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In This Issue

Edward Peter Stringham, President

Economics is about much more than money changing hands in financial markets. In technical terms, that realm is called the catalaxy, the emerging order of markets, prices, and exchange. Economics is a broader idea that touches everything we do. It's about the world we want to live in, and it heavily impacts issues of culture, art, manners, and rules of living.

My book *Private Governance* speaks to this issue in great detail, showing the creative capacity of the human mind to build beautiful structures of order that end up being reflected in many institutions, including those based entirely on benevolence and philanthropy.

This is why AIER covers a range of issues on culture and society in addition to our regular discussions of money, finance, pricing, and policy. Economics is the pith of life; it is a huge intellectual error to reduce it to dollars and cents only.

So this issue is a very interesting one. It features film reviews, discussions of ethics, the impact of economics on clothing

and culture, social media, issues of personal courage and heroism, and the various cultural threats to liberalism. These concerns have been part of Enlightenment-style thinking since the 18th century, as we see from Adam Smith's remarkable book *The Theory of Moral Sentiments*.

Economics is a humane science that impacts every aspect of life. So too AIER speaks not just to balance sheets and money but also to the human personality and how it thrives better under freedom. One of the great historical ironies that we can observe is how the freer societies are the more creative and surprisingly orderly they are. This is due to the burning desire on the part of free men and women to live good lives in a society that is always improving. When the state gets out of the way, these forces are unleashed to help us thrive better than we ever could under regimes of control.

I hope you enjoy this issue of the *Harwood Economic Review*, and, as always, let me offer my sincere and heartfelt thank you for supporting our work.

Edward Peter Stringham

A handwritten signature in black ink that reads "Edward Peter Stringham". The signature is fluid and cursive, with some variations in letter height and style.

The Obama Film American Factory Backfires

Peter C. Earle

Higher Ground, the production company founded by Michelle and Barack Obama, has released the first of a planned seven-film series on Friday. *American Factory* chronicles the opening of a Chinese factory near Dayton, Ohio, where a GM plant closed in 2008. It's reasonable to suppose that the point was to alarm us about the wiles of global capitalism. Oddly, the film might have the opposite effect on many viewers. It certainly did for me.

The documentary opens with a prayer on the day the plant closes as tearful workers see the last vehicle come off of the production line. A few years later, Fuyao Glass announced its intent to open a glass-production facility in the shuttered facility. One of our first glimpses is of a question and answer as American employees of the Chinese firm speak about the goals of the firm to prospective employees: they plan to employ several thousand people in all capacities, but mostly blue-collar work of the type that disappeared when the local GM plant shut down. One prospect asks if this will be a union shop. No, he is told. The plan is to be non-union.

Perhaps because of their proximity to widespread unemployment, everyone who heard that answer nods in agreement. This new factory is the only game in town, and the best news most of these out-of-work machinists and factory hands have heard in years.

Initially, most of the senior managers are Americans, but alongside the American workers are a group of Chinese workers. Also initially, most of the U.S. workers are deeply appreciative of the new opportunity. We follow one who, since the closing of the GM plant, has been reduced to living in her sister's basement. Others have been out of work for some time, barely getting by on part-time work and odd jobs.

We don't know how much of the documentary's production choices were under the specific direction of the former president. Mr. Obama is sometimes astonishingly tone-deaf, as when, despite his regular trafficking with the global warming/climate change crowd—and more specifically in light of their incessant warnings about massive impending changes in sea levels and coastlines—he nevertheless purchased a \$15 million estate on Martha's Vineyard. If this

is a story largely seeking to highlight differences in workplace culture, that objective is vastly overshadowed by the incredible arc that the formerly unemployed workers' attitudes travel over a fairly short amount of time.

Initially, the woman who has been living in her sister's basement has moved into an apartment. She extols her reacquired independence. Other employees bemoan their non-union pay and conditions but seem contented; they or friends and family have lost houses, have seen communities torn apart, and know firsthand the double impact of the so-called Great Recession and increasing competition from China. But even that wears off over time.

The work is sometimes dangerous, and the pay is lower than many of the workers have previously received, and before long thankfulness is replaced by myopia. Despite the company's warnings, there are rumblings about unionization, and a United Automobile Workers agitator is caught walking through the private workspace with a *Union Yes* sign held aloft. The ineffectiveness of American managers to quash the unionization efforts leads to their sudden termination, and the Chinese CEO threatens to close the plant if it continues.

The same workers who, a short time before, were deeply appreciative of their unlikely bounty then begin to badmouth the company. Some are meeting secretly with union officials. Ultimately employees hold a vote, and the result is somewhat surprising.

There are two particularly telling moments in the film. In one, a Chinese manager teaches a class on how to deal with Americans, whom the Chinese line employees are training. Americans, he explains, need constant encouragement. It's a hilarious and somewhat cringeworthy section.

In another, an employee at a local union hall complains to a cheering crowd that while he earned \$27,000 last year, his nail-polishing daughter earned \$40,000. Apparently, this man is unaware that there is absolutely no prohibition against his learning to paint nails for higher compensation—and with a daughter who does so, he has ready access to a highly cost-effective apprenticeship.



Despite intense lobbying and enthusiasm, the union effort is defeated. A number of the labor organizers are fired; most just sheepishly return to their duties. In one of the last scenes, we overhear plans to automate many of the jobs at the factory, which would eliminate more positions. There's no way of knowing whether this was the plan all along or whether the shift in workers from contentment to intrigue was a key part of the decision-making calculus of the Chinese owners, but it wouldn't be surprising if the collective bargaining bid accelerated automation plans. None of this is surprising, especially given Fuyao's clearly stated position against collective bargaining from the very beginning.

It's difficult for people to unlearn things they've grown up seeing, they've been told for decades, and for which they have apparent confirmation: the idea that union work naturally paid well and provided a generous raft of benefits was feasible in decades when international competition was virtually nonexistent. Throughout the '50s, '60s, and early '70s, owing to the need for most of the rest of the world to rebuild after World War II, the establishment of the Iron Curtain, and the spread of collectivism throughout Asia, billions of potential competitors were simply out of the global mix. The dollar was king, and all of the major financial centers were in the Western Hemisphere.

But this period was an anomaly, even if wishful thinking sought to enshrine it as an indication of intrinsic American superiority: by the '70s and '80s, what was true all along

finally became practicable. Markets opened, information began flowing, capital aggregated, and most of all people in other parts of the world proved that they were willing and able to do the work that Americans firmly believed only we could do. And our upstart labor competitors were willing, indeed appreciative of, the opportunities that sprung up.

There's a common refrain from labor unionists and union members: the American worker is the best in the world—better than any of his international counterparts. It's a feel-good, self-congratulatory sentiment, but it crumbles upon even superficial consideration. Here, it's empirically untrue: the Chinese workers alongside Fuyao's American employees work harder, for longer hours—they're often at the factory working on evenings, weekends, and holidays, and do so for less pay and fewer benefits. This may not make them better people, but it absolutely makes them better employees and thus better economic prospects for firms. Even they, though, have limits, and machines are more efficient and productive.

The Obamas may have intended to make a film about workplace culture clashes. However, as it turns out, *American Factory* is at its core a damning snapshot of American labor entitlement. In an era where painful truths about the declining relevance of blue-collar work and the potential of automation are becoming evident in many fields, it will undoubtedly remain instructive over time. The events depicted are not a fleeting glimpse of a changing past, but an indication and warning of a rapidly oncoming future.

Luce Brings Light to the Age of Anxiety

Taleed Brown and Jeffrey A. Tucker

There is so much to complain about these days, even if you forget about presidential politics. Read enough news and you would think everything has gone wrong. It's the same with movies that play on our deepest contemporary anxieties.

A fantastic corrective is *Luce*, which might never achieve popular acclaim but more than any movie in memory, this film highlights just how many of these issues are either fake or invented on our own simply to cover up for a problem that we all want to avoid: human beings are flawed creatures who make mistakes. All of us.

The film's core thesis makes you believe that it will grapple with the huge issue of race and racism. A successful and white middle class married couple adopted a black child from some war-torn region at the age of 7. They changed his name, got him into therapy, sent him to the finest schools, and there he is today as a senior in high school. He is a sports star. His grades are perfect. He will be valedictorian. He is well-spoken beyond description. He is everyone's hero. And what a credit to his socially conscious parents!

But there is a conflict roiling under it all. What is it? We assume every cliche. He has lost touch with his racial identity. He is confused about his past and wonders about his blackness and its meaning. He begins to puzzle about why he was raised as a white person. Surely the film will deal with all this and this kid will deal with the pain of a loss of identity and the regaining of one he was denied.

Right? Just as soon as you think you have the thesis, it gets confusing. Luce and his parents have a warming and loving relationship. The school is mixed race and he is hardly alone. The teacher with whom he has developed a

conflict is herself black. She seems to pick on the black students in particular, so perhaps we are dealing with an investigation into self-hatred. As soon as that thesis comes into mind, it too is zapped away because it doesn't seem to be a persistent pattern.

The difficulties at school began when Luce wrote an essay in class in which he was told to assume a persona from history. He chose a black revolutionary leader who extolled the necessity of violence. He wrote a compelling story but it worried his teacher, who brings in his parents to warn that Luce might have underlying psychological problems, perhaps he is having violent fantasies, and probably ought to be on a watch list.

The film pivots again: maybe it is going to be about the problem of safety in schools and our paranoia that one of the students could turn into a monster and shoot the place up. Any sign of eccentricity triggers the authorities to act. This ends up having a smothering effect on the student's creativity. That too sounds like a great thesis!

But there's a wrinkle. You begin to notice that everyone in his film has an obsession with their smartphones and social media. Every minute or so someone is checking, texting, swiping, sneaking looks, pawing their phones, sleeping with them, and so on, and this is true for teachers, students, administrators, and everyone else. And the interactions on social media create every manner of pathology among everyone, manufacturing and feeding perverse obsessions and conflicts for no reason.

The film might, then, be about the problem of cell phone abuse, and perhaps the pathologies of technology in general, but then you notice something else. It seems like all the adults never stop drinking. They drink to celebrate, drink to



calm down, drink to make the pain go away, drink to bury their problems. The kids too have drinking problems not to mention the usual issue today of pot and parties. So here we have yet another social pathology under exploration. Oh now let's add to that hints of sexual abuse among the students, and a claim being rumored that one of the students was raped at a drunken party.

What else? Oh, there is also the issue of mental illness. It turns out that the teacher has a sister afflicted with some sort of schizophrenia that sends her into panic meltdowns from time to time so she has to be periodically institutionalized. Other possible core issues include the insane pressure that we put on high school kids to be amazing to set them up for good careers. Or maybe it is a simmering marital conflict that comes with two working parents and their different political outlooks.

Finally, there's the high social cost of success. With Luce's amazing story of redemption, he is faced with the crippling envy from his fellow students. His parents want him to be the perfect son, his teacher wants him to be the perfect student, his principal wants him to be iconic for the school. While these are all well within reach for Luce, it's a problem that his future is protected while the future of his friends is disposable.

In particular, the other black students are viewed as lesser than Luce. He is often characterized in the movie as being the future Obama. This speaks to his ability to appeal and be accepted by a dominant white suburban culture that his teacher argues is necessary for black achievement, but at the high cost of exile from his black friends. His adolescent optimism is later shattered in yet another bomb-dropping revelation that exposes his own contribution to the systemic devaluation of other black students who are not embraced by the people and institutions seemingly responsible for Luce's bright future. Again, this line of thinking adds to the knottiness of complex realism.

What you gradually come to realize in this film is that the viewer's search for a dominant meaningful message here is mostly hopeless. All the problems mentioned above are real and play a role. But not one stands out as decisive. The viewer gradually comes to realize that all the pain, difficulties, and seething conflicts throughout this small society of parents and students are an extension of something we don't want to think about, which is that the world is not made up of saints and witches but rather normal people who excel in some areas, make mistakes in others, do good things and bad things, have both sweet and evil motivations. This is true for everyone in the film, and yet something about our current obsession with finding the one culprit behind social problems distracts us from this basic truth.

The slow dawn of this reality makes for a spellbinding drama that is enormously satisfying in the end. The takeaway is thrillingly mundane and just uncertain enough to keep you talking about this until late in the evening.

There are so many troubles in the world. Racism, deracination, immigration and assimilation, alcoholism, drug abuse, sex abuse, techno-anxieties, over-policing of institutions, too much pressure on students, and marital conflicts. The list is potentially endless. But the search for the problem and fix to make the world a perfect place—an ambition that consumes our public culture today—is ultimately futile. The world is a flawed place because people are flawed. It's a simple and yet revealing observation that somehow shocks us to discover.

The film *Luce* is beautiful, haunting, and profound precisely because it doesn't take the easy path. It doesn't disguise the underlying truth that our endless search for saints to canonize and witches to burn is nothing but a cover for our failure to deal with the much less dramatic troubles in our own lives.



Business Ethics and Morality of the Marketplace

Richard M. Ebeling

Who do people consider to be less ethical or honest than either telemarketers or used car salesmen? If you said Washington politicians, you'd be right on the button. According to Gallup News Services, members of Congress are right at the bottom of perceived ethical behavior and honesty.

Every year Gallup issues the results of a public opinion survey concerning people's views about the degree of honesty and ethical behavior in a variety of professions and occupations in the United States. Its last such survey was released in December 2018.

According to Gallup's questioning of adults over 18 years of age, living in all 50 states and the District of Columbia, 58 percent of respondents held low or very low opinions of Congressmen's ethics and honesty. Only 8 percent held high or very high positive views concerning the honesty and ethics of those holding a Congressional office.

Indeed, the only occupations with negative ratings near that of Congressmen were telemarketers, with 56 percent of those in the survey saying they held low or very low opinions of those calling and annoying them over the phone, and car salesmen who were viewed low or very low by 44 percent of those responding to the questions; like the view of Congressmen, only 8 percent of those surveyed considered car salesmen as highly or very highly honest and ethical.

Journalists were ranked low or very low in honesty and ethics by 34 percent of those in the survey. Stockbrokers were viewed negatively by 32 percent, labor union leaders were viewed as low or very low by 31 percent, while only 28 percent felt that way about the ethics and honesty of lawyers.

Businessmen Not Held in the Highest Esteem

So, who were held in relatively high or very high esteem in terms of honesty and ethical conduct? In descending order: nurses (84 percent), military officers (71 percent), medical doctors (67 percent), pharmacists (66 percent), high school teachers (60 percent) and police (54 percent)

What about those commonly considered in the *business* sectors of the economy? Business executives were considered high or very high in honesty and ethics by only 17 percent of those in the survey. This compared to accountants viewed highly or very highly at 42 percent, followed by funeral directors at 39 percent, building contractors at 29 percent, bankers with 27 percent, real estate agents with 25 percent, stockbrokers with 14 percent, and advertising practitioners at 13 percent.

Clergy were viewed positively in this way by 37 percent, while journalists were viewed highly or very highly by 33 percent in the survey.

Not long after the release of this Gallup poll, the Deloitte International Consulting firm, headquartered in London, UK, released its February 2019 global survey of almost 10,500 *millennials* (those between the ages of 25 and 36) with higher education in professional jobs in the private sector in 36 different countries.

Only 48 percent said that corporations in general operate ethically, and a majority were critical of such businesses focusing, primarily, on earning and maximizing profits instead of giving a higher priority to pursuing *socially useful* goals and objectives. However, those in the political arena are seen in a much worse light. More than 71 percent considered that political leaders have a negative effect on society and social problems. Business leaders, on the other hand, were viewed as generally having a positive impact on society by 44 percent of the respondents.

It may not be too surprising that those in government earn such low marks in the minds of Americans or many others around the world. After all, politics often seems to be little more than an arena of corruption, power lust, hypocrisy, and confusion. Scandals of a financial or personal nature affecting those in political office or in the government bureaucracies constantly fill the pages of newspapers and airtime on the television news programs.

Ethics and politics do not seem to go hand-in-hand very much in modern America or, indeed, anywhere else in the world.

The Ethical Quality of Business in a Free Market

The mixed estimation in which private enterprisers are held in the eyes of Americans and others is more troublesome. The reason I say this is that businessmen operating in a free market function on a totally different plane than those who make their living in politics.

Indeed, There is no more honorable and moral way of earning a living than as a private enterpriser and entrepreneur in the competitive arena of the free marketplace.

To use a Biblical phrase, many are called but few are chosen to take on a leadership role of enterpriser and entrepreneur. Voters do not enter a voting booth to appoint the businessman to his position as head of an enterprise.

His is a self-selecting appointment to his position. I mean by this that a businessman sees himself as running an enterprise of his own or as a senior executive in a company or corporation. He wins his position not through promises to voters but by deeds performed for consumers and stockholders.

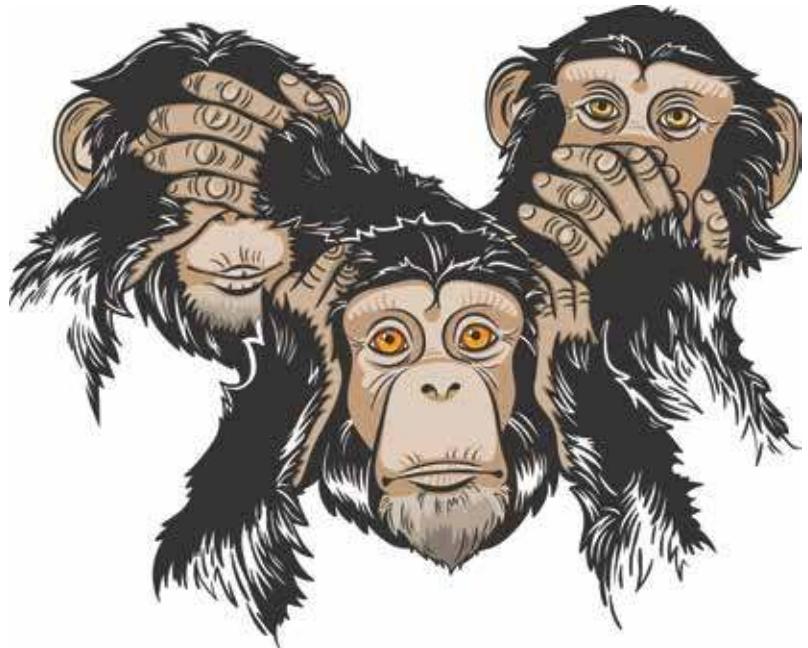
In the market economy, those who imagine, design, implement, and direct enterprises and businesses do not need to initially gain the agreement, approval, or consent from large numbers of coalitions of individuals or groups, as politicians must do in the electoral process.

The Leadership Qualities of Market Entrepreneurs

Indeed, the idea or ideas on the basis of which the private enterpriser is led to start up, organize, and implement his activities leading to the production of some goods or services may be neither understood nor believed in by the vast number of others in the society—that is, before the product is finished and offered to the consumers, who may or may not reject it, resulting in the enterpriser earning profits or suffering losses.

The taking on the task of entrepreneurial leadership, therefore, requires drive, vision, determination, discipline, and the financial support from his own savings or from those who he is able to persuade to lend him the needed funds or to partner with him to bring his idea to market. He is, therefore, a risk-taker as well as a profit pursuer.

Success is not measured in voter ballots as in a political election, but by the degree to which the entrepreneurial leader succeeds in winning customers for his product or service as reflected in total revenues that exceed the total costs that have been incurred in bringing the product to market.



Can he more successfully anticipate the direction of future consumer demand than his rivals in the market? Is he alert to profitable opportunities that others have missed by introducing new products, better and improved products, or less costly products that gain the votes of consumers through the dollars they spend on his product in comparison to his competitors in his own and other markets?

Indeed, the Princeton University economist, Frank A. Fetter (1863-1949), once referred to *the market as a democracy where every penny gives a right to vote*. With their dollar votes, consumers determine who shall gain and retain their entrepreneurial position in the market, and who may lose it.

While the entrepreneur initially selects himself and undertakes his enterprise without the prior approval or agreement or financial support from the general consuming public, it is the consumers who ultimately determine whether or not he shall maintain his entrepreneurial position in the market system of division of labor.

The business leader must be distinctly single-minded and passionately devoted to his role in that division of labor. Others employed in the enterprise may show up at nine in the morning and leave at five in the afternoon. But he does not. He is at work 24/7, even when he is far from his office desk.

Are the company's supply chains operating efficiently? Are the executives and managers who report to him seeing that their departments are functioning properly? What are his competitors planning and doing? What's his own company planning next in terms of advertising campaigns, product improvements, technological innovations, and anticipating the changing patterns of consumer demands?

The burden of meeting the payroll of salaried employees for which he is responsible, as well as the obligations he has entered into to *deliver the goods* to customers and clients means as a leader of his business his mind cannot just shut off when the official business day comes to an end.

A good part of the ethics of private enterprise, therefore, is reflected in the integrity, discipline and quality of character that must enter into those individuals who choose the role of entrepreneurial leadership.

The Ethical Principles of the Free Market

The hallmark of a truly free market is that all associations and relationships are based on voluntary agreement and mutual consent. Another way of saying this is that in the free market society, people are morally and legally viewed as sovereign individuals possessing rights to their life, liberty, and honestly acquired property, who may not be coerced into any transaction that they do not consider being to their personal betterment and advantage.

The rules of the free market are really very simple: You don't kill, you don't steal, and you don't cheat through fraud or misrepresentation. You can only improve your own position by improving the circumstances of others. Your talents, abilities, and efforts must all be focused on one thing: what will others take in trade from you for the revenues you want to earn as the source of your own income and profits?

Long ago, in the 1760s, the famous Scottish economist and moral philosopher, Adam Smith (1723-1790), argued that among the benefits from commerce and trade was not only the material improvements in man's condition. It also served as a method for civilizing people, if by civilization is meant, at least partly, courtesy, and respect for others, and an allegiance to honesty and fulfillment of promises.

When men deal with each other on a daily and regular basis, Adam Smith said, they soon learn that their own well-being requires of them sensitivity for those with whom they trade. Losing the confidence or trust of one's trading partners can result in social and economic injury to oneself.

The self-interest that guides a man to demonstrate courtesy and thoughtfulness for his customers, under the fear of losing their business to some rival with superior manners or etiquette to his own, tends over time to be internalized as habituated *proper behavior* to others in general and in most circumstances.

And through this, the other-orientedness that voluntary exchange requires of each individual in his own self-interest, if he is to attain his own ends, fosters the institutionalization of interpersonal conduct that is usually considered essential to a well-mannered society and cultured civilization.

If all that I've said is true, why, then, are businessmen and business in general held in such low esteem and confidence, even though ranking higher than citizen confidence in politicians?

The Misguided Disapproval of Business and Businessmen

First of all, there is the intellectual climate that has dominated discussions concerning business and businessmen in society for a century and a half. The anti-business and anti-capitalist attitude that prevails in America and many other parts of the world are all part of the original socialist critique against private property, profit-oriented enterprise, and the employer-employee relationship.

Private property is the most beneficial institution ever developed by man. It has created incentives for work, savings, and investment, since private property in the means of production enables those who generate wealth through their personal efforts and investments to have the right to reap the rewards of their own productive activities.

The profit motive acts as the stimulus for individuals to devote their energy in productive ways. Profits are the rewards for having successfully brought to market what consumers want and for managing production in such a manner that revenues are greater than expenditures. In other words, successful profit seeking creates value-added for both the seller and the buyer.

In the free market, the employer must, at the end of the day, treat those who work for him in an honest, well-mannered way. If not, over time, he runs the risk of losing the better employees who eventually decide to look for alternative employment where workplace conditions are friendlier and more respectful as well as, perhaps, better paying.

Part of the suspicions and lack of confidence in business by many in the general society is due to a distorted, incorrect, and twisted view of how business and businessmen really act and potentially earn profits in a free market.

Unfortunately, this false imagery of business and businessmen pervades the media, the movie industry, the educational establishment, and through them our common everyday culture.

Government Intervention and Unethical Business Practices

But there is another dimension to the belief on the part of many in society that businessmen are not to be trusted, and therefore not fully deserving of the citizenry's confidence.

Back in the late 1960s, a Wisconsin businessman named William Law, who owned the Cudahy tannery company, published an opinion piece in *The Wall Street Journal*. He said that some of his American competitors in the tannery industry were lobbying the government to impose an import tariff on foreign leather goods that were successfully capturing more of the U.S. market.

Mr. Law admitted that such an import duty would raise the costs of his foreign rivals and make it more likely that he could maintain his market share and his profit margins. But he went on to say that he opposed the call for such anti-competitive restrictions on market entry of the foreign leather suppliers. He declared he would rather face going out of business than stay in business by using government to rig the market to his advantage at the unjust expense of both American consumers and his foreign rivals.

Many years after Mr. Law wrote this op-ed, I had the opportunity to meet and talk with him, so I think I understand the premise underlying his argument. He considered that such an import tariff would be an act of theft at the expense of the American consuming public, which would make him an accomplice receiving ill-gotten gains.

He would be using the force of government to impose a penalty on the foreign competitor as well as the American import wholesaler and retailer, all of whom were wanting to bring the foreign-made leather goods into the United States, for no other crime than the foreign rival's ability to make a desirable product at a lower cost than his American competitors. The foreign rival and his American supply-side collaborators would be punished for wanting to share the benefits from his cost-efficiencies with the American public by offering his product to them at a lower price.

At the same time, the American consumer is denied the opportunity of buying the foreign version of the product at a price mutually agreeable to him and the seller. As a result, the American consumer might have less to choose from, and would pay a higher price for leather goods than if the tariff was not there. The difference between the lower price the consumer would pay under free trade and the higher price he pays under the protectionist wall of the tariff is the stolen sum out of the consumer's pocket, Mr. Law said, and into the domestic tannery manufacturer's revenues.

Using Government to Plunder Some at Others' Expense

Take the logic of this example and apply it to government subsidies covering part of a manufacturer's costs of production at taxpayers' expense; or paying farmers not to grow crops or guaranteeing them a minimum farm price support that is paid for through tax dollars and higher prices for consumers of agricultural goods; or to domestic business regulations that limit entry into various professions and occupations, which, again, limits consumer choice, prevents potential rivals from earning a living in those corners of the market, and make the product or service more expensive for the buying public by using government intervention to limit the supply.

In the financial and banking sector this has taken the form of *too big to fail*, which means that some of those who made bad investment and lending decisions are not required to fully bear the responsibility and the cost of their poor or misguided decisions. Instead, taxpayer money had been made available to wash away part of their bad decision-making sins.

In everyday life, we presume that the ethical thing to do if we see that someone has dropped their wallet is to return it to them. We take it for granted that if we see that someone has left their car unlocked with the ignition key on the seat, we should not take advantage of this to drive away and steal the car.

If someone does take the dropped wallet or speeds off in the car we label them a thief, a bandit, a crook. That's because we take for granted an individual's right to his private property and the income he has honestly earned.

Business ethics calls upon every businessman to follow the rules of the game of the free marketplace: you don't kill, you don't steal, and you don't defraud. This includes neither accepting nor lobbying to receive favors, privileges, or other special interest benefits through the powers of government to tax and regulate, all at taxpayers' and consumers' expense.

Many people sense that some businesses and businessmen are not playing by the rules when they obtain such favors, privileges and benefits through political power. The deeper problem is that the reasonable suspicion and disapproval of government special favors for various businesses easily spills over, over time, into a willingness to assume the worst about all business and businessmen in general.

This opens the door to those more ideologically driven by an anti-capitalist agenda to win the argument that it is business and businessmen as a group who cannot be trusted and who need to be watched, regulated, and controlled—if not just taken over—by government in the name of *fairness and social justice*.

The Ethics of Personal Life Should be No Different in Business

Even if a man is hungry, the honest and right thing for him to do if he sees that someone has dropped his or her wallet is to return it to the owner, content intact. And likewise, even if profits are down or even turning into the loss column, the unfortunate competitor should not pick the pockets of consumers or taxpayers by lobbying government for anti-competitive regulations or redistributions of wealth through subsidies or price guarantees.

The ethics of private enterprise and the morality of the market require both a preaching and a practicing of a respect for others' individual rights to their property and to the rule of voluntary agreement in all transactions, even when market outcomes are not always favorable to oneself.

Frozen II: Saved by Blessedly Superficial Viewers

Jeffrey A. Tucker

Of the first *Frozen* movie, I probably wrote half a dozen articles. What was that magic ingredient that made it a plus-billion-dollar blockbuster, a culture-rocking achievement, a life-defining event for a whole generation of kids and their parents?

That's a huge question. You can list every ingredient you want: the amazing characters, the charmed music, great story, beautiful animation, the right combination of drama plus bad guys plus humor. It's impossible to identify a single element responsible for the greatness; somehow it all came together.

We all have a favorite thing about *Frozen*. For me it was the portrayal of bourgeois life in some uncertain Nordic country in some uncertain past, featuring normal merchants and regular people struggling to achieve peace and prosperity, plus the sad but ultimately triumphant story of estranged sisters who lived a once-lonely life in a castle but discovered together that love is a force that can heal the land. There was, of course, the epic emancipatory anthem of *Let It Go* complete with the magical construction of a glorious ice cathedral to individualism in the sky.

Unforgettable.

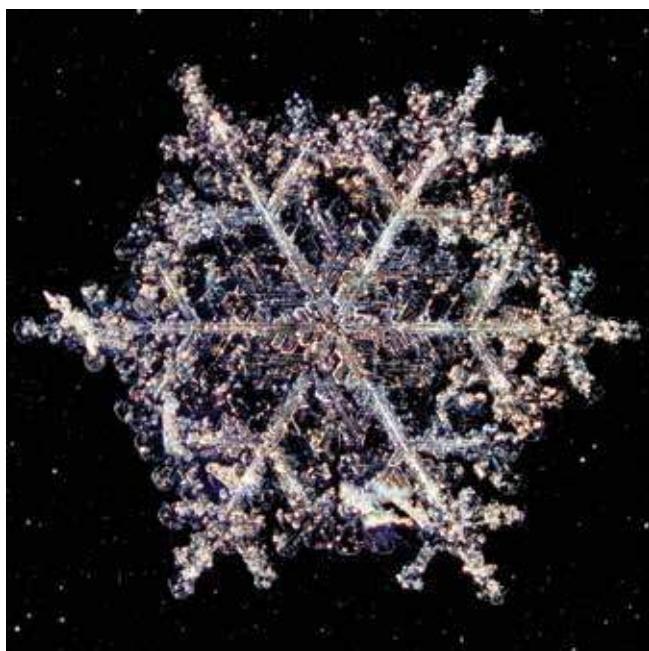
No sequel could possibly live up to the first, of that we can be certain. This is why so many of us had a slight sense of dread about *Frozen II*. We want to know more about this wonderful land and these people but are the producers up to the task? Would the creators find the reasons for the mighty achievement of the first and then reproduce them with an extended storyline that does no injury to the original ethos?

Olaf's Frozen Adventure from 2017 (it's only 20 minutes long) provided a reason for hope: it was an absolutely delightful story that captured many elements of the original that I liked. Or would *Frozen II* miss the reasons for the creative success of the first and instead default to a formula that draws mainly on the capital built up from the first effort to push some manipulative agenda?

I've spoken to many people who left the theater very happy with the movie. That's good. Some people are screaming with delight. I wish I had been among them. But apparently, I'm the outlier here. The movie drew in \$100 million on its opening weekend and the fan reviews are solid.

True, the animation is beyond-belief beautiful. Just remarkable. The clothing was spectacular, a dress designer's dream come true. The music falls far short of the first but maybe that too is to be expected. At least three songs in the film attempt to capture the magic of *Let It Go*, but none come close. Still, *Show Yourself* is a powerful song.

My issues are as follows. I saw very little of the themes in the first that thrilled me so much. Instead, about halfway through, I suddenly felt browbeaten by a pushy political agenda involving some of the most annoying features of contemporary high-brow debate, involving identitarianism, social justice, colonialism, industrial exploitation, race and ethnicity, environmental destruction, climate change, and group-based guilt and contrition.



All this was poured into a confused plot involving dark secrets of the family history, including a strained attempt to reframe Elsa and Anna as the product of a mixed-race/ethnicity marriage, and therefore tasked with righting historical wrongs even at the risk of destroying the town they are sworn to protect.

You can render this how you want. Maybe it is about, as one Twitter account said, *In order for us to save something, we need to sacrifice something. That is what we should do in our life. In order to save ourselves, sometimes we need to sacrifice things that are destroying us, relationships, friendships, efforts, money and more*. Great: if this is the take-away, I have the sense that the creators will have missed their mark.

Again, for all the viewers who can look past all of this and just enjoy the movie, that's fabulous. Once I saw the underlying ideological agenda—and fortunately, no younger viewer will see a bit of this in the film—I couldn't unsee it.

I can't shake the sense that the entire plot was crafted to address the original's most fanatical critics on the left, who of course are not satisfied because they will never finally be satisfied. *The New York Times* even took after the sisters themselves: *the harmonious emotions and good intentions never fully atone for the conventionalism of the blond-on-blond character design, the tiny waists, pert breasts, jeweled eyes and pale plastic-y skin. Hearing women sing of freedom is irresistible, but Disney needs to take its old-fashioned ideal of female beauty and just, well, let it go.*

Catch the language of sin and atonement here? The critical theory that has dominated elite cultural criticism has become a faith so pervasive that it threatens to blot out the creative imagination that is essential to creative art. Everything, we are told, must conform to a political narrative to impose on the entire bourgeois order a deep sense of guilt for its very existence.

Even the Frozen franchise, one of the most successful in history, must be twisted to make this point or else face a brutal beating at the hands of the cultural elite. The writers and directors were very clearly kowtowing to this fear. Here is a paradigmatic case in which a political ideology gets in the way of producing art that speaks to the real complexities of the human experience and uplifts the spirit.

But here is what is interesting. I'm looking all over the Internet for people who saw what I saw. It's there but you have to look for it. This lefty site celebrates the film:

[In Frozen II] climate justice moves from allegorical substrate to the centre of the story. Elsa is drawn Into the Unknown (the title of the soundtrack's first single) by an ethereal voice that speaks for disordered nature.... Elsa's icy powers may be able to stop elemental forest fire, but it is her determination to learn about and take responsibility for colonial climate crisis, in solidarity with an indigenous community, that we need as the forests of California, where the film was made, burn down.

To which I can only roll my eyes.

National Review too picked up on it:

Sometimes the Left's enthusiasm for making amends for ancient iniquity looks like random punishment directed at innocent living people. Disney typically contents itself with selling a sort of mushy be-nice liberalism, but *Frozen II* may presage a turn to storylines that celebrate extremism. Are you ready for Woke Disney?

The great news is that, so far as I can tell, viewers aren't very interested in the climate-crisis-post-colonial-critical-theory-identitarian elements of the story and prefer to think mainly about the cute fire gekko, Elsa's taming of the water horse, and Anna's awesome boots.

All to the good. May the public's implacable superficiality save us from insufferable wokeness that threatens to ruin all the things we love.



The Joker and the Ideology of Destructionism

Jeffrey A. Tucker

*It's a movie about one man's descent into madness, he said.
Nothing else.*

So warned the ticket seller at the theater after I told him which movie I was going to see: *The Joker*. Why is the ticket seller pre-reviewing this movie for me? The line seemed overly rehearsed, a cautionary note to viewers as a way to prevent what has concerned people, namely that the movie's fictional mayhem would generate real-world copycats.

Still, his mini-review did give me some reassurance. I had to drag myself to see the film that everyone is talking about. The previews alone were too creepy. Life is tough enough without movies introducing more sadness, which is precisely why I like to stick with uplifting fare. Still, I marshaled my way through this one.

There is a superficial way in which the man is correct. This is just about one guy. Even after leaving, I kept telling myself that. And yet after it was over, I experienced precisely what so many others have reported. The movie imparts an aura that you can't shake. You take it home with you. You sleep with it. You wake up in the morning and see that damned face again. You think through scenes. Then you remember things. Then more starts to make sense—not moral sense but narrative sense.

It was also tremendously unpleasant viewing, the most difficult two-plus hours of movie watching I can remember. It's also brilliant and gripping in every frame. The score is perfect. And the acting didn't seem like acting.

As for the *just one man* interpretation, that's hard to sustain. The street scenes. The subways packed with people wearing clown masks, headed to the protest. The rich, established businessman running for mayor and the protests that engender. The strange way in which this unsettling and violent figure becomes a folk hero on the streets. There is surely a larger point here.

Yes, I've seen the usual tug-of-war on Twitter about what it means. It's pro-Antifa! It's a conservative warning against extremist politics! It's a right-wing smear against the leftward drift of the Democrats! It's a left-wing apologia for the rise of the workers against the elites, so of course eggs need to be broken!

The trouble is that none of those narratives explain the various twists and turns, and the unease and ambiguity that the film creates within the viewer.

It took me a full day to come up with an alternative theory. The thesis probably pertains to all renderings of *The Joker* in print or film but this one is particularly prescient because its sole focus is on the one character, with the most elaborate backstory yet given. The trouble begins with personal life failures. While this man is troubled, you sometimes think that perhaps he is not so far gone as to be irredeemable. He might function well. He can get through this, just like everyone else deals with their own demons. Joaquin Phoenix does a great job of slipping in and out of crazy. He seems to behave fine around his mother, and his brief girlfriend. He has interactions that are not totally wrecked by his eccentricity.

Yet there are life circumstances that keep driving him more and more to the point that he loses love for life as it is. He gives up hope and fully embraces despair as a way of thinking and living. And then he does evil and discovers something that empowers him: his conscience does not provide a corrective. On the contrary, the evil he does makes him feel empowered and valued.

To review: his life was not working; he found something that worked for him finally. Then he embraced it.

What is that thing he embraced? It has a particular name in the history of ideas: Destructionism. It's not just a penchant; it's an ideology, an ideology that purports to give shape to history and meaning to life. That ideology says that the sole purpose of action in one's life should be to tear down what others have created, including life itself. This ideology becomes necessary because doing good seems practically impossible, because one still needs to make some difference in the world to feel that your life has some direction, and because doing evil is easy. The ideology of destructionism enables a person to rationalize that evil is at least somehow preparing the ground for some better state of society in the future.

What is that better state? It could be anything. Maybe it's a world in which everyone owns everything equally. Maybe it is a world without happiness or a world with universal happiness. Maybe it is a world without faith. Maybe it is national production with no international trade. It's a dictatorship—society conforming to One Will. It's the absence

of patriarchy, a world without fossil fuels, an economy without private property and technology, production without the division of labor. A society of perfect morality. The ascendancy of one religion. Whatever it is, it is illiberal and therefore unworkable and unachievable, so the advocate must eventually find solace not in creating but in destroying the existing order.

The first time I read of the concept was in Ludwig von Mises's 1922 book *Socialism*. He brings it up toward the end after having proven that socialism itself is impossible. If there is nothing positive to do, no real plan to achieve anything socially beneficial; because the whole idea is cockamamie to begin with, the proponents must either abandon the theory or find satisfaction in the demolition of society as it currently exists. Mises says that the attitude is very obvious in communism. But, he says, it is just as present in social democratic versions because their plans to achieve the utopian ideal in stages are equally untenable in practice.

Destructionism becomes a psychology of wreckage imparted by an ideology that is a failure by necessity of theory and practice. The Joker failed at life and so sets out to destroy it for others. So too are those consumed by an ideological vision to which the world stubbornly refuses to conform.

This is why any left/right interpretation of *The Joker* is too limited. In our own times, we are gorged by media and politics with insane visions of how society should work. It

should not surprise us when these visionaries ultimately turn to anger, then dehumanization of opponents, and then plot plans for tearing down what exists just for the heck of it. That *what is* could be world trade, energy consumption, diversity, human choice generally, the existence of the rich, a degenerate race, the frustration of one man with his absence of effective power.

Destructionism is stage two of any unachievable vision of what society should be like against a reality that refuses to conform. Destructionism also proves to be strangely compelling to populist movements that are anxious to externalize their enemies and smite the forces that stand in the way of their reassertion of power. Finally they discover satisfaction in destruction—as an end in itself—because it makes them feel alive and gives their life meaning.

The Joker, then, is not just one man, not just a crazy person, but the instantiation of the insane and morbid dangers associated with persistent personal failure backed by a conviction that when there is a fundamental conflict between a vision and reality, it can only be solved by the creation of chaos and suffering. As unpleasant as it is, *The Joker* is the movie we need to see to understand and then prepare for the horrors that this unchecked mentality can unleash on the world.

In other words, *The Joker* has already created copycats, and has been doing so for centuries. The movie is the copycat.



The Unbearable Drabness of Command Economies

Anthony Gill

During my first year of graduate school at UCLA in the mid-1980s, I was paired with a roommate from the People's Republic of China. Being a welcoming host, I served as his tour guide around Westwood on his first night in America, taking him out for a pizza at Numero Uno and walking through the local shops. He was amazed at the wide variety of goods we had, including a Ronald Reagan punching bag in one of the novelty stores.

You can punch your president? he asked. *Of course you can,* I replied and followed up with a left jab to the nose of the inflatable Gipper. (This wasn't a partisan political statement as much as it was a poke at the ruling class in general.)

A few weeks later, in return for my helping him get acclimated to the US, my Chinese roommate presented me with a gift. He was a bit embarrassed by it, because it was all he had to give considering that he was *schooling on the cheap*. Nonetheless, I was absolutely thrilled.

What was the gift? you ask.

A genuine, communist-made Mao jacket, olive green in color.

The gift happened to be a piece of clothing that my roommate had brought with him as part of his regular wardrobe (though he had not yet worn it). His clothes, in general, were pretty standard: white shirts and dark slacks. I asked if he really wanted to part with this and he replied, *Oh yes. Everybody has these in China and nobody likes them.* I appreciated his honesty. (Jocularity aside, *giving someone the shirt off your back* is actually a very noble gesture.)

I was elated by this gift considering that my young scholar's sympathies ran a bit to the socialist left. My interest in the Central American revolutions at the time, a reason for my pursuing graduate studies, only made the thrill of having a revolutionary Mao jacket all the more special.

One of the first things I noticed, though, was that the jacket had several cigarette burns in the fabric. I asked him if he had worn it before while smoking and he told me that he never tried the jacket on and cigarette burns on recently-manufactured clothing are pretty common in China. How

progressive, I thought. They even let their workers take smoking breaks while working! In California they make you step outside.

While the gift of the Mao jacket reinforced the importance of graciousness as a means of bridging cultural divides, there was yet a more important lesson to be learned about the limitations of command economies when it came to providing social welfare.

As noted, my Chinese roommate mentioned that everybody in the PRC wore these Mao tunics and other standard-issue clothing. If you view all the revolutionary portraiture of Communist China, particularly during the Cultural Revolution, everybody was depicted wearing Mao jackets. Elite members of the party were always dressed in this basic uniform and society followed suit. And although Deng Xiaoping's liberalizing reforms in the 1980s prompted a tad more variety of clothing in the PRC, fashion choices were still quite limited. Glimpse at photos taken during the Tiananmen Square protests and you will quickly notice that everybody is dressed roughly the same with a few brave souls wearing Adidas-branded sweatshirts (probably with fewer cigarette burns). This wasn't a society wallowing in the wildly-varied costuming of Western hippies during the 1960s and '70s.



And it wasn't only China. Recall pictures of people in the Soviet Union and Eastern Europe. The photos show individuals wearing roughly the same style and color of clothing, none of it particularly vibrant. Customers shopping at their department stores didn't have to psychologically wrestle with choosing amongst a myriad of colors, patterns, and cuts of clothing. Drab was the fashion of communism.

What accounts for this *unbearable drabness*? Several possibilities suggest themselves.

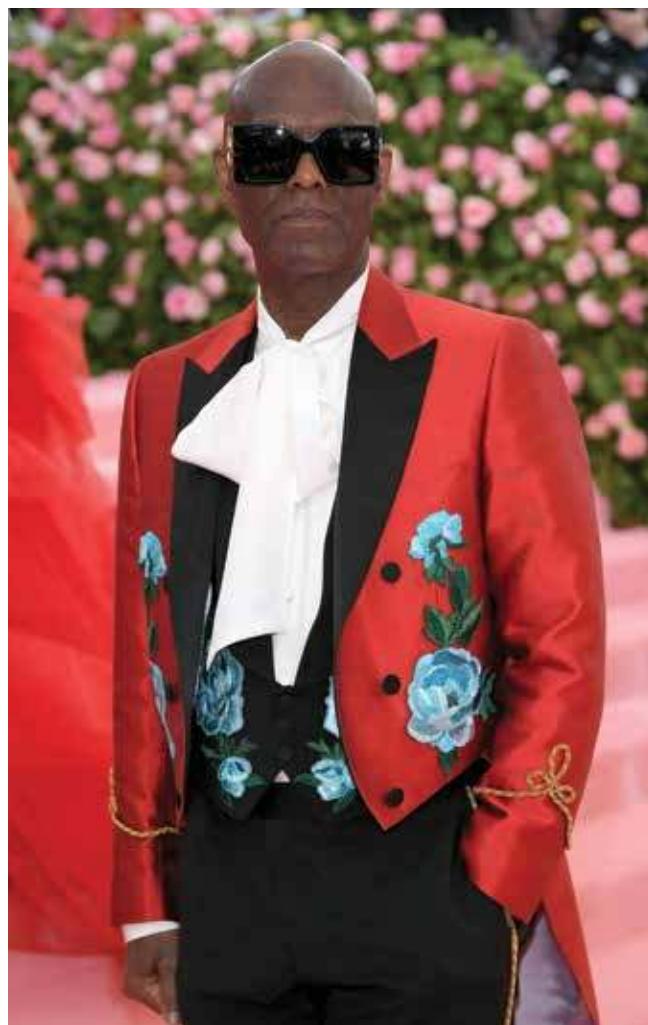
First, the answer may be simple demand. Citizens of the PRC and Soviet Union chose these similar, monochromatic clothes because that is what they liked. It isn't surprising to find individuals mimicking the styles of their peers.

Bankers tend to dress in the same business attire—navy suits, white shirts, red ties (or a white blouse and sensible shoes). Professors wear tweed. Skateboarders don baseball caps backwards and lace up Skechers (or whatever the cool sneaker is nowadays). And since socialist nations emphasize the importance of belonging to a greater community, it shouldn't be surprising that they would want to look alike.

Perhaps. However, Soviet citizens craved blue jeans from Western visitors. The protesters of Tiananmen Square showed an incipient desire for varied (often Western-style) clothing, and definitely not Mao jackets. My graduate roommate couldn't wait to shop the stores of Los Angeles and diversify his wardrobe. Today, in Seattle, our visiting students from China rush to the malls to snap up any and all varieties of attire. The most diverse and wildly-fashioned clothing can be found on PRC undergraduates.

A second reason for the uniform clothing of China and the Soviet Union in the past might be political. In order to sow allegiance to the revolutionary vanguard and collective consciousness, it is important that the citizens' clothing be sewn similarly. Call it fashion fascism, if you will. Hitler and Mussolini tried to get their populations dressed in uniform uniforms. And Kim Jong Un mandated that all North Koreans get certain styles of haircuts. What better way to show love for the national leaders than to look like them?!

There may be something to the political explanation, though economics points us to an even better account of what happens in an authoritarian fashion world: **command economies cannot figure out what people really want**. Bureaucrats allocating resources (including clothing) can't easily determine what other people want. As such, everybody ends up getting what a small cadre thinks they need.



Command economics is simple. Clothing is clothing. Its purpose is to keep you sheltered from the elements. Once it accomplishes that task, no more thought needs to be put into the process. Efficiency achieved! Any effort to diversify the look of clothing is merely wasted effort that could go to meeting other important needs of the collective. Or so the calculating logic of authoritarian functionalism goes.

But it turns out that people actually have diverse preferences and tastes once their most basic needs are met. Command economies can't figure this out because they don't use markets and the price mechanism to foster experimentation and innovation.

Humans are the most creative species on the planet. Manatees don't even come close to creating the great literature and gadgets we've dreamed up. We are constantly trying new ways to do things and to meet our pluralistic desires. But our innovation is either enhanced or limited by the economic system we inhabit.

In a free market system, profits and prices help incentivize entrepreneurs to explore new possibilities and guide them to provide what people really desire (even if those people might not know it at the moment). Profit and prices are the fuel of imagination in markets.

In command economies, you get what you get and you hope that it fits.

Imagine an artist who has a wild idea to create sweatshirts with pictures of cats shooting laser beams out of their eyes. Might anybody want that? If it was put to a central committee with the power to dictate how resources are used, a few people might get to vote and decide. If some committee members don't like cats, those sweatshirts will not be produced for the public irrespective of whether people want cat shirts.

However, in a market economy, that artist can make a few items and offer them for sale at a price he feels is worth their effort in making them. If those sweatshirts don't sell at that price, the world is telling you that they don't want that product. But, on the other hand, if those sweatshirts fly off the shelves at the offered price, consumers are telling you that this was a great idea and you should produce more (and possibly raise the price to reward yourself for such stunning creativity). In a market economy, all consumers get to vote and decide.

Granted, there might be some inefficiency in this market system. Ideas that were thought to be great at the moment might make their way into bargain bins selling below the price of production or eventually be tossed into landfills. That might be wasteful, but it is only temporary waste that gets corrected quickly by self-interested individuals who don't want to lose money. In a command economy, you can only take what is offered; the consumer has no say in what gets produced. Mistakes get deeply embroidered into society with little hope of correction.

Despite some temporary misallocation of resources in market economies, incentivized experimentation allows us to find new ways of pleasing people and making our lives better off. And, yes, laser cat sweatshirts might actually make the world a better place (at least for some folks); we know this because consumers vote with their dollars.

Over time, China slowly has opened itself to more market allocation based on prices and profits. Laser cat sweatshirts are seen in the streets of Beijing. Mao tunics are not as popular. Fortunately though, and thanks to markets, for those of you who long for the retro look, there are businesses today that produce Mao jackets with fancy dragon embroidery, perfect for all your Upper East Side socialist cocktail parties.

As for my Chinese roommate, he was so inspired by his time in a more liberalized nation, seeing what prices and profits can do, that he went on to join the American-based marchers supporting the Tiananmen protesters. The last time I heard from him was shortly after the crackdown of the protests in China. He had a pizza from Numero Uno delivered to my apartment with a note thanking me for introducing him to the freedom that America offered. The pizza had a variety of my favorite toppings.

The Many Threats to the Liberal Project

Peter Boettke

I am currently (August 4-10) in Prague teaching at CEVRO Institute's PPE MA program. This program, designed by Professor Josef Sima, is an international program that invites students from across the globe to intensely study in Prague and work with a variety of faculty from throughout Europe and the U.S. who teach in the program. It truly is an awesome educational venture that Professor Sima has put together. This year's experience for me was no different.

Each year I have taught in the program I shuffle up my readings and my lectures. But my assigned topic is the same: economics and politics of institutions. Yesterday, I spoke about the Liberal Project and the challenges of our times. I asked the students what they thought the greatest challenges were today to the Liberal Project.

I started with a statement of what I took to be the Liberal Project from Adam Smith onward—an emancipation project: emancipation from the bonds of oppression and predation, whether in the public sector or the private sector; emancipation from the dogma of the altar; emancipation from the subjection of the individual by the crown; and emancipation from crushing poverty and exploitation by mercantilist elites. Liberalism is a project that seeks to eradicate privileges, and instead treat all as one another's dignified equals. It is, as Hayek says in his essay *Individualism: True and False*, a project that seeks to find that set of institutions where it is possible to grant freedom to all, rather than restrict freedom to only those who are deemed wise enough and fit enough for freedom. So, emancipation from oppression and the deliverance from the miserable economic state of physical subsistence enable individuals to realize their capacity to live flourishing human lives.

The doctrines associated with this project include freedom of conscience and thought, freedom of association, freedom of trade, freedom of movement, etc. It is a social philosophy that seeks to find that set of institutions that enables diverse populations to live better together than they ever could in isolation, and to do that those institutions must exhibit neither domination nor discrimination. They must pass a generality test.

With that presentation on the table and leaving aside for the moment the question of whether this project was best fulfilled by a variety of democratic systems or some more

radical system of self-governance, the students listed one by one what they thought were the most important challenges. Now, I will be the first to admit that my sampling is biased—a small group of self-selected students who decided to spend a year in Prague studying and debating ideas in philosophy, politics, and economics is not a cross-section of the population. But there is something to be learned. Most of the challenges were what the students saw as internal contradictions within the Liberal Project, and weaknesses in the rhetorical strategy of classical liberals. Some of the criticism was that classical liberals seemed to privilege economic explanations over all other explanations of the social world, and they found this too sterile, too atomistic, too amoral, and, most importantly, too off-putting to non-Western styles of thought.

As I wrote all these points on the board for us to discuss, I kept thinking to myself what was behind their choice of challenges—intellectual, practical, some mix of both. When pushed, however, the strongest voices expressed frustration with extreme left voices and policies in their societies that they argued had given rise to the right-wing counter-reaction. A minority of students saw the right-wing views as an insidious invasion into the liberal project that was as dangerous or more so than any left-wing views. Perhaps the most Misesian of the group made the brilliant observation that perhaps as economists we should restrict our analysis to means/ends, show sincere sympathy with the ends of left-wing intellectuals and activists that dominated the public conversation in these European societies, but demonstrate through means/ends analysis that perhaps their policy choices are not the most effective for obtaining the ends they seek in terms of eradicating poverty, providing health care, improving the environment, etc.

I couldn't agree more with that, and not just as a rhetorical strategy. For many years I taught an honors course at New York University where we used Adam Smith, Alfred Marshall, and Joseph Stiglitz as the main texts. I asked the question to the class: what are the continuities and discontinuities in economic thinking from 1776 to the 1990s (when I was teaching the class)? The main continuity as reflected in Smith, Marshall, and Stiglitz was an overarching concern with the least advantaged and the quest to find those policies that would improve the lot in life for those less fortunate—policies, I should add, that were both scalable and sustainable.



It turns out one of the most important lessons that political economy and social philosophy teach is that while there are an almost infinite number of ways for people to choose to live, there is actually a far more restricted set of institutions that enable individuals to live together in peace and prosperity. And that recognition was what gave birth to liberalism, and it is a doctrine aspiring at universal application.

Like all of my persuasion, I am concerned with the rise in popularity of socialist ideas. I also think everyone is forgetting that the modifier democratic doesn't protect socialism from its internal contradictions and operational dysfunctions. We have been here before. The British socialists that Hayek argued with might have been more enamored by the fetishization of science than their counterparts today, but they also modified their brand of socialism with the term democratic. And they argued that the reason why they were socialists in their economics was precisely because they were liberal democrats in their politics. The capitalist economy, in their minds, had proven too craven for the liberal society to be sustained. Left to its own devices, capitalism was unstable, resulting in unemployment; it was monopolistic, resulting in inefficiency and inequality. Instability, inefficiency, and injustice were what unbridled capitalism delivered, and thus immiseration of the least advantaged. As I argued in an earlier column here at AIER, this is what Hayek applied pen to paper to try to counter

with *The Road to Serfdom*. And it is one reason that the book remains so relevant to the current generation.

But I don't think my students in Prague (or in Fairfax) appreciate enough both how the right-wing populist assault on markets is as (if not more) dangerous to the Liberal Project as those from the left, and how, as Hayek demonstrates in *The Road to Serfdom*, the left- and the right-wing criticisms of the Liberal Project dovetail with one another in the tragic playing out of socialism in practice—whether we call it *democratic socialism* or *market socialism*, it is the socialism part that causes the problems. The tragic aspects of the tale in *The Road to Serfdom* must be understood clearly by all—Hayek does not tell a tale of malevolent forces derailing civility, but of how the most sincere of intentions are betrayed in the operation due to systemic incentives and the distortion of the information utilized in the effort to coordinate activity.

The odious presentation of nationalistic arguments one reads within populist movements threatens to strangle the primary sources for peace and prosperity—technological innovation and expansion of trading opportunities throughout the globe. Socialist policies have the same result of stagnating technological development and curtailing the pursuit of trade throughout the world. In both cases—one intending to turn inward, the other

intending to turn outward—the end result is an unhealthy insulating and isolating turn, and a rejection of the Liberal Project of cosmopolitanism.

And with that, I fear, the emancipation project is lost, and those bonds of oppression that were broken through struggles are reintroduced in the most unsuspecting ways so that the elites once more are empowered to place their boot firmly on the neck of the least advantaged.

The Road to Serfdom was a warning of a tragedy that could unfold unless a mid-course correction was made. As a matter of economic and political history, those mid-course corrections were in fact made in England, and more recently in the Scandinavian countries (in the 1990s), but intellectuals and activists on the left and the right tend to ignore those mid-course corrections and instead believe Hayek's arguments were proven wrong.

My position is the opposite. What is needed today is a restatement of Hayek's argument in a way that can resonate with our times, to address those legitimate concerns that critics of liberalism have raised, and to walk through carefully and with precision the organizational and situational logic of the proposed policy changes. But, again, not as a matter of rhetoric but as a matter of deep liberal commitment, I would argue this must be done with great sympathy for the goals of the intellectuals and activists, and with great empathy for the plight of the least advantaged. As I have stressed in several recent essays, one must always remember liberalism is above all else liberal.

And that Liberal Project is about emancipation from the bonds of oppression—whether the source of that predation comes from the public sector, the private sector, or the independent sector. The Liberal Project operationalized is about the quest for that set of institutions which does not require mystical beings to institute them, or to live under their rule, but relies only on the ordinary assumptions of basic economics for their operation, and which break those bonds of oppression and open the possibilities for diverse individuals to pursue their often divergent plans for betterment and to do so in a way that enables them to live better together than they ever could in isolation. The ability of individuals to pursue productive specialization and realize peaceful social cooperation is a consequence of institutional arrangements—the Liberal Project is tied to that set of institutions that maximizes that opportunity and coincides with emancipation and human flourishing.

The next generation must be ready to restate, and more importantly rework, the foundational arguments. Programs like the PPE program at CEVRO Institute are fertile ground for developing those necessary skills. Congratulations to Professor Sima for his leadership in this endeavor.



Social Media's Bumpy Ride to Better Ideas

Max Gukler

The view that social media platforms like Twitter and Facebook are corroding our public discourse has become increasingly accepted wisdom, the starting point for a debate rather than the debate itself. The marketplace of ideas, that famous metaphor suggesting that the truth will emerge in a forum of free speech and public debate, is failing and must be fixed.

On the surface, problems we experience today, like trolls, fake news, and the power of large corporations controlling social media platforms, might be seen as calling the marketplace metaphor into question. Others might say the metaphor has never been more apt, that we are witnessing *market failures* in our public discourse that must be regulated away by governments.

Both groups fall victim to the trap currently laid in the vast majority of Econ 101 textbooks, which teach a dialectic between an idealized perfect market and market failures that must be regulated away. If we instead view markets, as economists like Joseph Schumpeter and Friedrich Hayek did, as dynamic and evolutionary processes fueled by the exchange of information, then we might take the metaphor as a sign of great hope for social media as a positive force in our political exchanges.



An Obsolete Epiphany?

I was in college when I first came across the phrase *marketplace of ideas* in reading assigned for a class. While I remember neither the reading nor the class, I can confidently place that moment on the short list of my life's greatest epiphanies because I have an indelible image of where I was when I read it—sitting one night in the beautiful University of Michigan Law Library.

A few classes into an undergrad degree in economics, I realized the material I loved so much wasn't only about commerce, important as that may be, but about the entire world. If competition will yield the best outcome in a product market, it will also yield acceptance of the best ideas in a forum of free speech.

The metaphor goes all the way back to John Milton's *Areopagitica* in 1644 and owes much to John Stuart Mill for developing the underlying ideas in his 1859 treatise *On Liberty*. But U.S. Supreme Court Justice Oliver Wendell Holmes Jr., writing in 1919 against the infamous espionage act that restricted antiwar speech in the United States, provides perhaps the most quotable distillation of the idea:

But when men have realized that time has upset many fighting faiths, they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by free trade in ideas—that the best test of truth is the power of the thought to get itself accepted in the competition of the market, and that truth is the only ground upon which their wishes safely can be carried out.

A century later, as it becomes increasingly fashionable to lament the corrosive effect of social media platforms like Twitter on our public discourse, some may find Holmes' words lofty almost to the point of preciousness. But that depends on how we think about the markets behind the metaphor.

New Voices at the Gates

Twenty-five years ago, news reporting and political dialogue was an industry with somewhat high fixed costs. With high fixed costs come high barriers to entry, so it's no surprise that public discourse was dominated by elite organizations with elite people acting as gatekeepers. They produced the ideas, and everyone else had little possible influence beyond dinner tables and water coolers.

Social media platforms used for discussing politics (I'll mainly use Twitter as my example) have blown those doors open, giving everyone at least the possibility of a seat at the table. I can't blame some of those established elites for feeling like the dwindling Roman aristocracy in the year 410 when the Visigoths came to town. But lower barriers to entry, resulting in greater actual and potential competition, are usually seen as an unmitigated good for society as a whole.

So far, so good. . . right?

The Bad and Ugly

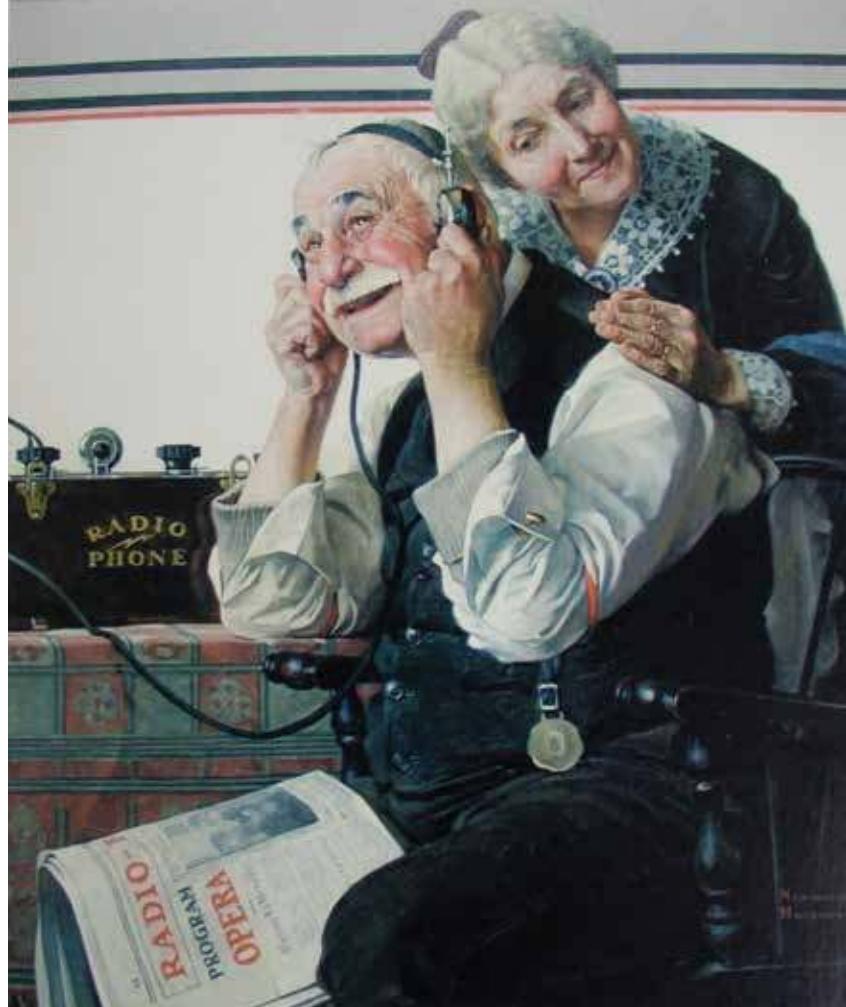
Enter the trolls. As definitions go, I can't do any better than Wikipedia:

In Internet slang, a troll is a person who starts quarrels or upsets people on the Internet to distract and sow discord by posting inflammatory and digressive, extraneous, or off-topic messages in an online community (such as a newsgroup, forum, chat room, or blog) with the intent of provoking readers into displaying emotional responses and normalizing tangential discussion, whether for the troll's amusement or a specific gain.

In the marketplace metaphor, trolls are something akin to fraudsters, the fake watch and handbag salesmen on New York City's Canal Street mere blocks away from the high-end stores of Soho. In the narrative of economics taught in most colleges today, they are market failures stemming from departures from the world as imagined in perfect competition. Specifically, trolls prey on the limited information or rationality of Twitter's readers.

I won't link to my own recent experience—it contains a lot of truly ugly stuff. But seekers of context and cheap thrills won't have much trouble finding it. The wise thing to do with large-scale trolling is to ignore and not engage them, but experiencing the phenomenon for the first time oneself is singularly unsettling, and by the definition above I was beaten badly.

One can find many more criticisms of free markets that have direct analogs on social media. Bubbles, where one communicates primarily with their ideological allies, tend to harden positions and breed misunderstanding. They tend to reward pithy zingers generating likes and retweets that reward our egos and others' confirmation bias. The effect is compounded by the limited length of a tweet. It's equivalent in some ways to the market for junk food.



And even as social media seems to have broken the old oligopoly of media outlets, we see new incarnations of market power from platforms themselves, with justifiable concerns about their power as gatekeepers. Under market-failure theory, these are problems government can and should correct, as evidenced by the recent initiation of an antitrust feeding frenzy by the Department of Justice and Federal Trade Commission. Even many who oppose such action lament the impact of Twitter on public debate and long for the good old days. Can this chaotic new world be redeemed?

Why We Need Social Media

The problems discussed above are real, but the leap many take to assuming that social media is a destructive force in the marketplace of ideas is fueled both by the conservative longing for an orderly equilibrium and the progressive fantasy of building a better market from the top down.

This view tends to interpret the marketplace metaphor as a world of competing *truth factories* where the best answer to some imagined question wins the day among informed consumers. This is of course an extraordinarily simplistic view of what we're trying to accomplish when we talk about politics, economics, and scores of other topics.

We aren't just searching for the right answers, but also the right questions, for different ways to frame the world. We're searching for other ideas that are inherently subjective, ways to make seemingly impossible trade-offs. And the search has no end, as we can only hope for continuous growth and improvement.

We now find ourselves in a world of complexity that only a bottom-up evolutionary process can navigate. We need individual freedom of expression to process local information as described by Hayek, and Schumpeter's process of innovation and creative destruction. Those processes are messy.

That's why I've written that markets are not perfect, but are essential to the functioning of a complex society. We need to take failures seriously, but trying to stamp them out completely from the top down invariably leads to worse outcomes overall. That's because evolution doesn't work without failures.

It's Up to Us

If there's a reason why this process may be more problematic in the social media marketplace of ideas relative to traditional markets, it's a lack of accountability. Consumers and firms have their money on the line, which both disciplines them and provides signals through the economy. Twitter has likes and retweets, which can and do provide signals, but those signals are far weaker than the price system. And discipline and accountability are at times nonexistent.

Right around the time I was fighting the urge to argue with scores of trolls on Twitter, and losing, an article came out about why the ugliness and misinformation that sometimes plague Twitter and Facebook happen far less often on LinkedIn. Simply put, on LinkedIn your boss is watching, and while I can guarantee mine is watching on Twitter, most of the really problematic behavior comes from anonymous accounts where people can dodge any accountability.

It's hard to see a systematic way to correct that problem without interfering with some of the essential features fueling the evolutionary process that redeems social media in the marketplace of ideas. For instance, anonymous accounts also facilitate dissent in countries where self-expression could get one jailed and worse, and on a smaller scale enable people to participate in the conversation who might be treated unfairly by friends and family for their ideas.

So it's up to us individually to help mitigate the problems discussed above and create environments online that come closer to reaching their full potential as evolutionary engines in the marketplace of ideas. We can't take it upon ourselves to refute every troll, or dispute less malicious but still problematic overzealous misstatements inside our echo chambers. But once a day, or even once a week, take it upon yourself to not let something you see that's untrue or uncalled for go unanswered.

These problems on social media will never entirely go away, but if enough people take enough of a custodial attitude, we can leave behind the fatalistic notion that social media is the enemy of the truth.



The Myth of Heroism

Stephen Davies

Recently the heroic and the hero have become fashionable again. Movie theatres seem to be showing nothing except film adaptations of superhero comic books. In popular fiction genres such as fantasy and science fiction, heroes and conventional heroic narratives are very common.

The concept of the heroic and the hero is a very old one and may even derive from structural features of the human mind (if Jung was correct). It can take different forms, however. This is relevant for the way we think about and understand the modern world and human society and is particularly important for individualist liberals.

There are a number of works by mythographers and historians of religion such as Joseph Campbell and Mircea Eliade that examine the commonest conception of the heroic and the narratives that it gives rise to and in which it is articulated. In this account, the essence of the heroic is the performance of deeds and achievements that are beyond the ordinary or mundane.

In addition, these deeds are of significant import—they save the world or a nation or cause from disaster or destruction, or they bring some kind of huge benefit to people in general (hence the recurring narrative of the culture hero who brings humankind the benefits of things such as fire or grain). The hero (who may be male or female) is a kind of special person with qualities and capacities that are beyond the normal.

All this produces the classical hero narrative, which is found in cultures around the world. The hero typically has a mysterious or unusual birth; they do not know who their father is and are brought up unaware of this until a specific point in their life when they become aware of it; they have special abilities and capacities that mark them out from the ordinary, and they have a destiny or purpose that only they can fulfill; when they discover the secret of their parentage and identity, they start upon the fulfillment of that destiny.

The account of the hero's life in which they realize their destiny and (metaphorically or literally) save the world typically involves a number of tropes or narrative devices such as a quest or journey, a descent into a dark place or the underworld, the slaying of some kind of monster or enemy, and often a war or conflict. The critical point for



our purpose though is that in these accounts, the hero or heroine is a special person, marked or chosen from birth, and with a special purpose or destiny that only they can realize.

In the absence of the hero, the odd end cannot be realized and the dark side will triumph. There are variations on this theme such as the story of the flawed or tragic hero who ultimately fails or the antihero (such as Milton's Satan), who has many of the features of the hero and the same kind of story but is serving the dark cause rather than the good. These share the underlying narrative, however. This narrative can take a number of literary forms, but the commonest is that of the epic.

Narratives of this kind are found in all human cultures (hence the belief that they reflect or derive from inescapable aspects of the human experience or from a kind of shared or collective feature of the human mind). At first sight, there is an obvious affinity with individualism, and indeed people do speak of heroic individuals and heroic

individualism. In this way of thinking, there are certain people with special qualities who perform or do extraordinary and admirable things. The question though is whether such people are different from the common herd—are they unusual or distinctive?

There is a kind of individualism that would argue that, yes, indeed there are some people in all societies who have special qualities and are somehow better than others and what is needed is to allow those people to find expression for their special qualities, not least because this will bring benefits to everyone. This is the view in Ayn Rand's *Atlas Shrugged*, for example, where the argument is made that the living standards and life of ordinary people are effectively a gift from the heroic Promethean figures such as Hank Rearden.

This also leads to a view of history that sees it as shaped (at crucial moments at least) by outstanding individuals, whether for good or bad depending on whether it is a hero or antihero who is in the right place at the right time. In economics, it leads to a focus on heroic inventors or entrepreneurs who again are often seen retrospectively as having had a destiny—you can see this frequently in popular biographies of people like Henry Ford, for example.

There is enough truth in this for it to have considerable resonance, not least because it works through the deep narrative described above. However, it is not the only way of thinking. There is a different conception of the heroic that we may describe as the domestic or bourgeois concept of heroism and the heroic. In this way of thinking, heroism is indeed the performance of extraordinary deeds, but the hero is not thought to be someone exceptional or marked for a unique destiny. Instead heroism, the performance of the heroic, is something of which all are potentially capable. The focus, in other words, is on the heroism of ordinary people.

This leads to a different kind of narrative in which the hero is an ordinary person who, when confronted by a test or challenge, responds in a particular way, one that has the quality of the heroic. This does not, however, make them a different or special kind of person, nor does it mean that they have had a special destiny. Rather they have responded to a calling.

Moreover, in this kind of narrative the emphasis is not upon the elevated or grand, nor is it upon the preservation and saving of high institutions. Instead it is on the quotidian and mundane, above all the domestic, the life and circumstances of ordinary people and the virtues they reflect. This is what the hero defends and acts for. The narrative here is different, not epic but domestic.

We can see this form of the heroic in many narratives, particularly fictional ones written in the modern world. It is, for example, one of the themes of George Eliot's *Middlemarch*, captured very powerfully in the closing sentence of that work.

Another, now-classic exposition is in J.R.R. Tolkien's *The Lord of the Rings*. In that work, Tolkien (who was of course a professional scholar of the mythical) gave Aragorn all of the features of the hero that are described earlier. The narrative of Aragorn's life as told in the book conforms very closely to the traditional heroic epic.

However, it is of course not the central narrative of the work but a subordinate one; in fact we do not find key details in the main part but have to get them from an appendix.

One of the central messages of the work is the limitations of the conventionally epic and heroic. The main story is that of how an ordinary (and in some ways quintessentially bourgeois) person is presented with a challenge and in rising to it achieves the quality of the heroic. In addition, the ultimate opposition in the work is not between the kingly and elevated world of the Numenoreans and Elves on the one side and the Dark Lord on the other.

Rather it is between the world of Sauron, an impious attempt to remake the world, and the cosy and above all domestic world of the Shire. That is why the book finishes not with the fall of Sauron and the return of the king but with Sam Gamgee returning to his home, where his wife puts his baby girl in his lap and he says with a great sigh, *Well, I'm back*. It is the domestic and ordinary that both produces heroism and is saved by it.

This alternative way of thinking of the heroic that sees it as a feature of ordinary people and as deriving from and happening in the everyday world, even if under extreme and often terrible circumstances, is also found in actual



history. We might think of the large number of ordinary people who put their own lives at risk of death or torture to hide and save Jews during the Holocaust or the similarly ordinary people who helped and hid runaway slaves in the United States.

On a less elevated level, we can think of how many kinds of political and social reform have resulted from the heroism, even if only small scale, on the part of ordinary people who have experienced social opprobrium or worse to stand up for what they believed. In economics the alternative narrative to the one that looks at heroic inventors is the one that emphasizes the importance of interactions and the exchange of ideas between huge numbers of mostly forgotten people.

There are three points we should take from this. The first is that history and human progress are driven far more by ordinary people doing sometimes extraordinary things than by special people with a unique destiny. Secondly, and very importantly, we should be very wary of stories and ways of thinking that suggest that we, the mass of people, can only be saved or elevated by special chosen ones, heroic figures who will slay the dragons and lead the people to the promised land. This is potentially a very dangerous and risky way of thinking and it misunderstands why things actually do get better.

Finally, we should recall that the end of endeavor is the preservation and improvement of everyday and ordinary life and that this is achieved not only by the heroic, the unusual or elevated actions that people both ordinary and unusual may perform, but by the performance of simple quotidian tasks and everyday duties as well as private and personal acts of kindness and compassion.

The final sentence of *Middlemarch*, mentioned above, is perhaps the place to end: *But the effect of her being on those around her was incalculably diffusive: for the growing good of the world is partly dependent on unhistoric acts; and that things are not so ill with you and me as they might have been is half owing to the number who lived faithfully a hidden life, and rest in unvisited tombs.*



Coffee and Wine: The Subjective Theory of Value at Works

Max Gulker

This weekend, I had the privilege of attending a coffee tasting at No. Six Depot in West Stockbridge, Mass. It's a favorite local business here in the Berkshires, and they truly have a passion for coffee. While the other guests were comparing the subtle differences between coffees from all over the world, I was busy contemplating the subjective theory of value. It's true, you can't take economists anywhere.

What sent me on this wonderful economic excursion were the similarities between coffee and wine, from the production process to the way climate subtly influences the flavor. Roaster Flavio Lichtenthal is certainly as passionate and knowledgeable about his coffee as any vintner is about their wine. And I interrupted the group discussion enough times to confirm, at least anecdotally, that coffee harvesting is just as labor-intensive, if not more, than wine. Beans ripen at different times, meaning they have to be picked by hand, with the judgment of a human eye.

No. Six Depot manages to charge \$10 per bag for its coffee. That's certainly more expensive than Maxwell House, but compare the price range to that of bottles of wine, which can cost \$10 or \$1,000. Why the stark difference?

The answer is the subjective theory of value, put forward by the Austrian economist Carl Menger and others in the late 19th century. It states that the value of a good has

nothing to do with the labor that goes into its production, but instead depends on the individual consumer's subjective preferences and the importance he or she places on the good.

How does that work in our coffee-and-wine example? One mechanism is aging: while aging does not appear to add to the quality of coffee, it can raise the value to some wine connoisseurs by orders of magnitude. The aging process is not labor-intensive; the difference in value comes from individual preferences. According to the alternative labor theory of value, held by Marx among others, the aging process shouldn't add anything to price. (You may wonder if we ever get tired of proving Austrian economists right and Marxists wrong. The answer is no.)

There are likely other differences in people's relationships to coffee and wine that impact those goods' subjective value, such as the fact that coffee is so much a part of people's daily routines that they begin to see it as a commodity.

But my economist brain was present enough for the tasting and discussion to know that Flavio's coffees are anything but commodities. Do yourself a favor and order a bag to enjoy while you read Menger's Principles of Economics.



The Politicization of Taylor Swift

Jeffrey A. Tucker

Taylor Swift's struggles with the rights to her own music—a legitimate struggle for reasons I will explain—are now hugely public and extremely intense. She is feeling oppressed by her former record label, which is insisting on retaining rights to her music, music that she composed, performed, and promoted. Now the left and right are weighing in on the great controversy, attempting to use it for their own purposes.

Elizabeth Warren tweeted a bitter attack on an implausible but politically predictable target:

Unfortunately, @TaylorSwift13 is one of many whose work has been threatened by a private equity firm. They're gobbling up more and more of our economy, costing jobs and crushing entire industries. It's time to rein in private equity firms—and I've got a plan for that.

To which Allysa Finley of the Wall Street Journal responded with a defense of capitalism itself:

Record labels operate like venture-capital firms: They make a lot of bets but don't know which will pay off. Income from Ms. Swift's old recordings is helping to launch the careers of aspiring musicians. While liberals want the government to take more money from the rich to support those of lesser means, they apparently don't like when private industry does the same. . . she owes her fortune—Forbes estimates her net worth at \$360 million—to American capitalism, which made it possible for businesses to invest in her and allowed her to profit as a result.

I'm temperamentally more sympathetic to the Journal's point here—and she does make a good case for investment, risk, and return—but it doesn't deal with the intuitive sense that something is fundamentally wrong here. Taylor wrote the songs, recorded the songs, marketed the songs, so it just seems odd here that she is being forced away from claiming them as her property to do with what she wants.

Let's leave aside disputes over details concerning what she can and cannot do with her own music, and presume that her old label is indeed doing everything Swift accuses them of doing.

Yes, you could say this is a matter of contract. Taylor signed away her rights and then left for another record label. Her plight is of her own making. And yet, there is another layer operating here. Artists have chafed under these kinds of arrangements for many decades. Every famous band and singer has had brutal conflicts with their labels, from Metallica to Kesha and beyond. It got so bad for Prince that he even changed his name to get away from having his own music somehow owned by someone else.

We of the pro-market ideology like to talk about how markets are about cooperation, mutual agreement, and happiness all around. Why are the relationships between artist/performers and record labels so often fraught with difficulty?

The heart of the matter here is copyright. Let us be clear: copyright is not based on a normal contract. It is a state-granted right of monopoly privilege. It is usually presumed to belong to the artist. This is a myth. *Copyright was never primarily about paying artists for their work, explains QuestionCopyright.org; far from being designed to support creators, copyright was designed by and for distributors—that is, publishers, which today includes record companies.*

Precisely, and you can see this history at work even in the earliest copyright laws of 16th century England. The crown wanted to suppress the writings of Catholics or Protestants depending on who was in charge. Rather than the outright use of violence to censor, the method was to appoint the London Company of Stationers as the enforcement agents with a monopoly on all printing. There is absolutely no evidence that authors wanted anything like this. And yet even to this day, the myth persists that somehow *intellectual property* was and is about protecting the rights of the creator.

In the U.S. context, the Constitution grants Congress the right to legislate on intellectual property. *To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries, says Article I Section 8 | Clause 8.*

Notice the tweak from the British case in which the right belonged to the crown to grant to publishers. In the U.S., the framers believed that they were liberalizing the law by specifying that it would belong to *authors and inventors*.



In truth, this turned out to be just fancy language. Authors and inventors routinely sign over their rights (copyright or distribution rights) to publishers and studios. Again, this is an industrial privilege, not a grant of rights to creators.

To understand how the contracts would work in a copyright-free world, just consider the way normal contracts work. Let's say you make a deal to have a company build a deck on your back porch. Later you change your mind

and at the last minute decide that you want a different company to do it. Breaking that contract comes at a cost, as specified in the contract. You pay the fee and move on. No one is harmed because the company is compensated.

With copyright, an exit clause is not part of the deal. Authors do not typically understand that under conventional copyright, their work is effectively owned by the publisher for 70 years beyond the death of the author. Whereas the law used to be 14 years, it can now last more than a century. Nothing stands in the way of laws that would make it even worse. That's not capitalism; it's the problem of the monopoly grant of copyright. Authors and artists are routinely victimized by this mess.

To be sure, Taylor has herself been a bit confused about this topic all along. She has withheld her music from streaming services on the belief that she should be the sole owner of the sounds she has made. That is not how copyright works and never has. Even if the contract arrangement made that possible, it would be unenforceable. Music is one of those infinite goods: copying it takes nothing away from the original.

The question then is quickly posed: how in a copyright-free world can artists (or composers or performers in general) make money? The same way they always have: first print runs, concerts, branding, sales on release, quality controls, interviews, and just generally becoming a big deal. It's easy to imagine that there would be fewer long-tail royalties accruing to music itself, simply because music would eventually become part of the commons. In effect, and despite copyright, this is how it works today. All the crackdowns in the world have failed to stop music piracy but that's not what is necessary to make the arts profitable.

Now Taylor finds herself in a bind, at once demanding ownership of her music and fighting with another claimant who is invoking a state-protected copyright contract. I get it: it's infuriating. You could say that she should have gone Creative Commons in the first place and thereby retained all her rights, but big-time promoters and production studios would not currently accept such a thing.

Taylor Swift's case isn't about the power of private equity or the perfect workings of market capitalism. It doesn't fit into any existing political paradigm. It is a dispute over enforced ownership rights that have been granted to the unownable, with predictable conflicts that ensue from that error. That's the real source of the seemingly insoluble conflict not just between Swift and her old record label but between all artists and those who produce, market, distribute their work.

Eulogy for Neil Peart

Champion of Freedom

Peter C. Earle

The announcement of the death of Rush drummer Neil Peart came as a tremendous shock. Having only retired about four years ago, so many fans of Rush (myself included) had convinced ourselves that this was a temporary hiatus, and that in a year or two—eventually, at any rate—there would be an announcement of a new album, a short tour, or some other project. Surely musicians of their virtuosity and passion couldn't stay away from the studio or stage for long. But now we know we were wrong, and we know why.

It was revealed that Neil had been battling a brain tumor for over three years. Characteristically, he, his family, and friends (among the closest of whom, Rush vocalist/bass player Geddy Lee and guitarist Alex Lifeson) upheld his desire for privacy. I haven't done the math as to whether Neil's illness was likely a causative factor in the decision to retire, or whether it seems to have come along not long after the decision to retire.

It's not a calculation I'm going to undertake, in part because it seems unseemly. More importantly it wouldn't ease the pain that I and millions of others are feeling this Saturday morning.

This one hurts, we're all saying to one another. It sure does.

To say that Peart was a great drummer and percussionist is an understatement of immense proportions; he was an innovator and a lifetime student, at one point breaking down his entire playing style (from matched grip to traditional grip) to more closely emulate his icons, among whom were the legendary Gene Krupa, Buddy Rich, Billy Cobham, and Ed Shaughnessy. (Drum battles were cited as inspirational by Peart, in particularly the legendary battle between Krupa and Rich.) He was inspired as well by various rock drummers. If numerous awards (both individual and for the work of Rush), liner notes, inspiration polls were the equivalent of academic citations, Peart was the reigning percussion laureate.

In his role as the lyricist of Rush, Peart took on such topics as pernicious nationalism (*Territories*), mass hysteria (*Witch Hunt*), the division between constructive and destructive belief (*Faithless*), the fall of Communism (*Heresy*), conflict and power (*The Trees*), the horrors of totalitarian rule (*2112*, *Red Sector A*) and many allusions to individual liberty (*Tom Sawyer*, *Anthem*, *The Analog Kid*, *Caravan*). He did so via lyrics which artfully and passionately evinced those sentiments; sentiments which early on suggested Objectivist perspectives, but over time developed into what he called *Bleeding Heart* libertarianism:

I call myself a bleeding heart libertarian. Because I do believe in the principles of Libertarianism as an ideal—because I'm an idealist. Paul Theroux's definition of a cynic is a disappointed idealist. So as you go through past your twenties, your idealism is going to be disappointed many many times. And so, I've brought my view and also—I've just realized this—Libertarianism as I understood it was very good and pure and we're all going to be successful and generous to the less fortunate and it was, to me, not dark or cynical. But then I soon saw, of course, the way that it gets twisted by the flaws of humanity. And that's when I evolve now into . . . a bleeding heart Libertarian. That'll do.

Neil, through his lyrics, managed to do what so many lyricists and writers—even, perhaps especially, so many libertarian intellectuals—fail to do: make liberty neither an alien fixture, a flat slogan, or a utopian slog. It is a way of thinking and living, and one which not only doesn't ignore, but embraces the flaws and frailty of humanity, tempering realism with hope and optimism.

Despite tremendous success, Peart's life had more than its share of setbacks and tragedy. A trip to England at 18, made with the intention of becoming the drummer of the next Beatles, Led Zeppelin, or The Who, ended with severe disillusion. The 1975 Rush album *Caress of Steel* was received poorly with the subsequent tour, now known as the *Down the Tubes Tour*, characterized by shrinking venues, crowds, and income. (Indeed, even as Rush grew tremendously successful, the rock establishment has, until very recently,

been hostile to them.) And even while Rush gradually became increasingly popular, Peart found himself uncomfortable with fame, as the lyrics to *Limelight* off of the seminal *Moving Pictures* make clear: *I can't pretend a stranger is a long awaited friend.*

In a space of no more than ten months between 1997 and 1998, Peart's only daughter and wife passed away. He retired from drumming, got onto his motorcycle, and rode some 55,000 miles around Canada, the United States, and down into Central America, with no schedule or restrictions. From that ultimately came a book detailing his cathartic journey and slow recovery, and ultimately his decision to rejoin Rush. Later he remarried; he leaves behind his wife and ten-year-old daughter.

Travel, in fact, is a recurring theme in Peart's life and writing. Two other books, one autobiographical (*Traveling Music*, 2004) is told amid his account of driving from Los Angeles to Big Bend State Park in Texas; another (*Masked Rider*, 1996) covers his biking through West Africa in the late 1980s. Driving and travel serve as metaphors for liberty and individualism throughout his writing on nineteen studio albums including in *Red Barchetta*, *Driven*, and *Headlong Flight* among others.

There's simply too much great work to do justice to, let alone to wrap one's mind around at such a time as this. *Mission*, about an artist recognizing the virtuosity of others while desperately seeking to reach the pinnacle of his own. *Closer to the Heart*, about the small role each person can—and must—play to build a better, kinder world. *Time Stand Still*, where the irresistible tide of the passage of time drives us to want to freeze this moment, a little bit longer and make each sensation a little bit stronger.

Cygnus X-1, Book One and Book Two. Something for Nothing. The Analog Kid. Spindrift.

So many songs to draw inspiration from and put context to. Although my musical tastes are quite diverse, Rush—a core element of which are Peart's lyrics—has been central to the soundtrack of my life, from the odd time signature of Jacob's Ladder to the almost-pop New World Man. And if you sat in front of me on an international flight at any time in the 1980s and the seat tray was down, I apologize: such is the infectiousness of Neil's percussion.

In *Xanadu* (inspired to some extent by Coleridge's *Kubla Khan*), off the 1977 *A Farewell to Kings*, a device in the vein of Jonathan Swift's 'Struldbrugs' or Tennyson's 'Tithonus' is employed: a nameless adventurer finds an obscure historical reference to a place where after scal[ing] the frozen mountaintops of eastern lands he locates a place wherein one may taste anew the fruits of life: he becomes the last immortal man. The successful quest is a bitter triumph, though, as living forever saps every last morsel of value of life. Despondency and ultimately madness follow.

In *The Garden*—from today's sad perspective, fittingly the last song on Rush's last studio album—he wrote

*The treasure of a life
is a measure of love and respect*

*The way you live,
the gifts that you give*

In the fullness of time

It's the only return that you expect

The future disappears into memory

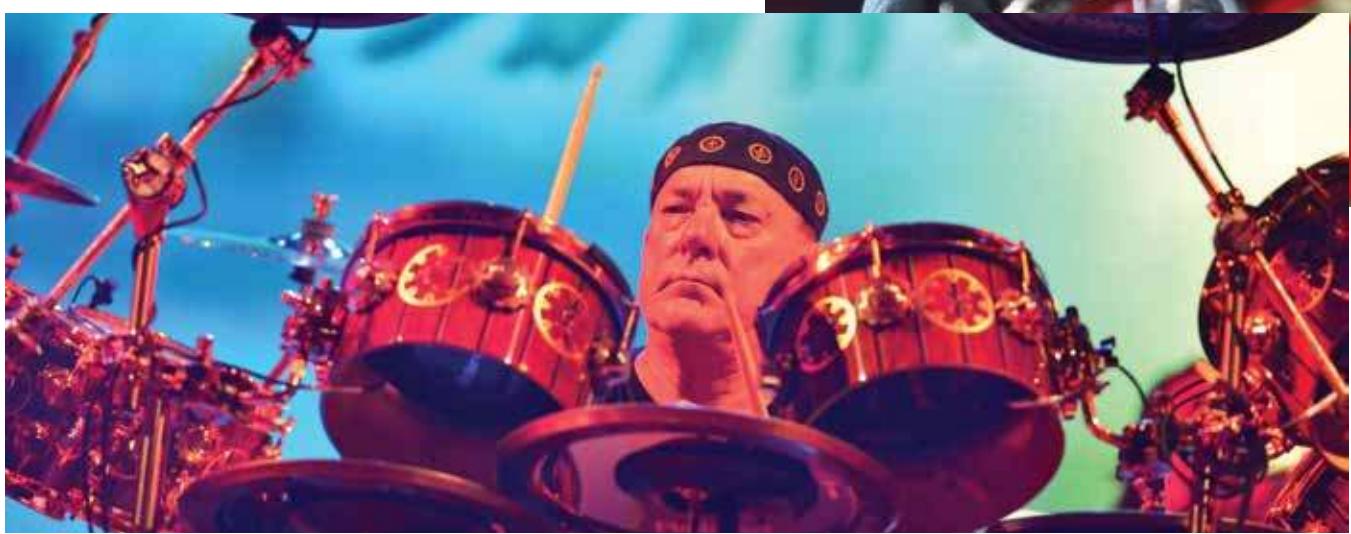
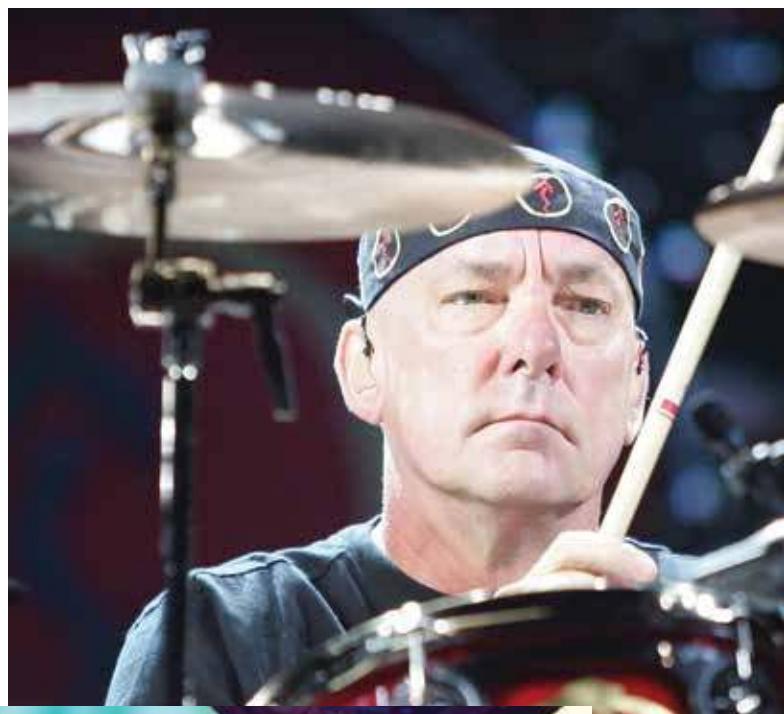
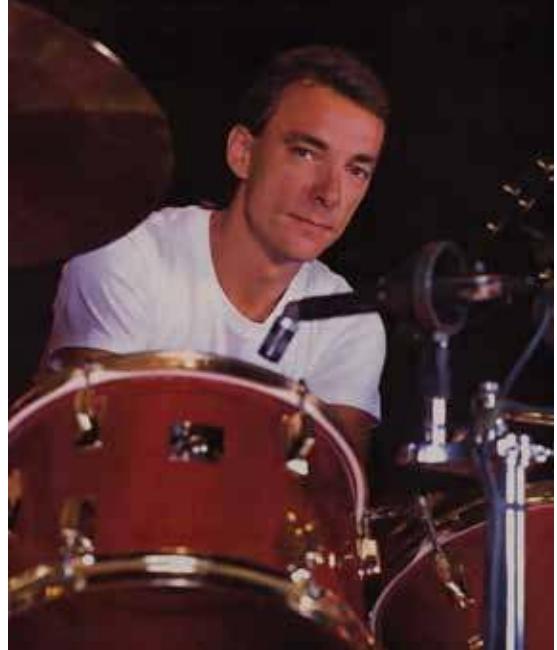
With only a moment between

Forever dwells in that moment

Hope is what remains to be seen

Only our children and the fruits of our creativity—writing, music, invention, and any other form of innovation—persist. Inscriptions on stone, like memories, fade, but we are better for that; life is, after all, for the living.

As Neil wrote: *We're only immortal . . . for a limited time.* But in the way that we influence others, either through words, our skills, or our formulations, we can achieve as close a form of immortality as entropy allows. Neil Peart's words and music have impacted millions of lives; we who loved him and his work now carry it forward, a simultaneously poignant and ineffable duty.



Why You Should Include Charity In Your Will

Andrew Palmer

There is a common misconception that only the rich need to make a will. That is not true. A will eases the pain of your passing on those you leave behind, and without a will, regardless of your personal wishes, state laws will determine the transfer of your estate.

There is an even bigger misconception that only the super-rich leave money to charity when they die. That's also not true. The fact is that most gifts by will, (bequests) are made by everyday people who want to have a lasting, positive impact on their community.

Without this type of generosity, many charitable institutions couldn't continue their missions into the future. Non-profits need our support to do their good work.

Here are four reasons why you should include a charity in your will:

A Gift By Will Is Easy To Make

A bequest is one of the easiest charitable gifts to make. It is simple to implement, and easy to change should you ever need to. You can give specific property or designate a dollar amount or a percentage of your estate. You can also designate a non-profit as a beneficiary of your retirement plan or life insurance policy.

A Gift By Will Does Not Alter Your Current Lifestyle

Making a bequest is a way of demonstrating your commitment to the future of the institution you love that doesn't affect your current asset balance or cash flow. There are no substantial costs, and the gift can easily be modified to address your changing needs.

A Gift By Will Can Change Lives

Non-profits improve our lives every day through their dedicated work, community, and stability. A bequest can help your best-loved charity further its mission and values. It can continue making a difference for generations to come.

A Gift By Will Creates A Lasting Legacy

Including a non-profit in your will is a great way to bring dignity, meaning, and purpose to a life well-lived. You can demonstrate your commitment to the future of the institution you love, and better yet, a bequest can allow you to give to an institution that you may have always wanted to support, but were unable to during your lifetime. Creating a legacy with your gift ensures that you, and your values, will live on.

You don't have to be wealthy to make a difference. Whoever you are, whatever your situation, you can help make a better world by including a charity in your will.

SEE
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TO GIVE
TO AIER



AIER Special Seminar: Fundamentals of Classical Liberalism with Max Gulker and Phil Magness

February 17-21
Great Barrington, MA

AIER will host an invitation-only seminar for students on our campus in Great Barrington. Students will learn about the key aspects of Classical Liberalism from AIER research fellows Max Gulker and Phil Magness.

Marijuana Law Reform: It's About Freedom, Not Drugs with Paul Kuhn

February 26
Nashville, TN

Join AIER's Bastiat Society program in Nashville for a discussion with Paul Kuhn. Legalization of marijuana is sweeping across the country, as one in five Americans reside in a jurisdiction where the adult use of cannabis is legal under state statute, and the majority of citizens reside someplace where the medical use of cannabis is legally authorized.

Harwood Graduate Colloquium: Introduction to Economic Freedom and Monetary Policy

March 1-5
Great Barrington, MA

Join AIER for our next *Harwood Graduate Colloquium* focused on Economic Freedom and Monetary Policy. This four-day event is geared toward graduate students and provocative lectures based on pre-assigned readings led by AIER researchers Phil Magness and Max Gulker.

Economic Freedom: What It Is & Why It Matters with Dean Stansel

March 5
Murfreesboro, TN

Join AIER & FTE's *Teach the Teachers Program* for a one-day seminar in Murfreesboro, Tennessee. This seminar is designed to familiarize middle and high school teachers and curriculum specialists with a non-biased approach that introduces the basics of economics and provides effective simulations to introduce the concepts into the classroom.

The Financial Imprudence of Do-It-Yourself with Ryan Murphy

April 9
Dallas, TX

Most Americans think that the financial prudence of *doing it yourself* is basic common sense. AIER's Bastiat Society program in Dallas will host economist Ryan Murphy to explain, however, that the natural intuition for when to do it yourself is faulty, and the scope of opportunities to save money by doing it yourself is much narrower than most people realize.

For information about these events and more,
visit **AIER.org/Events**.



David Hart
Bastiat Society of Great Barrington

Planned Giving

Each one of us already has a default estate plan—one dictated to us by the government. The government doesn't know who we were; it cares nothing for our achievements, our principles and beliefs, our ethics, or our commitment to our families. In this plan, hard-earned assets can be unnecessarily taxed and heirs can be left with little or nothing.

The only way to make sure that your estate plan reflects your wishes is to design it yourself with competent counsel. Will your legacy be subsumed by faceless bureaucrats as a windfall profit for government programs that you may believe are antithetical to prosperity and justice? Or will it be a responsible transfer of values held dear by the one who earned the money? Make sure that you are the author of your own personal estate plan.

By making a planned gift to AIER—whether it be through your will, charitable trust, or another giving vehicle—you are making an incredible commitment to true freedom, sound money, and private governance. You not only secure your legacy as a champion of free markets, but you ensure that AIER will continue to fight for the principles you hold dear for generations to come.

We are forever grateful for AIER's planned giving supporters who help to ensure that people around the world will always have access to sound economic research, robust education in free market concepts, and practical training from AIER.

Here are some ideas on how to include AIER in your estate plans:

Your Will

If you already have a will, you can generally amend it to create a bequest for AIER and other charities. If you have elected a living trust rather than a will, you can also include AIER and other charities as trust beneficiaries, similar to creating bequests under a will.

Your Retirement Accounts

Retirement accounts—such as an IRA, 401(k), and others—that are left to heirs are double-taxed because (often but not always) they are subject to the estate tax and heirs are also subject to ordinary income tax on what's left. Retirement accounts left to a non-profit like AIER are not taxed at all.

Your Life Insurance

One of the easiest ways to leave AIER in your estate plans is to simply name AIER as a beneficiary of a life insurance plan. Life insurance proceeds, other than when given to a spouse or to a tax-exempt entity like AIER, are generally subject to the estate tax. Therefore, life insurance policies that are no longer needed for financial security are a good choice for enhancing your philanthropic legacy.

Other Giving Vehicles

Several less common giving vehicles are typically used in complex estates, but might be worth consideration. We recommend you speak with your attorney or financial advisor regarding: Charitable Gift Annuities, Charitable Remainder Trusts, and Charitable Lead Trusts.

**To get started
please contact us at 888-528-1216**

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and help us teach Americans about
the importance of sound money



I followed Colonel Harwood for many years and one thing that came through in all of his writing was that he was a great patriot and a strong believer in an honest currency. Having been in the investment business for 48 years, I think Colonel Harwood's teaching is needed even more now than it has ever been. He had a great impact on my thinking.

—Arnold Van Den Berg, Longtime AIER Member

AIER members understand the importance of AIER's mission and want others to understand too.

American Institute for Economic Research is committed to researching, communicating, and training others in the ideas and economic principles that advance peace, prosperity, and human progress. You can become a part of this crucial work to limit government and promote personal

freedom, free enterprise, property rights, and sound money by supporting AIER with a tax-deductible donation today.

Please consider supporting AIER's ongoing research into business cycle dynamics, inflation, and the role of government in the economy, and help bring this research to millions of Americans. To donate, call AIER at 888-528-1216, visit www.aier.org/donate, or mail in the form below. Thank you!

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Fred Harwood 1976

