticipation of a massive win against the existing competition. The company drives up its trucks, digs holes in people's yards, lays down cable in ways that are seemingly up to the company itself, even when it means traipsing on and destroying private property. The company never asked permission of homeowners.

Just as with the black pigs in Texas, the entire event has people out in the streets shaking their fists and denouncing the company for its uncompensated destructive actions. It's given free enterprise a bad name, as people blame the company directly and wonder how this kind of violation of property can even be legal.

It is darn legal, as it turns out. The company negotiated a deal with the city and absorbed unto itself a much-coveted "utility easement," which grants the legal right to the company to dig into private property up to a certain amount and under certain conditions. The city itself absorbs this right from its eminent-domain privileges, which is a fancy way of saying that the state has first-ownership rights over all private property; what you own you own by grant of the state, and the state can take it anytime.

Legal or not, it is animal-like behavior. It's one thing when it is done by wild pigs. We can trap them and kill them in an effort to defend our rights against the brutality of nature. But when identical forms of destruction are sponsored by the state, we are talking about a form of brutality that is purely man-made.

Now, you might say that this power is necessary because, if the company tried to buy out the rights, there would be holdouts who would charge exorbitant fees. This scenario strikes me as the kind of scenario economists invent to show market failure. The real world has many solutions, including keeping privacy in contract, making and offering special goodies to homeowners such as free services for a time, or perhaps different technologies that do not invade people's land. Where there is a will, there is a market way.

As it stands, the city has granted this Internet company a massive corporate subsidy that intuitively strikes most people as unfair and

corrupt. It is an example of the mixture of private and public sectors, very much along the same lines as the bailouts of 2008 and following.

These kinds of issues go a long way toward explaining how it is that people turn against free enterprise, despite the reality that the market itself is the source of every material blessing that is ours. It accounts for how people come to see private enterprise as the source of corruption and a despoiler of society. For this reason, the greatest cost of public-private collusion is ideological.

The forces that save us from the destruction wrought by pigs can themselves, under the wrong legal conditions, behave very much like pigs—and when they do, they can't be surprised when the public wants to trap them, kill them, and eat them for dinner.

Free Bernie Madoff

BERNIE MADOFF WILL SPEND the rest of his life in jail. Bernie Madoff stole billions from the customers of his phony investment funds, running a racket rather than a financial service. People who aren't even his victims are furious, and nearly everyone enjoyed a 10-minute sense of vengeance when the judge threw him behind bars for 150 years.

Let me weigh in with a contrary view: Free Bernie Madoff, I say.

His life is already ruined. He is a pauper. He will never again do business. From the innovative genius whose information technology in the 1960s became the basis of NASDAQ, he rose to the heights and fell to the depths where he will stay until death. He won't be able to be seen in public for the rest of his life without encountering scorn and derision from everyone around him.

Maybe the idea of jail is punishment. I don't see how it can be a worse punishment than he would face on the outside.

Maybe the idea is to impose on him a feeling of remorse. But does he not already feel regret, even deep sorrow? This man who was widely considered to be a historic phenom is now disgraced, forever. We all have one life to live, and his is now a complete wreck, going down in history as the worst financial criminal of all time.

What, then, precisely, is the point of jailing him? He is no direct threat to anyone. Society would not be safer because he is in the slammer. He is not going to rob people or beat people up. He might write a book and donate the funds to charity or make some restitution to his victims. I, for one, would like to read that book.

Instead, taxpayers will be forced to pick up the tab for his living expenses. Victims get nothing. That's not justice. That's inhumane for both sides of the transaction: Bernie and us.

Will jail "rehabilitate" him? It's ridiculous. His rehabilitation, if there can be one, is probably already complete. Consider the dilemma in which he found himself. It began small, a simple scheme that anyone can play. His problem was that it worked better than most.

Once his scam began, he probably hoped the markets would turn around and he would become honest again. It didn't turn out that way. Then he couldn't dig his way out of it, no matter how much he hated his life. That it lasted decades instead of days is a testament to his marketing savvy, but that's not to say that he loved his life. Spending the rest of his life in the pokey won't rehabilitate him any more intensely than life on the outside.

The problem with prisoners is not that you are treated like an animal. Would that they had it so good! At the zoo, the animals are fed and groomed and cared for. They have value because they elicit affection from paying customers. Even slaves are in a better position, for at least they are valued to some small degree by their masters.

Prisoners, on the other hand, face a kind of metaphysical transformation. They go from being valued members of society to being treated like blobs of flesh taking up space. Their wardens see them as objects. They are abused by fellow inmates and live in a state of incredible degradation everyday.

All prisoners are therefore living amidst a kind of torture. It isn't modern. It isn't even medieval. It is contrary to all principles of civilization. Perhaps we should allow it for the most violent members of society, pending some other solution. But that doesn't apply to Madoff, and it doesn't apply to some $\frac{3}{4}$ of all the prison population.

But still, we are all supposed to feel some kind of joy at his captivity. For decades we've been told by sociologists that the real criminals in society are not muggers and murderers and rapists, but rather "white-collars criminals," who are capitalists sneakily stealing money using fancy finance. They are the ones who should be in jail.

And so now, those educated by the sociologists, forever soft on real crime but oddly tough on financial crime, have their way, as the

bourgeoisie cries out for vengeance against a guy whose sole victims were the rich people who were his own customers. Can there be anyone who doubts that Madoff has been set up as a scapegoat, a person on which to blame the downturn so that we will be distracted from the greatest scams of all that enjoy the cover of law?

So let us ask the unaskable: Just how unusually evil were Madoff's actions? Not that unusual. In fact, the whole notion of paying off past investors with the funds of present investors is at the very core of the Social Security system. At least Madoff sought the consent of his investors who let him care for their money based on their own volition. And at least he didn't attempt to defend himself with the claim that he was conducting wise public policy.

***Tangled* as Political Allegory**

THE 2010 DISNEY ANIMATED feature *Tangled* tells the story of Rapunzel in a version much better than the original. The original had only one gimmick—the hair of the girl in the tower that the evil pretend mother and also the lover climb up to see her—but was otherwise not very interesting by comparison to the rerelease.

Rapunzel, who is not a peasant as in the original but rather a lost princess, does a hilarious rendering of the conflicted girl who wants to cling to the mother but also wants to see the world. The boy is not a prince but rather a bandit named Flynn Ryder, and it takes him a very long time to decide to give up his ruffian ways to finally fall in love.

And the story mercifully leaves out some very strange aspects of the original Brothers Grimm, including the wildly implausible idea that a husband would give up child-rearing rights to his wife's child in exchange for free access to the neighbor's lettuce patch.

Of course the original is in the public domain by now, just as with all the great Disney blockbusters. Not all are improvements on the original, but this film certainly is. Sometimes 2.0 is just much better than 1.0, and here we see the big problem with intellectual-property protection. It freezes the first release as the only release for up to several generations. Improving and adapting are made against the law. This is not a problem if you use a story that is old enough. But why should society have to wait 100 years to get a better version of the original? Why should we have laws that artificially slow the pace of progress?

But back to the movie. I saw it because a Facebook friend, Matt Zietzke, suggested that the entire movie might be seen as an allegory of “government oppression and tactics to hold themselves as rulers over the people.” The idea here is that the evil witch Gothel, who is really old and decrepit but uses magic to look 40-something, is the stand-in for the state.

Let's see how this works out.

Gothel: She sneaks into the home of the wealthy aristocrats to steal their child.

Government: It sneaks into our bank accounts to steal money, steals purchasing power by depreciating the currency, and kidnaps children by bribing them and drafting them into captive military service.

Gothel: Pretends she is young, pretty, and has the best interests of Rapunzel in mind, whereas she is really old, ugly, vain, and holds Rapunzel in a tower to sustain the spell that keeps reality at bay.

Government: Pretends that it is representing us to provide collective goods in our own interests, whereas it is really serving itself and providing for special interests at our expense.

Gothel: Makes up constant lies to keep Rapunzel from finding a way out of the tower, all based on the idea that the world outside is really full of evil people who mean to do her harm.

Government: Makes up constant lies to keep us whipped up in a nationalist frenzy, all based on the idea that the world outside is really full of evil people who mean to do us harm.

Gothel: Flatters Rapunzel and makes her a much-vaunted hazelnut soup (what's so great about that?) to keep her placated and less dissatisfied with her imprisonment.

Government: Flatters the population and gives us much-vaunted benefits (healthcare, retirement income, roads) to keep us placated and less dissatisfied with despotism.

Gothel: Makes Rapunzel afraid of her freedom and unconscious of her true identity as the lost princess so that she won't run away.

Government: Makes the population afraid of freedom and unconscious of our true human rights so that we won't demand them.

Gothel: Sustains herself like a parasite; so long as Rapunzel doesn't cut her hair, which she could do at any time, Gothel will still look presentable in a size 9.

Government: Sustains itself like a parasite and builds monuments to itself; so long as we don't stop obeying and paying, which we could do at any time, government officials and bureaucrats can have the high life.

Gothel: Falls to her death once Rapunzel's hair is cut and the spell is broken.

Government: Falls to its death once the population wises up and cuts its ties to the state.

So yes, I can go along with the idea that this is an allegory. As a final note, this film is absolutely gorgeous in every way. The musical score, perhaps unwittingly, is a hilarious caricature of modern Broadway show tunes. In both respects, the film ends up embodying the best of the new in the context of a story about enslavement, which is the perpetual and universal issue that every generation must fight against.

I'm Part of the Problem

YESTERDAY, I INADVERTENTLY SQUANDERED \$4,000 plus worth of medical resources during a lunch break. That I could do this, gain no benefit, and not even see the bills, is what's right and wrong with American medical care.

I'll tell the story but first consider that none of the politically active reform proposals being debated deal with the absence of market pricing for medical care, that system-wide problem that there is a disconnect between the supplier and the consumer, and this problem is absolutely pervasive. You rarely know the prices of what you are getting, and even when you do, the prices are an abstraction: something to know but not act on, since they don't really affect your premiums as with other forms of insurance.

The result is hardly surprising. End-user costs soar higher and higher and resource use lacks that essential component of economizing by priority. The American system just assumes that there is no such thing as too much technology, too many drugs, too much service, too much care. The consumer, in the end, isn't really a consumer but a passive conduit of an unchecked contractual relationship between producer and third-party payers who are heavily subsidized by taxpayers.

So now my slightly goofy story of how I spent probably \$4,000 yesterday without knowing it. I had a chest cold of some sort that was getting on my nerves, so I finally decided to see the doctor at a walk-in clinic. I complained of tightness in my chest that wouldn't go away. Within minutes, an EKG machine was hooked up to my heart and x-rays were being taken of my chest. Fifteen minutes later, the doctor came back to tell me that he found a big black spot on my lungs. He inquired about my past smoking.

Of course at this point, I'm ashen and woozy and worrying about who will update my Facebook page after I'm dead. The doctor orders a CAT scan: "Stat!" Suddenly, I felt like I was in a television show. I make my way to a medical specialist company, a place that looks like an industrial castle. I'm greeted by receptionists, hooked up to an IV by nurse practitioners, and slapped down on the scanning machine, which whirls and buzzes wildly all over my chest. The staff gathers around the pictures I can't see but I can see all these people's faces through a glass. They are staring and pointing with looks of intense seriousness. Meanwhile, the scans are sent to a radiologist in Tennessee, who is also examining them.

In my mind, I've already divided up my property among heirs and I'm hoping that I have time to train someone to do stuff that I do. My final wishes for world peace and prosperity will be written in my last message to the world, read to all those gathered at my funeral.

Thirty minutes later, they gather to tell me the news. Nothing. No one can see anything at all. My lungs are pink, my heart is working away, and I'm healthy as can be. The nurse suggests that the walk-in clinic needs to fix their x-ray machine, which is evidently throwing black spots around the images. Maybe it is a filter. Maybe someone bumped the machine. Regardless, my life was back and I appreciated all things anew.

Oh, but wait. I pointed out to them that I never received anything for my chest cold. The lady said: "Oh, that. Take some Mucinex."

And that's what \$4,000 bought yesterday between the hours of 1 and 5 pm. Maybe it was more. Maybe it was less. I don't really know.

On the one hand, the whole process was amazing. The speed! The efficiency! The miraculous technology! On the other hand, it was all wholly unnecessary. Now, you might say, hey, don't complain: at least you know. That's true enough. But if there were really a concern about costs, I'm not entirely sure this would have happened. And can there be any doubt that the scan was ordered over liability concerns mainly?

Lots of people benefit in this system. You could say that I benefited. But at what cost? And is the cost proportional to the benefit? This is what the system doesn't seem to address. And the reform proposals, so

far as I can tell, are designed to make what I went through a universal feature of American medicine. It's wishful thinking, and while the attempt might last a while, eventually it will go the same way all such attempts go: skyrocketing costs and universal stagnation.

The Myth of the Voluntary Military

LUDWIG VON MISES SUMMED UP the essence of government in words that are particularly vivid in wartime:

Government interference always means either violent action or the threat of such action. Government is in the last resort the employment of armed men, of policemen, gendarmes, soldiers, prison guards, and hangmen. The essential feature of government is the enforcement of its decrees by beating, killing, and imprisoning. Those who are asking for more government interference are asking ultimately for more compulsion and less freedom.

What about those who are called upon to enforce state edicts, whether just or unjust? Every society includes people who are willing to act as the coercive arm of the state, those who are willing to use violence and freely risk their lives as they administer the law. The state has no great trouble recruiting policemen and prison guards. Are there enough such people to amass a huge army of hundreds of thousands of people who are willing to risk their lives carrying out destructive foreign wars of dubious merit?

When you see the pictures of American troops fighting their way through sand storms, in a strange land with strange people, seeking to overturn a government and transform a society that posed no credible threat to the U.S., being shot at by average Iraqis who are clearly motivated only by the desire to expel the invader, it is not hard to imagine that U.S. troops are wondering how it all came to this.

The British defense secretary, Geoff Hoon, claims that the coalition armed forces are made up of “men and women who made a free choice to serve their country,” whereas Iraqi forces “are motivated either by fear

or by hatred.” It’s hard to say what motivates Iraqi forces (perhaps the desire to repel invasion?), but what he says about coalition troops is simply not true.

The men and women now fighting initially agreed to be in the employ of the military. The U.S. is not yet conscripting people. And yet how many of these would leave Iraq if they could? What if Donald Rumsfeld announced that anyone now fighting in Iraq is free to leave without penalty? What would become of the U.S. armed forces now attempting to bring about unconditional surrender in Iraq?

It’s an interesting question, as a pure mental experiment, because it highlights the essentially forced nature of all modern military service. To leave once the war begins would amount to what the government calls *desertion*. This word sounds ominous but, in fact, it merely describes what everyone in a civilized society takes for granted: the right to quit.

Deuteronomy’s exhortation to encourage the Israelites into battle includes an invitation to freely leave: “What man is there that is fearful and fainthearted? Let him go and return unto his house.”¹ But there is no such right in the modern U.S. military. If you try to leave, you face coercion, particularly if you try to leave in wartime. In this way, the military differs from the police and the ranks of prison guards, jobs from which people are free to walk away without penalty.

Punishing people for attempting to leave the military—to avoid killing and/or being killed—is not a new practice. Mises speaks of the “barbarous” practices used in the eighteenth century to keep soldiers from deserting their units. The more undesirable wartime conditions become, the more necessary it is for the state to force people to continue to endure them.

The scene that shocked me most in the movie *Gods and Generals*—and it was clearly not intended to be shocking—occurs when an assistant to Stonewall Jackson informs the general that some soldiers have been discovered in an attempt to desert the army under his command. The general orders them to be tried in a military court, and, if found guilty of attempted desertion, to be shot. They were indeed tried and shot. Thus did these men die for exercising their God-given right to walk away.

¹ Deuteronomy 20:8.

One of those shot in the film was a young man recruited by Jackson himself, the son of a friend who decided to return to the North. The scene was included to demonstrate Jackson's impartiality. This general is no respecter of persons—or (more plausibly) personhood. To me, the scene demonstrated the immorality of all modern notions of military discipline.

As the movie shows, the South believed it was fighting for the right of self-government, which required that the states be able to exercise their right to leave an increasingly despotic Union. But the military command would not allow their soldiers to secede. The Confederate generals believed that the Union must be voluntary, but the army itself must be kept together through coercion.

Of course, Northern armies employed the same practice. Many Union troops believed they were fighting against slavery, which amounts to nothing more than forbidding people from exercising their right to flee their alleged owners. But the imposition of the death penalty for soldiers choosing not to fight, that is, to flee their military owners, was assumed to be a normal part of military discipline.

Both North and South claimed they were fighting in order to abolish a form of captivity—the right to self-government in one case, and the right to not be employed against one's will in the other—but the ability of the military to imprison and kill fleeing soldiers was never questioned. It is not often questioned today.

The scene parallels the opening sequence in the movie *Enemy at the Gates*, when Russian troops in boats are being bombed from the air by German planes. Russian troops begin to jump in the water to get away. Their Russian commander starts to unload his pistol as they leap. The viewer is rightly shocked by this incredible display of totalitarian brutality. Yet, in essence, what we are seeing is nothing more than a fast-forwarded version of the court-martial, death penalty scene in *Gods and Generals*.

Both scenes underscore a reality hardly ever discussed: all modern armies are essentially totalitarian enterprises. Once you sign up for them, or are drafted, you are a slave. The penalty for becoming a fugitive is death. Even now, the enforcements against mutiny, desertion, going AWOL, or what have you, are never questioned.

This is remarkable, if you think about it. Imagine that you work for Wal-Mart but find the job too dangerous, and try to quit. You are told that you may not, so you run away. The management catches up to you, and jails you. You refuse to go and resist. Finally, you are shot. We would all recognize that this is exploitation, an atrocity, a crime, a clear example of the disregard that this company has for human life. The public outrage would be palpable. The management, not the fleeing employees, would be jailed or possibly executed.

Murray Rothbard frames the question nicely: "In what other occupation in the country are there severe penalties, including prison and in some cases execution, for 'desertion,' i.e., for quitting the particular employment? If someone quits General Motors, is he shot at sunrise?"

The military has done a study² of what causes people to go AWOL, concluding that the practice "tends to increase in magnitude during wartime" and when "the Army is attempting to restrict the ways that soldiers can exit service through administrative channels."

The same study profiles the deserters, as compared with non-deserters, as less educated, having a lower aptitude, more likely to be from broken homes, etc.—all the usual reasons why a person is so dishonorably disinclined to want to be killed. Finally, this study examined the effects of desertion on the individual, concluding that choosing to be dis-employed from the ranks of the armed and dangerous causes "loss of self-esteem and confidence" as well as "embarrassment and even shame." Well, what else would you expect from someone who has "chosen a certain path and failed to meet the necessary requirements and/or sustain the fortitude to meet those requirements"?

Now comes the report from Diwaniya, Iraq, heavily cited by a U.S. military spokesman, that "many Iraqi soldiers were fighting at gunpoint, threatened with death by tough loyalists of President Saddam Hussein." "The officers threatened to shoot us unless we fought," said a wounded Iraqi from his bed in the American field hospital here. "They took out their guns and pointed them and told us to fight."

² *What We Know About AWOL and Desertion: A Review of the Professional Literature for Policy Makers and Commanders*, Peter F. Ramsberger and D. Bruce Bell (Alexandria, Va.: U.S. Army Research Institute for the Behavioral and Social Sciences, ARI Special Report 51, August 2002).

It could be that the captured soldiers are only trying to win sympathy. But it would hardly be surprising if it were true. To force people to fight when they would rather not is the very essence of modern military organization. In modern practice, there is no such thing as a voluntary military. Whether you are forced into the machine or not (via conscription or via payments in tax dollars), once you are a cog, you must stay in no matter how much grinding you do or how much you are ground.

The slave-like nature of the military commitment has no expiration date. Yes, there are contracts, but the military can void them whenever it so desires. Predictably, it desires to void these contracts (through so-called stop-loss regulations) when the enlisted most want to leave: when they must kill and risk being killed. All branches of the military have implemented these stop-loss regulations because of the war on terror. This amounts to the nationalization of human beings.

Still, one wonders how much the ranks of the militarily employed would shrink in absence of anti-desertion enforcement. If modern presidents had to recruit the way barons and lords recruited, and if they constantly faced the prospect of mass desertions, they might be more careful about getting involved in unnecessary, unjust, unwinnable wars, or going to war at all. Peace would take on new value out of necessity. When going to war, they might be more careful to curb their war aims, and match war strategies with those more limited aims.

In fact, we might discover through the study of the history of anti-desertion statutes the key to the transition from the limited war and decentralized military of the medieval world to the mass murder of the modern total war. The legalization of desertion might provide the very key to bringing about a more humane world.

In the meantime, U.S. officials would do well to stop complaining that Iraqi soldiers are being forced to serve and forced to kill. A press release from the Air Force announcing its new stop-loss rule says: "We understand the individual sacrifices that our airmen and their families will be making.... We appreciate their unwavering support and dedication to our nation."

One might even have a greater appreciation for their sacrifice (even if not their mission) if one knew that it were undertaken willingly.

Three More Attacks on Civilization

THANK GOODNESS WE'VE GOT a global marketplace where banned and nearly banned products can be purchased with a click. This is how I obtained a box of Savogran Trisodium Phosphate, which sounds like an explosive but is really just a cleanser that was in every dish-washing soap until last year. It is made of phosphorous, an element from bone ash or urine that was discovered in Germany in the 17th century. It is also the reason that dishwashers once cleaned dishes perfectly, leaving no residue or spots.

Remember the old Calgon commercial that showed food falling off plates and glasses left gleaming at the end of a wash? That was phosphorous at work.

It is still a must in commercial establishments like restaurants and hotels. But 17 states have already banned the product for consumers, causing most all makers of the detergent to remove it from their products, which vastly degraded their value. The detergent makers saw the writing on the wall and this time decided to get out in front of the regulatory machine, anticipating a federal ban before it actually takes place.

Most consumers are clueless as to how sometime in the last year, their dishwashers stopped working properly. They call in the repairman, who fiddles with things and announces a fix. But it is not fixed. The glasses are gritty and the plates often need to be rinsed again after washing. Many households have bought new machines or resorted to just running the dishes through twice.

The creation of phosphorous-free detergent is the real reason. As Jonathan Last explains in the *Weekly Standard*, the antiphosphate frenzy began in Washington State, which was attempting to comply with a Clean Water Act mandate that a certain river be swimmable and fishable.

This was a problem because tests found inordinate amounts of phosphate in the river. As part of the effort to comply, the state banned phosphates from detergents. That was in 2008, but the way politics works these days, the banning spread to state after state — again with the backing of federal law.

Now, it is clear that the law's proponents knew exactly what the results would be. It would increase dishwasher use and even end up leading people to abandon dishwashers altogether, and either solution leads to much more water and energy use. In other words, even by the goofy environmentalists' own standards, this is no savings. It might end up in the reverse.

Studies since the ban have even shown that phosphorous reduction in the Washington State river is entirely due to a new filtering system and, further, that it turns out that the phosphorous in the river was not even a problem in the first place!

Of course the facts don't matter. Our conveniences, like clean plates and the machines that make them so, must be sacrificed to the false gods of environmentalism. One of the great innovations in human history must be reverted because governments are enthralled by the witch doctors of Mother Earth. Thus must mankind take yet another step back on the path of social progress. And to heck with your fetish for clean things!

A similar impulse is driving the new attack on ice makers. Jeffrey Kluger writes in *Time Magazine* a typically hectoring piece that claims that one way to save the earth is to

buy a couple of ice trays. To the long list of human inventions that are wrecking global climate—the internal combustion engine, the industrial era factory—add the automatic ice maker.

Of course we don't use ice makers for completely arbitrary reasons. It is because it is a pain in the neck to carry a full tray across the room, spill a bit here and there, and then balance it carefully in the freezer. And then when you take it out, your fingers stick to the trays and you have to break the tray and dump the cubes into something and refreeze what you do not use, and then the cubes stick together and so on. That's why we use ice makers.

But, still, the Department of Energy hates them. And so it has warned all makers of freezers that it will lower the energy-compliance rating of any freezer that keeps them. Or, another way to make a freezer with an ice maker is to degrade the refrigerator and freezer itself, leaving most of the energy use for the ice maker.

This whole model forgets a perfectly obvious point: having an ice maker often means that you have an ice dispenser on the outside of the fridge, meaning that you do not have to open the door to get your ice. This is surely an energy saver. Having to open the freezer far more often only ends up wasting energy, which is another reason for the ice maker in the first place (saves on electrical bills).

Here again, facts don't matter. If there is something you like, something that makes your life better, you can bet that some bureaucrat somewhere has targeted it for destruction. Saving the planet is the most convenient excuse around. *Time Magazine* would contribute more to "saving the planet" by putting an end to its print publication.

We can see where this is headed. Just as people hoard old toilet tanks and old washing machines that actually use water to wash clothes, so too people will now have to hoard their old refrigerators because they work. We are becoming like the Cubans with their 1950s-model cars, holding on to them for dear life if only to preserve some elements of civilization in the face of government attacks.

Now let's talk drain openers. Everyone knows that the best chemical drain opener is lye, or sodium hydroxide. It is wicked stuff that cuts through grease, hair, or just about anything else. It will burn right through human flesh and leave terrible scarring. But for drains, nothing else compares.

Now that less and less water is flowing through our homes (thanks to regulatory attacks on water use), and the water we use is ever more tepid (thanks to regulatory attacks on hot-water heaters), it is no surprise that clogged drains are ever more common, thus making lye an essential household chemical.

If you can get it. The mainstream hardware stores have stopped carrying the stuff. So have the grocery stores. When I asked around, I thought I would hear stories involving liability for injuries, but no: instead, the excuse is the drug war. It turns out that this stuff is an

ingredient in the making of methamphetamine, and hence it too is on the regulatory hit list.

Fortunately you can still buy it through Amazon, but how many people know this? How many people are buying liquid drain openers only to discover that they don't actually work? Surely millions are doing this. So far as I can tell, there is nothing but hush-hush about the strange disappearance of lye-based crystal drain openers from our shelves.

So there we go: we must also live with clogged drains, so that not even the pathetic drizzles of tepid water that come out of our faucets can flow down the drain, and we must stand in pools of bacteria-breeding water as we take our short, cold showers. It's back to the 19th century for all of us!

In these three examples, we can see the model at work: Puritans and paranoids work with bureaucrats to unravel all the gains that markets have made for civilization. And they do this not with persuasion or an attempt to convert us to their primitive faith. Instead, they do it by force, driving us back to the compost pile, the river for cleaning, and, eventually, having to hunt and gather for food that we take back to our caves, which serve as domestic environs for those lucky enough to survive their regime of coerced poverty.

Why Everything Is Dirtier

I'M OLD ENOUGH TO have a vague memory of clothes so white that they were called bright. This happened despite the absence of additives—the ridiculous varieties of sprays and bottles and packets that festoon our cabinets today and that we throw into the wash to try to boost the cleaning power of our pathetic machines and increasingly useless laundry soap.

Then, the other night, I experienced an amazing blast from the past. I added a quarter cup of trisodium phosphate (TSP) and otherwise “treated” nothing. The results were nothing short of mind-boggling. Everything was clean—clean in a way that I recall from childhood.

Next came my confrontation with the local dry cleaner, which I've used for years. I explained what happened and how puzzling it is that by using TSP I was able to clean my clothes more thoroughly and perfectly than his commercial service.

He was not shocked. He completely agreed, though sheepishly.

I pointed out that TSP, which is a natural element, is amazing not because it cleans—it needs soap to do its thing—but rather because it rinses, whooshing away all dirt, oil, stains, as well as all leftover detergent. Bleach whitens but it ruins fabrics, and that's not good. What is needed is a good rinsing agent that leaves clothes not only perfectly clean but also smelling fantastic. TSP does it, and that's why it has long been an essential ingredient in laundry soap.

Once again, he agreed.

It is not “commercially viable,” he said.

How can this be? It is not expensive. It is freely available at the hardware store in the paint section. If something works, the laundry service

pleases its customers more. That means more business and higher profits. Isn't the goal to clean clothes well and do a good job for customers?

Yes, true, he said, but, again, TSP is not "commercially viable." He politely deferred all further questions to the Dry Cleaning and Laundry Institute, whose website provides no information at all to nonmembers. However, the Laundry Institute did answer my email: It is true that trisodium phosphate produces cleaner laundry.

Bingo. Cleaner laundry. Cleaner than what? Anything else. Not "commercially viable" means that governments will no longer permit laundries to clean your shirts. You can add TSP at home—government hasn't restricted that yet—but commercial houses cannot. However, the Laundry Institute did say that "there are other ways to achieve a clean shirt." What are they? He didn't say. He said: "you will have to do some leg work to find a cleaner that meets your needs."

My needs? My needs are for clean clothes, same as the laundry needs of the whole of humanity since the beginning of time. The whole purpose of laundries is to meet that need.

Here's the problem, however. The goal of the regulators who regulate the laundry is not to improve your life. It is to wreck your life a bit at a time by pressing increasing numbers of restrictions and mandates upon private producers.

One of these mandates has removed TSP from detergent—and with catastrophic results. No one wants to talk about this. There is a major hush-hush culture here because business, understandably, doesn't want to face a consumer backlash, and government doesn't want to acquire the reputation for being the civilization wrecker that it truly is.

These kinds of regulations are capable of driving an entire industry into the ground, as people with the intense desire for clean clothes—the very people who are willing to pay for laundry services—increasingly resort to home cleaning and ironing. An entire step in the structure of production is eliminated, as laundry autarky replaces the division of labor, which is the driving force of cooperative human effort.

It's no wonder that the industry wants no talk of this problem. Its very *raison d'être* is under attack. If laundries can't clean clothes, they have to shut down.

Does government care? If you read between the lines in the almost-candid moments of government statements, you can see what is going on here. In 2009, Clive Davies, a product engineer with the EPA, granted an interview with the *New York Times* that focused on home products. You might wonder what a product engineer is doing working for the government rather than the private sector. This interview shows why. Every one of the questions he is asked concerned the effect of home products on the environment. Not even one actually probed the essential question of whether the products actually work.

Mr. Davies's job is to decide whether to affix a supposedly valued designation to products: *Designed for the Environment*. It's pretty clear that anything that actually cleans, washes, or scrubs probably can't earn the designation. An empty box that claims to be detergent stands a better chance of gaining the government seal of approval than a detergent that actually works.

Then we get to the end of the interview, in which he is actually candid about the goal: the elimination of detergents (meaning the elimination of clean). Davies concedes that this would be the best possible result. And what does he recommend instead? Vinegar and "elbow grease"—the old-fashioned phrase for "scrub harder."

Thus spake the government. That's the future as these bureaucrats see it. It's a future of elbow grease, meaning manual labor unassisted by any products of free enterprise like machines and detergents that work.

It's a future in which our clothes are dirty, we have no soap that works to wash our bodies, our dishes are full of gritty film, our floors are grungy, our windows are smudgy, everything more or less stinks like vinegar, our toilets don't work, our trash is hurled in a pile out back, and vast amounts of our time are spent scrubbing things instead of reading, singing, writing, or conversing. It is a future just like the long-ago past, complete with wash tubs, wash boards, and outhouses—along with their attendant dirt, disease, and deprivation.

My own enlightenment on this issue came within the last year. Like millions of others, I had forgotten what a clean dish looked like. Dish-washing soaps, with no big announcement, eliminated phosphate from their formulas under pressure from the EPA and laws from state governments that banned them. The idea was to help the fish in their oxygen

competition with algae (even though the household contribution to algae creation is negligible, and the scientific evidence on the issue of algae's effect on fish runs in all directions).

The main issue here is that Americans (Europeans too) are having their living standards systematically degraded by regulators who apparently hate our modern conveniences like dishwashers and want to drive us ever more into an impoverished state of nature.

And don't tell me that phosphate-free dish soap works just as well. It's a laughable claim. If you buy some phosphate and add a tablespoon to the load, you enter a new world once the washer is finished. Things are actually clean like you might remember from childhood. The glasses gleam, the plates squeak, and there is no oily film on all your dishes. You don't have to buy new dishes and you don't need a new washer. You only need to add back what the regulators took out. You don't need Consumer Reports. The difference is perfectly obvious, and anyone who claims otherwise is insulting our intelligence.

The sales of new home appliances have soared over the last 12 months, according to industry reports. The data are not broken down by type, but I'm willing to bet that quite a few dishwashers have been sold to unsuspecting customers who had no idea that the real problem was with the detergents, not the machines. Hardly anyone I have spoken to has understood this problem, but all confirmed the fact that their dishes are not getting clean.

Getting even less attention was this ban on TSP in laundry soap that took place in the early 1990s, apparently codified in a 1993 law. The idea, or the excuse, was to stop the increased growth of algae in rivers and lakes (phosphate is a fertilizer too), even though there are other ways to filter phosphate, home use contributes virtually nothing to the alleged problem, and there is no solid evidence that plant growth in rivers and lakes is a harm at all.

In any case, consumers gradually noticed that stains were becoming more stubborn than ever, and thus did a huge new range of products start appearing on the market. These products permit you to treat your clothes before you wash them. Today our cabinets are filled with such products—spray and wash, bleach pens, stain removers, boosters of all sorts—and we use them by the gallon.

Does anyone stop and wonder why such products are necessary in the first place, and, if they are so good, why aren't they in the detergent so that the whole of the load gets clean and not just the treated part? The reason, most fundamentally, is that the formula for detergent was changed as a result of government regulation.

The difference wasn't obvious at first. But as time has gone on, other changes began to take place, like the mandates for machines that use less water, along with mandates for tepid temperatures of water in our homes. In the end, the result is dramatic. It all amounts to dirty, yellowing clothes.

This is the exact opposite of what we expect in markets, in which products are ever better and cheaper due to innovation, expansion of the division of labor, and competition. But with government regulation, the results are deliberately the opposite. We pay ever-higher prices for shoddy results.

Do we see what is happening here? I can detect very little in the way of public knowledge, much less outcry. In the old Cold War days, I recall wondering how it was that the Soviet people could have put up with state-caused impoverishment for decade after decade, and wondering why people didn't just rise up and overthrow their impoverishers. Now I'm beginning to see why. If this all happens slowly and quietly, there is no point at which the reality of cause and effect dawns on people.

One final note on my conversation with my dry cleaner. He gave me the heads-up that the main ingredient used for dry cleaning, perchloroethylene, is not long for this world. California and New York are considering bans, and the rest of the country comes later. After that, it's all over, and the last one to leave civilization will have to remember to shut off the fluorescent light.

This is the whole trajectory of life under government control. They are the predators; we are their prey. And this isn't just about clean dishes and clothes. It applies to every regulation, every tax, every expenditure, every stupid war, and every monetary manipulation. Everything government does comes at our expense, and the costs are both seen and unseen.

How much will people put up with until they arrange for the regulators to sleep with the fishes?

The Attempted Militarization of the Jetsons

A LESSER KNOWN EPISODE OF “The Jetsons” speaks directly to our current plight: the relentless but eternally floundering attempt to militarize a bourgeois society that is more interested in consumption and leisure than serving a mythical national ethos.

Let’s first review the setting. The Jetsons is a cartoon made by Hanna-Barbera from 1962–1963 (the newer ones aren’t as good but they aren’t terrible either). It is distinguished in science-fiction lore by the fact that it is a rare attempt in this genre that actually succeeds in predicting the future.

In the Jetsons world of the future, people are pretty much the same as they are today, except that they have more gizmos and far more leisure time. There are families, kids in school, teens in love, workers complaining about bosses, rock stars, and spouses assuming agreed-upon specializations. They love good food, so long as it is made very fast. They have pets. They shop. They are buffeted by fashion trends. They enjoy sports.

That’s the future: it is an extension of today, just as today is an extension of everything that followed before. There is no dramatic hinge of history that causes all rules to change, as socialist or fascist or other totalitarian ideologies imagine. It is just the same old struggle playing itself out in different ways.

The entire setting of the Jetsons underscores another point that is lost on most every writer of this genre: technology does *not* change human nature or dramatically rearrange the meta-structure of limits and opportunities that form the basis of the social order. It doesn’t rob us of free will or subject us to anonymous forces beyond our control or

otherwise transform us all inside and out. Technology only makes what we want to do easier to do, and leads to a greater degree of flourishing.

If this point is so simple, why is it that so many geniuses have missed it?

The gizmos in the Jetsons, in particular, are a consequence of entrepreneurship, a vastly expanded division of labor—expanded by planets and galaxies—and a rivalrous capitalist economy engaged in free trade. There is no central planning. They use money. People are hired and fired. There is risk: inventions variously succeed and fail.

Spacely Sprockets and Cogswell Cogs make capital goods to sell to others who make other goods—a complex structure of production requiring the passage of time and markets. They compete with each other but also depend on each other, since Cogs require Sprockets to produce, while Sprockets require Cogs to produce.

The technology used in the Jetsons is nearly on target with current trends. Workers sit behind screens and punch buttons and complain about long days (2 hours, 3 days per week). The Jetsons foresaw the future of microtechnology, and so little things are always flying around, but the show did not foresee the microchip, so it was unclear to the makers of the show exactly what would cause things to zip here and there. We often see little machines with tailpipes and tiny clean gas fumes coming out.

The cars fly, which of course hasn't happened, but flight has become routine for the middle class. Travel is fast (but not magical, as in *Star Trek*). Food is fast. Construction is fast. Robots do most tasks that people once did, and so everyone is struggling to find exercise outlets. And yet people are not in a rush. The point of speed is to create more time for leisure. What a world!

Where is the state in the Jetsons? There are traffic cops who speak gruffly, and there are police who try to catch burglars. That's about it. Oh yes, there is a zoning board that sometimes makes trouble for real-estate developers. But for the most part, this is the ideal of the night-watchman state. How this world manages to restrain the state is never mentioned, but there is no talk of a Constitution or even a ruler at all, which provides something of a clue.

In the episode in question here—"G.I. Jetson"—this normally bourgeois society fueled by enterprise, technology, and the pursuit of leisure,

comes to be dominated, in the smallest way, by a preposterous civic ritual: national service in the militarized Space Guard.

The episode opens with a nightmare in which George Jetson's boss, Mr. Spacely, has been transformed into a devil lording it over everyone in Hades. He is chasing George with a pitchfork. George wakes up and Jane Jetson asks what's wrong. George responds that perhaps he has been working too much. "Yesterday I worked 2 full hours," to which Jane responds: "What does he think he is running, a sweatshop?"

That very morning, a phone call comes in, and an official-sounding voice announces that George's number has come up. He has to leave immediately to go to train for the Space Guard, which requires some service from everyone from 18-80.

His destination is Camp Nebula, which, his boy Elroy points out, is "10 million miles from the nearest asteroid."

George responds: "You know the Space Guard. Anywhere out of this world, they build a camp."

The belligerent voice continues, making unreasonable demands, insisting on a strict sense of discipline and exercise and 100 percent compliance, which everyone finds ridiculous and tedious.

After a ten minute space ride (everyone protests the grueling trip!), George arrives at Camp Nebula to find that Mr. Spacely turns out to be the commanding officer—and so the nightmare comes true.

His first order to everyone is: "Take the men to the indoctrination center!" And off they go. Spacely asks: "Who wants to be the first to be indoctrinated?" Of course George is chosen. It begins with a buzz haircut, a medical exam, and an eye exam. Then comes the IQ exam, which George passes because he is able to put square pegs in square holes and round pegs in round holes.

The next person takes the same IQ test, and breaks the machine after trying to cram a square peg in a round hole. The robot machine in charge announces, "Original thinking shows leadership potential" and tags him "Officer material.... Congratulations!"

Everyone gets stamped with a number, such as "U.S. Approved 5106" and "U.S. Approved 5107." There is some attempt to dehumanize them but it is really pointless since George's fellow reservists are

mostly his fellow employees. They care more about each other than the mission or whatever it is they are supposed to be doing, for which they have nothing but a cynical disdain.

Mr. Spacely introduces their drill sergeant: Sergeant Uniblab, the newest thing in military robots. Spacely points out: "Uniblab cost the government millions—enough for two officers' clubs!"

Uniblab demands that they all fly in formation, this way and that way, this way and that way. That's pretty much the whole drill: just the goofy middle-aged guys languidly letting their jet packs take them back and forth. After the drill is over, Uniblab tries to sell raffle tickets and later tries to get the soldiers involved in a game of blackjack. "Winner gets a desk job," says the robot, underscoring that petty corruption in the military can't be abolished by technology either.

The structure of the Space Guard is a hilarious thing to behold. It seems like nothing other than an inert hierarchy, where each person is permitted to humiliate the person below but must cower before the person right above. In fact, this seems to be the only business going on at all: yelling and denouncing down, and deferring and cowering up. The only real action taking place is that some people are promoted and others are demoted based on the extent to which they please the person up one notch. That's about it.

The episode ends with Jetson getting the best of Uniblab, which turns out to be a typical piece of government machinery (easily sabotaged and broken), and Mr. Spacely suffering at the hands of his superior, who in turn has a superior, who in turn has a superior. George returns home to a happy family having wasted a day or two in a pointless civic ritual.

The whole show is a wonderful commentary on how this consuming, spending, bourgeois, capitalist society is impervious to militarization. The state is seen as a pointless device for wasting time and money, something people will obey with their feet but will otherwise ignore with their hearts and minds.

The Jetsons won't be militarized and certainly won't be nationalized. But why? What seemed to be missing in the attempt to impart a militarized sense of civic loyalty was that crucial ingredient: An Enemy. Nowhere in the episode is a foe mentioned. There are no attackers. No retaliation is planned. In fact, there seem to be no security threats at all.

The indoctrination center didn't even bother to pretend that there was a threat.

It is very likely that there were no threats in any case. But that hasn't usually stopped governments, which are known to either invent them or provoke them into existence in order to whip up the civic ideal of loyalty to the state apparatus.

It is possible that in the night-watchman world of the Jetsons, the government didn't have the means to propagate a threat. Or maybe the Jetsons world is even more advanced than we've thought: the state doesn't bother with scaring people because it knows that no one would believe the propaganda in any case.

Some may criticize this cartoon for idealizing a society based on middle-class values, commerce, technology, petty human problem solving. But for anyone who loves freedom and human flourishing, the Jetsons' attachment to technology and domestic life are to be preferred to nationalist hysteria and the destruction of war. Perhaps the greatest triumph of this show is that it managed to make peaceful bourgeois living look as exciting in cartoons as it is in real life.

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