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Today's Totalitarianism

When people go around armed with mobile phones and makeshift shields, what are the powers that be to do? Recent events in Venezuela and Ukraine suggest no status quo is safe when popular movements are networked and determined.

The trouble is, the world has not yet learned to be networked and determined as a permanent alternative to State control. After any revolution, a networked and determined people could be self-governing, though this rarely happens; revolutions remain as likely to usher in something not much better—maybe even worse—than what preceded them. Egypt is currently living out a version of this.

Most people still default to the idea that a more benevolent leviathan is going to make everything okay. And there are always would-be leviathans waiting in the wings. The hope that they'll be less brutal is just that: hope. After regimes are toppled or swept aside, strongmen, puppet governments, or hostile neighbors are almost always well positioned to take and keep power. Problems return.

Further, when you strip off a dictator like removing a scab, what's left underneath is often a factionalized people.

In the case of Ukraine, it appears there's a Russian-speaking faction that is sympathetic to Putin. There is a Ukrainian nationalist faction that is decidedly not into wearing any more totalitarian yokes, but that flirts with notions of ethnic purity, blood, and soil. There is yet another faction that fancies itself European and thinks the European superstate is the right umbrella. And on and on. Foreign powers may also have helped set a match to the tender—the U.S., the EU and Russia are all prime suspects.

In the case of Venezuela, however, the protests seem to have originated primarily among the young who are tired of the shortages and suppressed freedoms that come from the Bolivarian state. CNN reports:

The weeks of protests across Venezuela mark the biggest threat President Nicolas Maduro has faced since his election last year. Demonstrators say they have taken to the streets to protest shortages of goods, high inflation and high crime.

Opposition protesters and government officials have traded blame for the violence for weeks.

The current Venezuelan leader argues that brutal suppression is justified; his charismatic predecessor, Hugo Chavez, thought the same thing. And in the mind of the State, it almost always is:

Think about what the U.S. government would do if a political group laid out a road map for overthrowing President Barack Obama, Maduro said.

“What would happen in the United States if a group said they were going to start something in the United States so that President Obama leaves, resigns, to change the constitutional government of the United States?” Maduro said. “Surely, the state would react, would use all the force that the law gives it to re-establish order and to put those who are against the Constitution where they belong.”

Surely it is a bizarro-world justification in which such regimes appeal to any Constitution in the same breath as President Obama, who thinks of the U.S. Constitution as quaint, brittle toilet tissue. But then again, Maduro is right that the U.S. government has all the power it needs to suppress any serious popular uprising—and, one expects, wouldn’t hesitate to use it.

What about states with determined but unconnected people? North Korea is still squirming along under a totalitarian thumb, as the portly Kim Jong Un takes leads

from his father and grandfather, whose advice can be summed up in the dictators’ dictum: “A weak fist wipes away tears.” The highest echelon in Pyongyang reserves its fists for striking down and holding down its people—a determined, but sadly unconnected people. Thus the Hermit Kingdom could stay in penury and subjugation for many more years.

Wherever one lands on the continuum between pacificism and hostile interventionism, it is difficult not to let one’s feelings for oppressed people guide his thoughts away from either pragmatism or principle. And yet we must take care: Meddling in foreign affairs rarely ends up in any sort of post-war stability, liberation, or liberalization. It’s frustrating to see Putin “get away with it.” And we certainly wouldn’t want to live next to such a regime. But the simple fact that the U.S. *can* bomb and sanction Russia into even more suffering by no means guarantees a positive outcome if the U.S. *does*. The last 40 years of American military misadventures demonstrate that.

A couple of our readers challenged our publishing sentiments with respect to Ukraine. For example, we lent our pages to an anonymous Ukrainian journalist. This was early on, when few outlets were reporting much of anything at all. Indeed, we got this story out relatively early. While we stand by any peoples longing to be free, we remain uncertain about the extent to which foreign meddlers were involved in the uprising, much less whether such meddling was warranted.

In any case, if *The Freeman* takes any position on matters like these, we side with peoples against illiberal States, realizing all the while that self-determination can be an imperfect process carried out in a world of opportunistic state actors and Hobbesian calculi. And of course we hope that determined and connected people can learn to do more than throw off power. We hope that someday, they can keep it and lock it away from the totalitarians forever. **FEE**

Juche

An Unauthorized Interview with Michael Malice

Michael Malice is a celebrity ghostwriter. He's written books with the likes of MMA champion Matt Hughes and comedian D. L. Hughley. Graphic novelist Harvey Pekar chronicled Malice's bizarre journey through life in the comic book autobiography Ego & Hubris. And he is a favorite speaker at FEE seminars. Today, Michael Malice joins us to discuss his latest project, Dear Reader: The Unauthorized Autobiography of Kim Jong Il.

The Freeman: What is Juche?

Malice: Juche is the guiding philosophy for North Korea (DPRK). According to them, the Juche idea is the guiding light for the 21st century. It roughly means national independence and self-reliance, moving one's own nation forward through one's own efforts. In another sense, Juche is a term akin to "Smurf": It means whatever you want it to, and in practice works out to "that which Kim Il Sung and/or Kim Jong Il likes." That's why they have such things as Juche fabric and Juche magic tricks and Juche literature.

The Freeman: What's the one thing readers should know about Kim Jong Il?

Malice: Let's suppose you met an immigrant and they kept going on about Nancy Sinatra. They love her hair, her style. They're all about "These Boots Are Made for Walking," the best song ever. And then if you said, "Well, what about Frank Sinatra?" and they responded, "Who?"—that's what Americans are like vis a vis North Korea.

Everything in the DPRK is about Kim Jong Il's father, the Great Leader Kim Il Sung. Kim Jong Il is his inferior and subordinate in virtually every way—and in fact the notorious Kim Jong Il stories are attempts to bring the son up to the level of the father. Since he had so much catching up to do, the stories had to be that much more outlandish.

The Freeman: Having traveled to the DPRK yourself, you are in a good position to tell us what a socialist paradise is like. Can you give us a sketch?

Malice: You can't escape economic principles. North Korea doesn't pay back its debts, so its international credit rating is terrible—so they can't afford to buy gasoline, and so they don't really have electricity. Being in a metropolis

with limited electricity is absolutely indescribable. Other things that were eye-catching for myself as a New Yorker are the homogeneity of the people—it's the most homogenous nation on earth—as well as the shabbiness of it all. There's no money for repairs, and I imagine pointing out damage is akin to filing a complaint: a no-no in a totalitarian regime.

The Freeman: Were you able to see anything beyond the Potemkin Villages established by the handlers?

Malice: This is a myth. Pyongyang is a capital city that is used just like any other. And in fact, the DPRK is so desperate for foreign currency that they even opened up the worst region, the northeast, for tourism. Kim Jong Il consciously launched what he called a "crybaby operation" during the 1990s, showing the country at its worst so that he could get more aid from the weak-hearted. It worked. The shiny happy facade has long been pulled away.

EVERYTHING IN the DPRK is about Kim Jong Il's father, the Great Leader Kim Il Sung. Kim Jong Il is his inferior and subordinate in virtually every way—and in fact the notorious Kim Jong Il stories are attempts to bring the son up to the level of the father.

The Freeman: What would a U.S. imperialist such as a *Freeman* reader be likely to learn from reading your book?

Malice: There are no pop histories of the country out there. Kim Jong Il was born during World War II, as the still-unified Korea was being liberated from Japan, and he died in 2011. His life actually serves as a history of the country, and my book presents that in a fun way. I could recommend many other books on the nation, but they're all very dark or very dense. This is the most readable intro to the country out there. I've somehow managed to make the story hilarious, while at the same time exposing the horrors—which only serves to make them that much more horrific-sounding.

The Freeman: What are the North Korean people like in general?

Malice: Growing up in a Russian household, I really related to the North Koreans. They know how to engage in conversational tae kwon do, so to speak, saying things without being explicit. They also have great senses of humor, as do many oppressed peoples. Most importantly, they're very friendly. If you met aliens, wouldn't you want to talk to them? That's effectively what foreigners are to them.

The Freeman: The title *Dear Reader* seems to be wordplay that pokes fun at a Korean accent. Will you take this opportunity to apologize to the Korean-American population?

Malice: This never even registered until the book was done. Kim Jong Il has an L and Korea has an R. And they sure pronounce "U.S. imperialist" constantly and correctly. I think the R/L confusion is much more a function of a stereotypical Chinese accent. I actually got the title from *Jane Eyre*, where (spoiler alert) she ends it with, "Reader, I married him." It was so bizarre to address the reader directly, and in such a way. Perfect for my subject! Coincidentally, I later found out that *Jane Eyre* is one of the few Western titles allowed in North Korea.

The Freeman: Is Kim Jong Il fallible?

Malice: And how! In 2002, Kim Jong Il offered a public apology—a first!—to Japanese Prime Minister Koizumi for having kidnapped Japanese citizens over the decades. The idea that they'd been engaging in these acts had previously been dismissed by many as anti-DPRK propaganda! One historian once described the DPRK as operating in "moral outer space." This is a great

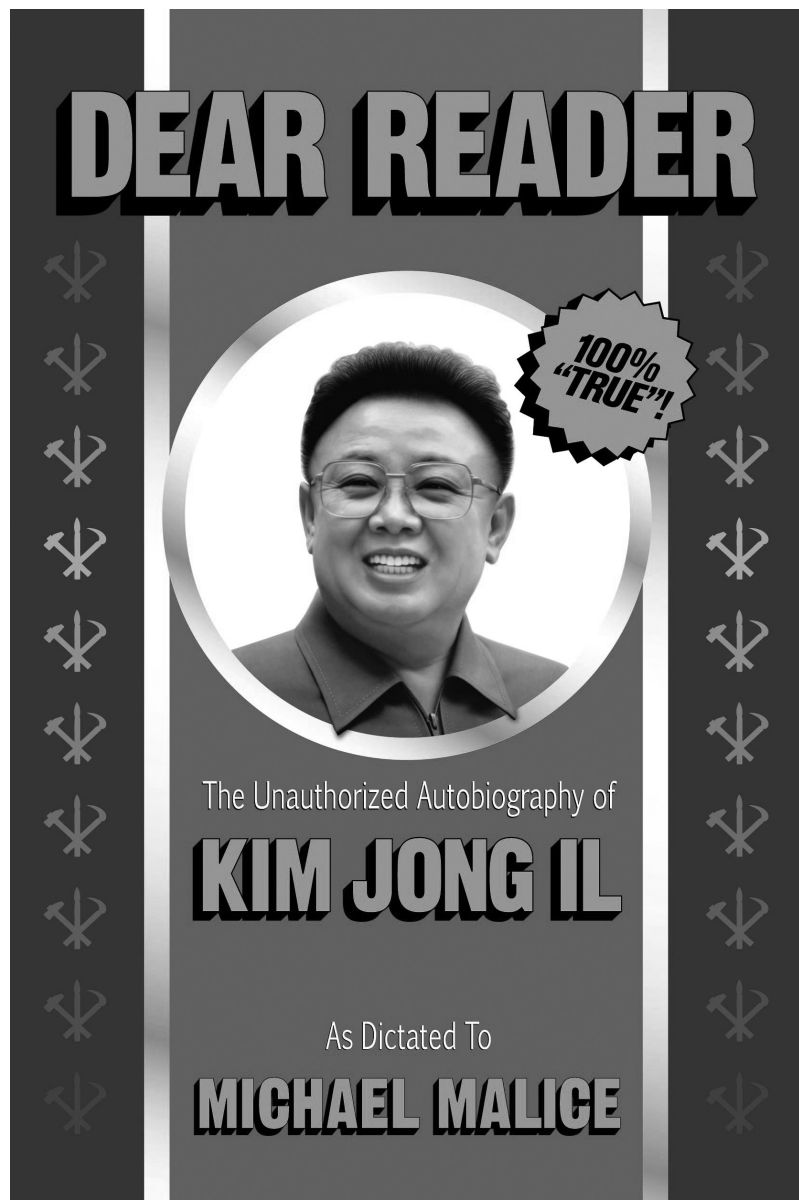


Image courtesy Michael Malice

example of that. Kim thought that by admitting to such wrongdoing and returning the abductees, the Japanese people would forgive and forget and offer more aid. Or rather, “restitution” for the colonial abuses. It didn’t quite turn out that way; the uproar was enormous. Which is why the DPRK media are still full of references to the “Jap devils.”

The Freeman: What did some of the publishers have to say about *Dear Reader* when you pitched it to them?

Malice: We all remember when CD stores were omnipresent. Now they’re nonexistent, though every city still has record stores. Books are following the same model. Bookstores will be gone, but used bookstores will always be around.

Publishers, like major music labels, don’t really know how to handle innovation. It’s not their core competency and there are other things that they do well. The fact that I was able to self-fund and self-produce also allowed me to get the title to market at least six months faster than I would have if I went through a publisher. And the timing could not have been better. This isn’t my first book, so there’s nothing amateurish about the product.

The Freeman: You raised \$30,000 on Kickstarter to publish *Dear Reader*. So people obviously got it. How does that feel in light of the publishers’ initial responses?

Malice: Like I’m a modern-day Howard Roark, and *Dear Reader* is *The Fountainhead* for the Facebook generation.

The Freeman: How much longer do you think the North Korean people will have to live under communism? Are there any signs of reform?

Malice: North Korea no longer identifies as communist and in fact is far closer to fascism. Mussolini was known as Il Duce—“the leader.” Between the racism, xenophobia, militarism, and strict social hierarchy (and concentration camps), it really harkens back to World War II. People often

ask me how long it’s going to take for the state to collapse. Governments don’t exist; it’s not like a building imploding. Nothing will physically happen. I would argue that

having a famine that killed up to 10 percent of the population and a nation without electricity, [it] has, effectively, collapsed already. If you don’t care if your own populace starves, you can dig in for quite a while. For a “crazy” nation, they’ve outlasted virtually all the others—so objectively they aren’t unstable, if they’re still standing.

My prediction for their future is from a Hemingway quote: “How did you go bankrupt?” “Two ways. Gradually, then suddenly.”

The Freeman: If you could send a message to every single North Korean person, what would it be?

Malice: I’d rather send them food or money, to be honest. Talk is cheap.

The Freeman: Thank you very much, Michael Malice.

THE FACT THAT I was able to self-fund and self-produce allowed me to get the title to market at least six months faster than I would have if I went through a publisher. Publishers don’t really know how to handle innovation.

FEE



Image courtesy Michael Malice

Against Libertarian Brutalism

Will libertarianism be brutalist or humanitarian? Everyone needs to decide.

JEFFREY A. TUCKER

Why should we favor human liberty over a social order ruled by power? In providing the answer, I would suggest that libertarians can generally be divided into two camps: humanitarians and brutalists.

The humanitarians are drawn to reasons such as the following. Liberty allows peaceful human cooperation. It inspires the creative service of others. It keeps violence at bay. It allows for capital formation and prosperity. It protects the human rights of all against invasion. It allows human associations of all sorts to flourish on their own terms. It socializes people with rewards toward getting along rather than tearing each other apart, and leads to a world in which people are valued as ends in themselves rather than as fodder in the central plan.

We know all of this from history and experience. These are all great reasons to love liberty.

But they are not the only reasons that people support liberty. There is a segment of the population of self-described libertarians—described here as brutalists—who

find all of the above rather boring, broad, and excessively humanitarian. To them, what's impressive about liberty is that it allows people to assert their individual preferences, to form homogeneous tribes, to work out their biases in action, to ostracize people based on "politically incorrect" standards, to hate to their heart's content so long as no violence is used as a means, to shout down people based on their demographics or political opinions, to be openly racist and sexist, to exclude and isolate and be generally malcontented with modernity, and to reject civil standards of values and etiquette in favor of antisocial norms.

These two impulses are radically different. The first values the social peace that emerges from freedom, while the second values the freedom to reject cooperation in favor of gut-level prejudice. The first wants to reduce the role of power and privilege in the world, while the second wants the freedom to assert power and privilege within the strict confines of private property rights and the freedom to disassociate.



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To be sure, liberty does allow both the humanitarian and the brutalist perspective, as implausible as that might seem. Liberty is large and expansive and asserts no particular social end as the one and only way. Within the framework of liberty, there is the freedom to love and to hate. At the same time, they constitute very different ways of looking at the world—one liberal in the classical sense and one illiberal in every sense—and it is good to consider that before you, as a libertarian, find yourself allied with people who are missing the main point of the liberal idea.

Humanitarianism we understand. It seeks the wellbeing of the human person and the flourishing of society in all its complexity. Libertarian humanitarianism sees the best means to achieve this as the self-ordering social system itself, unimpeded by external controls through the violent means of the State. The goal here is essentially benevolent, and the means by which it is achieved put a premium on social peace, free association, mutually beneficial exchange, the organic development of institutions, and the beauty of life itself.

Brutalism

What is brutalism? The term is mostly associated with an architectural style of the 1950s through the 1970s, one that emphasized large concrete structures unrefined by concerns over style and grace. Inelegance is its main thrust and its primary source of pride. Brutalism heralded the lack of pretense and the raw practicality of the building's use. The building was supposed to be strong but not pretty, aggressive but not fussy, and imposing but not subtle.

Brutalism in architecture was an affectation, one that emerged from a theory robbed of context. It was a style adopted with conscious precision. It believed it was forcing us to look at unadorned realities, an apparatus barren of distractions, in order to make a didactic point. This point was not only aesthetic but also ethical: It rejected beauty on principle. To beautify is to compromise, distract, and ruin the purity of the cause. It follows that brutalism rejected the need for commercial appeal and discarded issues of

presentation and marketing; these issues, in the brutalist framework, shield our eyes from the radical core.

Brutalism asserted that a building should be no more and no less than what it is supposed to be in order to fulfill its function. It asserted the right to be ugly, which is precisely why the style was most popular among governments around the world, and why brutalist forms are today seen as eyesores all over the world.

We look back and wonder where these monstrosities came from, and we are amazed to discover that they were born of a theory that rejected beauty, presentation, and adornment as a matter of principle. The architects imagined that they were showing us something we would otherwise be reluctant to face. You can only really appreciate the results of brutalism, however, if you have already bought into the theory and believe in it. Otherwise, absent the extremist and fundamentalist ideology, the building comes across as terrifying and threatening.

By analogy, what is ideological brutality? It strips down the theory to its rawest and most fundamental parts and pushes the application of those parts to the foreground. It tests the limits of the idea by tossing out the finesse, the refinements, the grace, the decency, and the accoutrements. It cares nothing for the larger cause of civility and the beauty of results. It is only interested in the pure functionality of the parts. It dares anyone to question the overall look and feel of the ideological apparatus, and shouts down people who do so as being insufficiently devoted to the core of the theory, which itself is asserted without context or regard for aesthetics.

Not every argument for raw principle and stripped-down analytics is inherently brutalist; the core truth of brutality is that we need to reduce in order to see the roots, we need sometimes to face the difficult truth, and we need to be shocked and sometimes to shock with the seemingly implausible or uncomfortable implications of an idea. Brutalism goes much further. The idea that the argument should stop there and go no further, and should elaborate, qualify, adorn, nuance, admit uncertainty, or broaden beyond gritty assertion amounts to a sellout or a

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corruption of purity. Brutalism is relentless and unabashed in its refusal to get beyond the most primitive postulates.

Brutalism can appear in many ideological guises. Bolshevism and Nazism are both obvious examples: Class and race become the only metrics driving politics to the exclusion of every other consideration. In modern democracy, partisan politics tend toward brutality insofar as they assert party control as the only relevant concern. Religious fundamentalism is yet another obvious form.

The Right To Be a Boor

In the libertarian world, however, brutality is rooted in the pure theory of the rights of individuals to live their values, whatever they may be. The core truth is there and indisputable, but the application is made raw to push a point. Thus do the brutalists assert the right to be racist, the right to be a misogynist, the right to hate Jews or foreigners, the right to ignore civil standards of social engagement, the right to be uncivilized, to be rude and crude. It is all permissible and even meritorious because embracing what is awful can constitute a kind of test. After all, what is liberty if not the right to be a boor?

These kinds of arguments make the libertarian humanitarians deeply uncomfortable since they are narrowly true with regard to pure theory but miss the bigger point of human liberty, which is not to make the world more divided and miserable but to enable human flourishing in peace and prosperity. Just as we want architecture to please the eye and reflect the drama and elegance of the human ideal, so too should a theory of the social order provide a framework for a life well lived and communities of association that permit their members to flourish.

The brutalists are technically correct that liberty also protects the right to be a complete jerk and the right to hate, but such impulses do not flow from the long history of the liberal idea. Regarding race and sex, for example, the liberation of women and minority populations from

arbitrary rule has been a great achievement of this tradition. To continue to assert the right to turn back the clock in your private and commercial life gives an impression of the ideology that is uprooted from this history, as if these victories for human dignity have nothing whatever to do

with the ideological needs of today.

Brutalism is more than a stripped-down, antimodern, and gutted version of the original libertarianism. It is also a style of argumentation and an approach to rhetorical engagement. As with its architectural counterpart, it rejects marketing, the

commercial ethos, and the idea of “selling” a worldview. Liberty must be accepted or rejected based entirely on its most reduced form. Thus it is quick to pounce, denounce, and declare victory. It detects compromise everywhere. It loves nothing more than to ferret it out. It has no patience for subtlety of exposition, much less the nuances of the circumstances of time and place. It sees only raw truth and clings to it as the one and only truth, to the exclusion of all other truth.

Brutalism rejects subtlety and finds no exceptions of circumstance to its universal theory. The theory applies regardless of time, place, or culture. There can be no room for modification or even discovery of new information that might change the way the theory is applied. Brutalism is a closed system of thought in which all relevant information is already known, and the manner in which the theory is applied is presumed to be a given part of the theoretical apparatus. Even difficult areas such as family law, criminal restitution, rights in ideas, liability for trespass, and other areas subject to case-by-case juridical tradition become part of an *a priori* apparatus that admits no exceptions or emendations.

And because brutality is the outlying impulse in the libertarian world—young people are no longer interested in this whole approach—it behaves the way we’ve come to expect from seriously marginal groups. Asserting the rights and even the merits of racism and hate, it is already

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excluded from mainstream conversation about public life. The only people who truly listen to brutalist arguments, which are unconvincing by design, are other libertarians. For that reason, brutality is driven ever more toward extreme factionalism; attacking the humanitarians for attempting to beautify the message becomes a full-time occupation.

In the course of this factionalism, the brutalists of course assert that they are the only true believers in liberty because only they have the stomach and the brass necessary to take libertarian logic to its most extreme end and deal with the results. But it is not bravery or intellectual rigor at work here. Their idea of libertarianism is reductionist, truncated, unthoughtful, uncolored, and uncorrected by the unfolding of human experience, and it forgets the larger historical and social context in which liberty lives.

So let's say you have a town that is taken over by a fundamentalist sect that excludes all peoples not of the faith, forces women into burka-like clothing, imposes a theocratic legal code, and ostracizes gays and lesbians. You might say that everyone is there voluntarily, but, even so, there is no liberalism present in this social arrangement at all. The brutalists will be on the front lines to defend such a microtyranny on grounds of decentralization, rights of property, and the right to discriminate and exclude—completely dismissing the larger picture here that, after all, people's core aspirations to live a full and free life are being denied on a daily basis.

Further, the brutalist believes that he already knows the results of human liberty, and they often conform to the throne-and-altar impulses of times past. After all, in his view, liberty means the unleashing of all the basest impulses of human nature that he believes the modern state has suppressed: the desire to abide in racial and religious homogeneity, the moral permanency of patriarchy, the revulsion against homosexuality, and so on. What most people regard as modernity's advances against prejudice, the brutalists regard as imposed exceptions from the long history of humanity's tribalist

and religiously based instincts.

Of course the brutalist as I've described him is an ideal type, probably not fully personified in any particular thinker. But the brutalist impulse is everywhere in evidence, especially on social media. It is a tendency of thought with predictable positions and biases. It is a main source for racist, sexist, homophobic, and anti-Semitic strains within the libertarian world—at once denying that this sentence is true while asserting with equal passion the

rights of individuals to hold and act on such views. After all, say the brutalists, what is human liberty without the right to behave in ways that put our most precious sensibilities, and even civilization itself, to the test?

It all comes down to the fundamental motivation behind the support of

liberty itself. What is its overarching purpose? What is its dominant historical contribution? What is its future? Here the humanitarians are fundamentally at odds with brutality.

Truly, we should never neglect the core, never shrink from the difficult implications of the pure theory of liberty. At the same time, the story of liberty and its future is not only about the raw assertion of rights but also about grace, aesthetics, beauty, complexity, service to others, community, the gradual emergence of cultural norms, and the spontaneous development of extended orders of commercial and private relationships. Freedom is what gives life to the human imagination and enables the working out of love as it extends from our most benevolent and highest longings.

An ideology robbed of its accoutrements, on the other hand, can become an eyesore, just as with a large concrete monstrosity built decades ago, imposed on an urban landscape, embarrassing to everyone, now only awaiting demolition. Will libertarianism be brutalist or humanitarian? Everyone needs to decide. **FEE**

THE BRUTALIST believes that he already knows the results of human liberty, and they often conform to the throne-and-altar impulses of times past.

Jeffrey Tucker (jeffrey.a.tucker@gmail.com) is a distinguished fellow at FEE, CEO of the startup Liberty.me, and publisher at Laissez Faire Books. He will be speaking at the FEE summer seminar "Making Innovation Possible: The Role of Economics in Scientific Progress."

Watching Mt. Gox Collapse from the Inside

Editors' note: A few months back, we interviewed a full-time BTC trader, who still wishes to remain anonymous. In the wake of Mt. Gox's collapse, we reached out for comment. Here's what he had to say:

I did lose some BTC on the collapse, enough to sting, but it's something of a small price if it means Mt. Gox and Mark [Karpeles, CEO of Mt. Gox] are permanently out of the picture. It also seems the market has priced in the worst result, so it appears the community and markets are already moving on.

The situation is still developing and quickly, and it seems increasingly likely that Mark will suffer multiple lawsuits and potentially criminal charges. By some accounts Gox held over a billion in assets, and people with that sort of money don't exactly roll over without a fight.

From the few discussions I've had, there have been/still are over-the-counter deals being struck between hedge funds and large players to buy out "Gox coins" at 10 percent or 15 percent, etc.—i.e., if I have 1,000 bitcoins on Gox, people are willing to purchase them for 100 bitcoins. A site was made a couple of weeks ago that allowed people to trade on this, which was great because it helped alleviate the collapse and, I believe, softened the price crash.

People were wiring money to Gox to buy up until they stopped trading; I don't imagine that being swept under the rug. There are ongoing rumors/speculation/etc. that people are interested in buying out the exchange, but it really depends on how much was lost: If Gox is out 750,000 bitcoin, no one is going to touch it, but if it's much less, then there is still the possibility—either way the situation probably will not be resolved for some time.

Fraud occurs whether or not there is a law to say it's illegal. I think what will be more important to see is how quickly market players adapt and change services to attract traders. When bad firms are allowed to fail, the pain can be immediate and severe, but it allows wounds to heal instead of having a prolonged uncertainty or a complex debt instrument weighing down the markets. Already,

exchanges are looking into how to better broadcast their solvency; since the blockchain is a public ledger, it is easy enough to sign controlling addresses to show "proof" that an entity is in control of the bitcoins it has been entrusted with. The trickier issue currently is how to list liabilities (how many coins an exchange is supposed to have) without leaking too much personal information.

The other thing to keep in mind is that a distributed network that is largely unregulated by governments does not necessarily imply a system that is chaotic and lawless. Enforceable contractual law is necessary for free markets to flourish, and I know we will see more sophisticated agreements form from out of this disaster, either insurance offers, multisignature bonds being held, or some other scheme. The power of a distributed network is in *how* decisions are made; there isn't one central point of failure wherein a government regulatory body either makes good regulatory law or doesn't. Instead many different actors create many different solutions which compete and serve different use-cases. When a thousand people all work independently on a solution, much better results are obtained. That's the theory anyway; let's see how it plays out. I'm betting bitcoin will continue to grow this year, see wider adoption, and likely reach new all-time highs.

Compare this recovery to the supposed 2008/2009 global downturn recovery. I suspect a that dozen central bankers are a poor substitute for 10,000 innovators. **FEE**



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I'm Skeptical About the Prospects for Bitcoin

DANIEL BIER



Since its debut, bitcoin (BTC) has taken the libertarian and tech communities by storm. Hailed as everything from the money of tomorrow to the stake in the heart of the Federal Reserve, enthusiasts and early adopters have praised the decentralized, open-source, peer-to-peer digital currency. Meanwhile, an increasing number of users and businesses have jumped on the bandwagon (or roller coaster) that is the bitcoin phenomenon.

While there is much to admire and appreciate about this intriguing new technology, some proponents may have overstated their cases and downplayed the challenges it faces. A realistic look reveals several reasons to be skeptical that bitcoin is really the answer to inflationary monetary policy, chaotic financial markets, or the overbearing State.

The most basic criticism of bitcoin is also the most severe: It isn't money—yet. Money must serve at least three basic functions: as a medium of exchange, store of value, and unit of account. At the moment, bitcoin is a good medium of exchange and a lousy store of value.

The reason is erratic price fluctuations: During the last year, it has gone through several major crashes, often losing half of its value (or more) over the course of a day or two before clawing its way back. Its most recent correction, beginning earlier this month, has driven its price down by more than 20 percent.

This volatility poses serious liabilities for anyone using the cryptocurrency. Making long-term contracts, keeping your books in order, or simply trying to figure out whether you'll have made a profit by the close of business become monumentally challenging.

It also isn't clear how often bitcoins are being used to purchase actual goods and services, rather than being traded for other currencies. While every bitcoin transaction is recorded and visible on the blockchain, no one knows what proportion of the 50,000 to 60,000 daily transactions signify purchases in the real economy.

Given that BTC is behaving more like a speculative investment than a standard currency, its current price

could bear little relationship to its long-term value or fundamentals. This is probably inevitable, and no fair criticism could say it "ought" to be behaving like established currencies. Concerns about its volatility, velocity, and vulnerability are all potentially answerable. But they should still give us pause before we invest at \$1,000 per bitcoin.

Fundamentally, the question isn't so much whether bitcoin *is* money, but whether its fundamentals are such that it can become so in the future. This depends on a variety of factors, including the public's willingness to give up the predictability of dollars and governments' willingness to tolerate encroachment on areas they have traditionally controlled.

Many bitcoin enthusiasts seem sanguine about the issue of regulation, arguing that governments can't easily shut it down, while also pointing out that, to the degree it is successful, it directly undermines the effectiveness of monetary policy, financial regulation, tax collection, and vice laws. If there's one thing I know about governments, it is that they do not appreciate being undermined. If they perceive BTC to be a threat, a variety of policies could impede its use and destroy its value.

Beyond this, there's good reason to think that the most valuable aspect of bitcoin is not the currency, but its core design as a *payment system*. The peer-to-peer network circumvents the need for third-party intermediaries, like Visa or PayPal, to transfer currency. For very low fees, paid out by the system to users who validate the transactions and add them to the blockchain, users can move as much money as they want, anywhere in the world.

While bitcoins are virtual assets that you can buy and exchange for things, bitcoin is not merely that. Its basic protocol has the potential to become "the Internet of money." In much the same way that the decentralized Internet surpassed prior centralized communication networks, allowing innovative applications to be developed without requiring upgrades to the whole system or

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I'm Hopeful About the Prospects for Bitcoin

SAM PATTERSON



Bitcoin fills a gaping hole in the Internet. It's not just a digital currency; bitcoin is a new Internet protocol that allows value to be transferred electronically without trusting third parties or centralized institutions. Let me explain why this process is revolutionary.

Internet protocols determine how our electronic devices communicate with the rest of the world, and they allow us to electronically replicate how we physically interact with each other. We can send messages, share files, do voice and video chat, or visit websites by using different protocols. But one essential interaction has been notably absent: trade. To engage in trade online, we've taken old systems, such as the banking infrastructure and credit cards, and tried to force them into a system for which they were never envisioned.

This arrangement has resulted in fraud on a massive scale (see Target), has excluded millions of people from trade who have Internet access but no access to banks or credit, and has given centralized institutions control over how money flows online (ask WikiLeaks donors).

Bitcoin finally frees trade on the Internet from the old systems. Sending money is now as fundamental a part of the Internet as sending a message over email. This accomplishment was no simple feat; the creation of bitcoin solved two significant problems in computer science: the Byzantine Generals problem and the double-spending problem. Until bitcoin solved these problems, it was impossible to use digital money that wasn't controlled by a single organization, such as PayPal.

It's not important to understand the technical details of how bitcoin works in order to use it, just like you don't need to understand how HTTP works to visit a website. The code and cryptography that make bitcoin tick are open-source—meaning anyone can review them—and the network is open for anyone to join. This system works, and you don't have to take my word for it. Just look at the numbers.

Bitcoin started at the beginning of 2009. In January 2011, the average number of transactions *per day* was still below a thousand. Bitcoin was primarily a curiosity of tech enthusiasts. Since then, bitcoin has seen explosive growth, averaging around 70,000 transactions per day in recent months. The price has risen from pennies per coin to several hundreds of dollars per coin. Tens of thousands of merchants, including recent large additions such as TigerDirect and Overstock.com, now accept bitcoin. The numbers of wallets and new users are continually growing, along with a bevy of other positive signs you can find at interesting websites such as Bitcoin Pulse.

Why do I have such optimism that this growth will continue? Developers—some of the leading innovators of our age—are flocking to bitcoin. The number of bitcoin-related projects on GitHub, the leading online hub for new programming projects, grew from 700 at the beginning of 2013 to 2,500 at the beginning of this year. This rapid increase in the number of projects signals that the developer community is trying to bring bitcoin out of its infancy and into widespread use. Any one of these 2,500 projects or the hundreds more started each month could be a “killer app” that makes bitcoin indispensable to the average user. Programmable money has finally arrived.

I've focused on the technological breakthrough of the bitcoin protocol as the reason I'm hopeful for its future, but I'd be remiss not to mention the monetary breakthrough as well. Nation-states and their central banks derive significant benefits from issuing fiat currency and forcing citizens to use it. Now anyone in the world with Internet access has another alternative, and this currency cannot be devalued through the printing presses or seized from bank accounts to pay for governments' excesses.

A few more reasons to expect wider adoption in the future: Accepting bitcoin is cheaper for merchants than using other payments systems, with fees typically at or below 1 percent compared to the 3 percent to 5 percent

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I'm Skeptical About the Prospects for Bitcoin

permission from a central authority, the BTC protocol permits unrestricted innovation to thrive on top of its basic transfer system. It has many potential applications, including contract enforcement, notarization, micropayments, and much else.

But while the bitcoin *system* may be analogous to the Internet in 1998, you cannot buy shares of Internet protocols. You can only buy tech stocks, and the question is whether BTC *currency* is like Google—or like Pets.com. In order to buy into bitcoin as a currency, you need to buy into a lot of assumptions that are hard to prove. You need to assume that its current price reflects its long-term value; that governments won't regulate it out of existence; that BTC's price won't decline due to competition from newer cryptocurrencies; that its arbitrary cap of 21 million total coins and built-in deflationary pressures are optimal monetary rules; and that deflation won't lead to hoarding.

Prediction is hard, especially (as Yogi Berra said) when it's about the future, and prophesying about markets or technology is a fool's errand. I don't know if BTC is a bubble, but I do know that most new technologies *don't* work on the first attempt. Innovation, like entrepreneurship, is the lifeblood of the market economy, but most new businesses do fail. We need people who are willing to take risks, try new ideas, and, yes, sometimes go broke in order to challenge the status quo. This process of trial and error is how the market discovers what works, and we should applaud those who, with eyes wide open, are willing to risk their investments on new ideas.

The ideas that transform our lives tend to be ones that are copied, adapted, and subjected to brutal competition. Success for bitcoin will occur if its innovative model helps transform how our familiar institutions, like payment processing and even national currencies, change and progress in the 21st century. In that respect, bitcoin is likely to be more evolutionary than revolutionary—but that's precisely what we need. **FEE**

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I'm Hopeful About the Prospects for Bitcoin

TO ENGAGE IN trade online, we've taken old systems, such as the banking infrastructure and credit cards, and tried to force them into a system for which they were never envisioned. Bitcoin finally frees trade on the Internet from the old systems. Sending money is now as fundamental a part of the Internet as sending a message over email.

typical for credit cards. There is no permission required to use bitcoin, unlike banks or credit card networks, which require standards that billions of people in the world can't meet or don't have access to. Transactions aren't anonymous, but they aren't directly tied to your identity either. This characteristic gives bitcoin users more privacy than credit cards or banks do (but less than cash does) and no opportunity for merchants or banks to leak personal information leading to fraudulent charges or identity theft.

As Satoshi said in the original paper that started it all, "We have proposed a system for electronic transactions without relying on trust." For the first time since the digital age began, you can now make an electronic transaction without trusting in central banks, traditional banks, or the regulatory apparatus of nation-states and the payment processors that are bound by them. A technological innovation so profound is certain to have a bright future. **FEE**

Sam Patterson is the author of Bitcoin Beginner.

A Slogan Worth Your Bumper?

*Statism can be summed up and slapped on the back of a car.
Can the freedom philosophy?*

LAWRENCE W. REED

The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.

—Henry Hazlitt, *Economics in One Lesson*



Statists—those who prefer force-based political action over spontaneous, peaceful, and voluntary initiatives—excel at distilling their views into slogans. It’s shallow stuff, but their pithy expressions have nonetheless taken a toll on individual liberty and

free markets.

“I’m for people, not for profits!” is a case in point. Never mind the fact that an economy without profit is an economy that’s headed nowhere (and taking its people with it). If you suggest that one must choose between people and profit—that you can have one only at the expense of the other—it’s not hard to fathom which one the uninformed will pick.

A student leader in the Czech Republic recently asked me, “Can you think of a few words that so effectively summarize the case for liberty that they will draw people to our side?” His name is Jan Škapa and his question revealed an understandable frustration. On a mere bumper sticker, statists glibly express fallacies that require far more time, space, and patience to rebut than it ever took to cook them up in the first place.

I’m no fan of slogans. By their very nature and brevity, they can oversimplify. But is there one, rooted in truth not deception, that would advance liberty and put its opponents on the defensive?

Long Run, All People

I submit there may be many strong candidates for such a slogan, but the moment Škapa raised the question,

my nominee was this one: “Long Run, All People.” The more I’ve thought about it since, the more I like it. Škapa informed me that since he started using it at exhibits and in promotions for his organization, Students for Liberty, “the reception has been very positive—people generally agree right up front and are interested in learning more.” You can see reference to it on the group’s website under “Why Liberty?” (in Czech, “Proc Svoboda?”).

(Please note: In my view, the moral argument for liberty still trumps all others, including this rather utilitarian one. Liberty is a birthright of all individuals. You forfeit it in whole or in part only when you initiate force against another. But in the battle for liberty, we need many arrows in our quiver. Choose the one you think may best hit the mark depending on the circumstances.)

Statism in all its various forms reduces to this: It’s a shortsighted scheme that benefits some at the expense of others. Its time horizon is usually no further ahead than the next election or, at best, maybe one generation. It profits those who wield power and those who receive more advantages from the State than they pay for, but statism in practice is not aimed at improving the lot of all people in the long run. It’s a short-term theory of redistribution and consumption, not a long-term theory of wealth creation. A more cynical but not inaccurate way to look at it is this: It’s just glorified vote-buying with other people’s money.

Statists like to “stimulate” the economy today by giving money to some (often the politically well-connected) and strapping future generations with debt and inflation to pay for it. They also claim to want to help old people (via

Social Security and Medicare) or young people (via student loans). They do it, however, with programs that shift power and responsibility—but not the expense—away from individuals and families and to politicians. Their programs resemble Ponzi schemes that must inevitably go bust, even as they feed bureaucracies and breed debt and dependency for many along the way.

Paved with Good Intentions

Writing in the November 13, 2013, edition of *The New York Times* (p. A-19), John Harwood noted how the assistance programs created by the nanny state naturally mushroomed:

Congress enacted Social Security in 1935 to provide benefits to retired workers. In 1939, benefits were extended to their dependents and survivors. Later the program grew to provide disability coverage, cover self-employed farmers and raise benefit levels.

President Lyndon B. Johnson's Great Society created Medicare and Medicaid in the 1960s to provide health coverage for the elderly and the poor. They followed the same pattern.

In 1972, Congress extended Medicare eligibility to those under 65 on disability and with end-stage renal disease. In 2003, Congress passed President George W. Bush's plan to offer coverage under Medicare for prescription drugs.

Lawmakers initially linked Medicaid coverage to those receiving welfare benefits, but over time expanded eligibility to other "poverty-related groups" such as pregnant women. In 1997, President Bill Clinton signed into law the Children's Health Insurance Program, which now covers eight million children whose families' incomes are too high to qualify for Medicaid.

All of these expensive, bureaucratic, and ultimately unsustainable programs sounded wonderful to many when they were enacted. Rarely were they judged on what they likely would yield down the road for us all. Supporters embraced them mostly because of what they would do for

The Searchers

Keith Flynn

Sometimes you move through weathered monuments and find a place to set your lens for all time, or like Ford's withered protagonists, you gain your prize at the cost of all else. Or like the wounded McCandless and Treadwell, with no star to fix their flight, who found an Alaska to eat or be eaten by, whose magical carpet ride unraveled at the feet of their Maker, with no exotic Marrakesh springing to sing them perfumed songs of last-minute escapes.

Ansel Adams likened color photography to playing an out of tune piano, conflicted by the adventure of developing it, but his garish fantasies defined a dream of the American West solidly lodged in the cortex of fellow travelers in Grand Central Station, his infinite scale making freedom a stern train ride away. Wheeling through the flash bulbs of the Cosmos, Einstein searched the heavens to find some glimpse of God staring back, some rhythm to jump start

his heart, yet as a musician, Einstein's timing could best be described as extra-dimensional, or had he been a drummer, two shoes in a dryer, with minor misplaced sonic booms disrupting the distant tapestry. Every hero becomes a bore at last, said Emerson, and discovery inconsequential. Even Napoleon, on St. Helena, was obsessed with the superiority of stout women, as he picked through his breakfast of poached eggs, asking "Can't I leave the battlefield, even for a minute?"

Some poor souls seeking glory are left wounded in their punitive wars and shot by puny villagers for the gold in their teeth, or some like Matthew Henson, drag their black carcass and the frozen assets of various companions to the top of the world, only to be ignored by History. To be Gorky is to discover pools of radiant color clawing through your canvas, or soap bubbles bouncing in airborne arcs like children on rainbow swings delivering abstract masterpieces from the bowels of Armenian

massacres and to hold your mother, dying from hunger, in your arms. To mesmerize others, one must see the worst of the world's colors, to lift your saber like General Lee in the direction of eternity, to find your final resting place being whipped through gauntlets of defeat and disgrace, to clamber over the unassailable precipice and drop into nothing at your life's expense, to fight out from the bottom or through the wall, and discover that the journey itself was its own reward, and that the ardent search was all.

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some in the near term. None of the advocates ever said, "In the not-too-distant future, these programs will grow like topsy and saddle the nation with trillions in debt, thereby jeopardizing those who depend upon them and the nation as a whole as well."

Short Run, Some People

This is the essence of the statist's welfare state: Rob Peter to pay Paul. Always promise more, and send a lot of the bills to generations yet unborn. *Après moi, le déluge*. And they have the nerve to sell it by claiming they are the compassionate ones. If their rhetoric matched their handiwork, their motto would be "Short Run, Some People."

"Long Run, All People" should be a battle cry of those who embrace liberty. It seizes the moral high ground because it's farsighted and inclusive—and it's accurate, too. It challenges others to be thorough in their thinking, to consider the whole picture and not just the corners of it that capture their ephemeral attentions. Isn't that what responsible adults are supposed to do? Today is the tomorrow that yesterday's shortsighted statist didn't bother to think about. The victims of their handiwork number in the millions, though the statist never saw them coming.

Half a century ago, W. Allen Wallis addressed this issue in this very magazine in his insightful article, "The Public Versus the Private Sector." I urge you to give it a look. It's "dated" only in a few examples and in a word choice here and there, which only underscores the timelessness of the core message.

I wish I could get a T-shirt and bumper sticker that say in large print, "Long Run, All People" and in small print, "Shrink Big Government." Wouldn't they spark some interesting conversations?

How might "Long Run, All People" be deployed with good effect in today's context? I could produce some hypothetical examples, but I'd prefer to stimulate YOUR thoughts. Where, when, and how do you think this line of reasoning could change some minds in the right direction? Or is my case here overstated? All comments, suggestions, and examples welcome. **FEE**

Lawrence Reed (lreed@fee.org), economist and historian, is president of FEE and author of the forthcoming book, *Are We Good Enough for Liberty?*

The Crony Gap

Political inequality is the real problem

STEWART DOMPE and ADAM C. SMITH

When it comes to public discourse, inequality is immensely fashionable. Along with its featured position at this year's Davos conference, it received top billing in President Obama's State of the Union address. But most of this talk lacks merit.

Some inequality is in fact necessary; it provides the incentives for creativity and innovation. In other words, if inequality is a consequence of overall growth, then it's a positive symptom. Apple revolutionized cell phone and tablet technology—fields littered with less-profitable models—and very few would argue its profits were unearned, any more than they would argue that ordinary people have been made worse off by owning iPhones. If we can agree that some inequality is needed to incentivize wealth creation, the question becomes: What are the illegitimate sources of the inequality we see in the world?

Sources of Inequality

Inequality has emerged in the modern world for a number of reasons. For one, more money is currently accruing to capital than to labor, as capital becomes scarcer in a regulated market. These returns to capital outpace those to labor, and the divergence becomes significant over time.

The marketplace for labor has also changed, favoring those with unique skills in technology and finance. Those who are most productive in these areas are compensated handsomely. People who can put their skills to use in the new knowledge economy also often find increasing returns to their investment as compared with more traditional industries, which face diminishing patterns of growth.

President Obama's answer is to spend more on education. His argument is that higher levels of education lead to increased productivity and better wages. But even if every dollar of additional spending was translated into human capital, this would be insufficient to prevent inequality. After all, many people eschew careers with high salaries because they want something different for their lives—think of art history majors. While these preferences may generate greater wellbeing, they will not necessarily alleviate income inequality; after all, engineers and computer scientists would see their productivity rise alongside their peers?

STUDIES SHOW there is a strong correlation between market regulation, political corruption, and an erosion of trust in public institutions. In other words, talented rent-seekers learn to rig the rules in their favor.

So what about politics? Oxfam made waves at this year's Davos World Economic Forum with a widely touted study of rising global inequality, "Working for the Few: Political Capture and Economic Inequality." What sets this piece apart from the virtual avalanche of recent anti-inequality manifestos is that it calls

attention to an underreported, though fundamental, cause of economic inequality: political capture. Coming from Oxfam, which doesn't exactly have the best record when it comes to economic assessment, it's a welcome development.

The difference between political and economic causes of inequality is that political inequality is an artifact of government control, while economic inequality flows as a natural consequence of voluntary human action. Political inequality arises when the State controls access to markets or intervenes with largesse extracted from the market. It creates juicy prizes that only the politically connected can access and increases the value of otherwise expensive routes around the State.

The irony here is that even when we properly diagnose the problem, we are just as likely to reinforce it as address it. So it is with the Oxfam report. While chastising the business community for putting its hands in public coffers, Oxfam cannot help but recommend policies that encourage only more political panhandling. Progressive taxation, greater public presence in education, health care and social protection, demand for a living wage, and stronger regulation of markets—each, in its own way, contributes to the very problem Oxfam ostensibly hopes to solve.

Take progressive taxation. On the face of it, this is a simple transfer from the rich to the poor. But if that's the case, why does Warren Buffett pay so little in taxes in an already-progressive system? Or

Mitt Romney? Steepening the tax curve only benefits wealthy accountants as the rich discover legal loopholes and tax shelters. Cayman Island accounts provide little in the way of “public benefit,” instead enabling such assets to go to greater capital investment. And greater capital investment only serves to widen the inequality gap.

Regulation of markets is another disturbing entry on the list. Regulation has long been a means for special interest groups to toy with the market process to further their own interests while burdening their competitors. Studies show there is a strong correlation between market regulation, political corruption, and an erosion of trust in public institutions. In other words, talented rent-seekers learn to rig the rules in their favor.

Furthermore, regulatory uncertainty can lead to capital scarcity, as lenders will only invest in new ventures with rates of return high enough to compensate for the increased risk. Firms also operate within a given capital structure that depends on the productivity of their employees. If well-intentioned regulation prices these employees out of the market, there might not be a viable substitute, in which case the productivity and return to that capital fall. Put another way, highly skilled workers are not always a substitute for unskilled workers if you have to radically alter the capital structure to accommodate them. So, say, if meatpackers are priced out of the market, their tools might not maintain their value; instead, the

firm may hire an engineer to monitor and maintain a chicken deboning robot. Ultimately, if regulation causes the existing capital structure to shift radically, existing capital might lose value—leading to far greater returns to what capital remains, increasing the divergence in income between those who hold the capital and those who don't (e.g., coders vs. art history majors).

Finally, wage controls are probably one of the surest ways of undermining the efforts of the poor. It's no wonder that unions are among the fiercest advocates for wage controls;

they jump at any chance to push workers willing to accept lower wages out of the running for jobs. Even worse, those who are willing to work for less are usually the very poor, who need the income most. It might

SIMPLY DECRYING
inequality itself clouds the issue.
Political inequality is the sort that
makes people worse off.

not pay all the bills, but it's certainly better than no job at all. This was indeed the finding of a recent CBO report indicating that current proposals to raise wage floors to \$10.10 would result in the elimination of 500,000 jobs.

To competently address any justifiable concerns regarding income inequality, we have to maintain focus on the problematic features of society that lead to it. Simply decrying inequality itself clouds the issue. Political inequality is the sort that makes people worse off, and kudos go to those who are willing to admit this. But it takes more than acknowledgement. It takes an understanding of how wealth is created and how it is distributed to truly root out the illegitimate causes of wealth inequality. Considering just how political inequality operates to undermine the economic forces of wealth creation is therefore a useful lens in determining what makes our society less equal. **FEE**

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Elementary School Spiral: A Cautionary Tale

Vouchers are back in vogue, but higher ed offers us lessons about a K–12 tuition spiral

JENNA ROBINSON

Twenty-five years ago, education secretary Bill Bennett advanced the idea that government student aid was largely to blame for the steady increases in college tuition. Since then, higher education reformers have been sounding the alarm about the tuition spiral. The public has finally started to pay attention, now that average tuition and fees at private universities have topped \$30,000 per year.

K–12 school choice proponents should take heed. With the increasing popularity of vouchers, it's possible for the same problem to crop up in private elementary and secondary schools. There's even a proposal before Congress to launch a federal voucher program for poor families that would allow them to send their children outside their designated districts.

Before jumping on board with that proposal, though, voucher proponents should hear this cautionary tale from higher education.

Reformers have amassed considerable evidence for Bennett's now-famous hypothesis in the past quarter-century. College tuition has increased more than 500 percent since 1985, compared with a 121 percent gain in the consumer price index during the same period. At elite schools, the problem is worse. Fifty years ago, the annual cost to attend Harvard was less than \$2,500, which is about \$19,000 in today's dollars, according to the Bureau of Labor Statistics. A year at Harvard now costs nearly \$60,000, including tuition, room and board, and fees.

The mechanics of college pricing are to blame. As the availability of student aid increases, either via grants or low-interest loans, demand for education

increases—particularly at previously unaffordable “elite” institutions. Colleges then raise tuition enough to capture some of that aid. The problem is systemic; even colleges that are not “greedy” will eventually raise tuition to compete with peer institutions and to bolster their reputations by hiring more prestigious staff and adding or upgrading facilities. Aid is then increased to “keep up” with tuition hikes, feeding the cycle.

A L L O W I N G
parents and students to choose their public schools would address the problem; giving them additional money to do so would introduce another.

But endless tuition hikes are not a foregone conclusion. Scholarly evidence shows that some types of aid and some segments of higher education seem to be somewhat “immune” to the tuition spiral. In “Introducing Bennett Hypothesis 2.0,” Andrew

Gillen summarizes those findings.

First, he says, “Not all aid is created equal.... Aid programs that are restricted to low-income students are less likely to allow colleges to raise their tuition.” Most voucher proposals get this part right. But here again, K–12 reformers can learn from higher education's mistakes. The federal Pell Grant program, which once served only students in poverty, has now been expanded to middle-class students—mostly due to political pressure. Voucher programs are susceptible to the same problems.

Second, Gillen shows that tuition caps weaken the link between aid and tuition. In the current market, the existence of “free” public education exerts considerable pressure on private schools to hold tuition down. “Free” public education acts as a tuition cap. Allowing parents to take their voucher money outside their children's traditional neighborhood zones counteracts that tuition cap. If public schools can capture voucher money to

then spend on teachers or programs, it will be that much harder for private schools to compete without raising their own tuition. (In reality, any additional funding poured into public schools exacerbates this problem—but that subject is beyond the purview of this article.) Allowing parents and students to choose their public schools would address the problem; giving them additional money to do so would introduce another.

Third, Gillen notes, “Price discrimination allows private colleges to raise tuition in response to aid at an individual level.” But in order for colleges to do this, he explains, *they must know each student’s ability to pay*. This means that providing colleges with students’ financial backgrounds, as the federal government does via the Free Application for Federal Student Aid (FAFSA), will lead to more aid being captured.

AS THE AVAILABILITY of student aid increases, demand for education increases. Colleges then raise tuition enough to capture some of that aid.

“Ending [this] counterproductive practice,” Gillen says, “would curtail price discrimination, which would increase the effectiveness of aid in improving affordability.” The lesson here for K–12 is that parents’ financial information, which they will necessarily disclose to government officials in order to qualify for vouchers, should never be shared with private schools.

Ultimately, all schools, whether public or private, want to improve in order to better serve students and to bolster their reputations. The incentive to increase spending in pursuit of that goal is already very strong. Implementing vouchers in the wrong way simply gives schools another avenue to do so. Voucher advocates should proceed with caution. **FEE**

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Time Machine Poland

Thirty-some years after martial law, Poland is thriving. But life wasn't always this good.

GARY DUDNEY

Poland is not much in the public eye these days, but 30 years ago, the Eastern European nation was producing a drumbeat of headlines. Labor turmoil in a Soviet-controlled satellite. A Polish pope elected in Rome. An independent trade union operating legally and winning concessions from the government. The rise to power of General Wojciech Jaruzelski. Then came martial law and the crushing of Solidarity.

Today Poland is a thriving, vigorous free-market democracy. It belongs to NATO, the European Union, and the World Trade Organization. Such a Poland was unimaginable in 1981, the year martial law was declared. The Communist Party's control seemed unbreakable. It appeared that Poland would return to the status quo that had prevailed since the Communist takeover just after World War II. But what was the status quo back in those days? What was day-to-day life in Poland like that made the population so eager for change?

The general quality of life, as in the rest of the Soviet sphere, was bleak. Supply shortages and poor distribution methods made shopping for the basics an agonizing experience even when supplies were at their best. Consumer goods were limited almost exclusively to low-quality Eastern-bloc products. Western goods were nowhere to be found except in special Pewex stores, which operated only with hard currency and were mostly beyond the means of average Poles.

With the advent of martial law, things got progressively worse. Long lines formed when essentials—such as light bulbs, shampoo, tea, toilet paper, coffee, appliances, cheese, paper products, shoes, and underwear—appeared in stores. Shopping became a daily regimen of finding and standing in lines at small, scattered stores. And since most Polish women held jobs, the extra burden of shopping in such conditions was tremendous, leading to high absenteeism from work and significant strains on childcare and homemaking responsibilities. A Pole never left home



Photo courtesy Gary Dudney

without a shopping bag in tow, just in case he or she ran into an unexpected chance to purchase something.

The situation was less bleak in Warsaw. The Party could manipulate things to better supply the capital, but in an outlying city like Wroclaw, a major city in southwest Poland, one found a more typical situation for the country as a whole. A trip through Centrum, the city's largest department store, would have seemed like some bizarre nightmare to American consumers. Very few products were available, yet crowds of people surged through the aisles. Lines of a hundred or more people formed at the few counters where products remained. What had been the fabric section of the store was a sea of empty measuring tables. Six or seven

picked-over suits hung in the men's clothing department among rows of empty racks. The sports department boasted just two items: bicycle tires and ski boots.

Hand-lettered signs throughout the store echoed the sad state of affairs. The men's shoe department, where hundreds of different pairs had once been displayed, was empty. A sign there read, "149 pairs will be sold today." Another sign announced, "No rugs will be sold today." In front of the few vacuum cleaners left in the appliance section was a sign, "Only for Farmers." The State had tried to entice farmers into producing more food by reserving desirable consumer goods just for them.

People were sometimes required to perform fantastic feats to obtain simple items. When sewing machines were announced for sale at one department store, people flocked in from all over Wroclaw. Initially it took a day and a half of standing in line simply to get on a list of interested buyers. Then for three or four consecutive days, one had to return three times a day for the roll calls verifying the list of names. This task accomplished, everyone was instructed to return in two weeks, when the machines would be delivered—but there was still no guarantee that people on the list would actually get a sewing machine. Who knew how many sewing machines would find their way into the hands of friends of the store manager or Party members?

But of the shopping hardships the Polish buyer had to face, surely the search for food was the most depressing. An inventory of one popular grocery store in Wroclaw with a reputation for being well supplied turned up bread, crackers, two types of spices, pickles, salt, flour, macaroni, sugar, large cans of peas, and mineral water. The produce section displayed potatoes, onions, beets, carrots, garlic, and spoiled lettuce. The dairy section yielded white cheese and eggs. Meat was available to those with the proper ration tickets. This was the entire content of the store. When shipments of jam, yogurt, or pudding mix arrived, they would sell out in under an hour. Sometimes milk could be had in the early morning.

By canvassing smaller shops around the city, one could procure a few more items, and Poles could round out the selection of vegetables via the outdoor market, but the struggle to create an appetizing and varied diet from these few basic foods was discouraging. Fruit was a particular problem; apples were sold year-round and occasionally lemons would appear. Oranges and bananas were imported only during holidays.

Buying gasoline was yet another headache. Party sympathizers were fond of pointing out that people in the United States had to line up to buy gasoline once, too. Yes, once. The countrywide shortages in Poland were a chronic problem, dwarfing America's ordeal of the 1970s. Typically consumers would have to spend the day in their cars, leave them overnight, then spend the next day waiting in line, just to get a tank of gas. And that was assuming the gas station reopened—that it did not shut down again while waiting for the supply truck to return.

The oppressive daily reality didn't end there. Housing shortages forced the young to the brink of despair as they faced waits of 10 or more years for cramped apartment space. Middle-aged couples with children were still living with parents as their names crept up the housing lists, while those who opted for Party membership were often quickly housed. Construction was uniformly utilitarian, gray, blockish, and unappealing. Many buildings started to crumble as soon as they went into service. The use of coal for energy cast a dark film over the cities. Public transportation was barely adequate, so buses, trams, and train cars were often full to bursting. The wait to buy a private car could last years and resulted for most in a tiny, underpowered Polish Fiat. Windshield wipers had to be locked inside the car whenever it was not being driven because they were prime targets for thieves. Car parts were hard to come by.

It's true, however, that Soviet-bloc countries enjoyed full employment. Well, "enjoyed" might be a stretch. Full employment produced chronic overstaffing. Many jobs



Cars line up for gas next to a furniture store where a line has formed for a shipment of rocking chairs.

Photo courtesy Gary Dudney

Time Machine Poland

were boring and frustrating. Shopkeepers, restaurant workers, and transportation employees had no incentive to be helpful or even civil to customers; they gained nothing in the bargain. Service was often surly and listless. Professionals battled inadequate supplies and equipment. Professors at Wroclaw's prestigious technical university scoffed at the idea that they could manage any research in Poland. They spent all their time writing proposals for grants from universities in the West, where sophisticated equipment and materials were available. Bureaucracy gummed up every transaction, every simple request. Travel abroad was extremely restricted, and of course, television, radio, and print media were all limited to Party-controlled providers from Poland or elsewhere within the Soviet sphere.

Martial law imposed even greater restrictions. Passports were universally canceled so that no one could travel abroad. During the first few months of martial law, Poles were not even allowed to travel between cities within Poland without government authorization. Letters arrived

torn open, stuffed in plastic bags, and stamped "Censored." When you dialed a number on the telephone, the first thing you heard before anyone could speak was a recording repeating, "conversation controlled, conversation controlled." The army took over all broadcasting, so programming on TV went heavily to Russian films about World War II. Soldiers in uniform had replaced the news anchors reading the daily news off teleprompters. And the news was always the same: Solidarity had wrecked the economy; the army was now getting the country back into shape; things were getting better. Of course, everyone knew none of that was true.

Life only began to improve after the Poles had thrown off the shackles of Soviet-style socialism. Once the Berlin Wall fell in 1989, things progressed rapidly in Poland. In December 1989, Poland's parliament, the Sejm, approved a program to transform the Polish economy from centrally planned to free market. The Communist Workers' Party dissolved itself in January 1990, and by the end of that

"I Will Never Go Back" *A glimpse into why the Ukrainians did what they did*

KARL and SANDRA BORDEN

In 1999 we attended the Rotary International conference in Singapore and sat on a bus next to a fellow Rotarian, a physician from Ukraine. Rotary had only established its first Ukrainian club a few years earlier and my seat neighbor introduced himself to us. A conversation and friendship ensued, and "Oleg" invited us to visit him in Ukraine if the opportunity arose. It did—later that year we had the extraordinary experience of spending two weeks in Ukraine just as the country was, it seemed, beginning a journey toward democracy and free markets.

Because Sandra practices medicine, and through my contacts with Rotary International, we had the opportunity

to meet many Ukrainian medical professionals. We will never forget one evening in particular. Our hosts for the evening were an oncologist and his wife, a music teacher, and we were guests in their home—a small two-bedroom apartment where they lived with their son. The oncologist's hospital, which we had toured earlier that day, was a converted horse barn; his office was a former stall. His colleague and other dinner guest was a cardiologist who had spent a few months in the 1980s in the United States on a medical exchange program—by chance at the same hospital where Sandra had been born 40 years earlier. Both were in their early 50s and had grown up in the Soviet system. To protect them now I will call them "Sergei" and "Vlad," respectively.

Sergei, the oncologist, told us he had to lock his meager medical supplies and equipment in his office each night or they would disappear by morning. He also explained that "free medicine for everyone" meant in practice that actual medical supplies and services were so scarce as to be virtually nonexistent without a bribe or access to the black market. But it was Vlad's stories that held a special poignancy and that we especially remember now.

year, Lech Walesa became Poland's first modern-day, freely elected president.

Today life in Poland is on a par with that in Western Europe. Supermarkets and newly built department stores are flooded with goods from all over the world. Cities boast major new building developments. New church construction, forbidden under Communist rule, is booming. Old crumbling facades have been renovated, advertising now breaks up the uniform gray of the past, and transportation problems are largely solved. New superhighways supplement an excellent rail system. In 1996, Poles in Warsaw began bragging that the McDonald's there had installed a drive-through window.

High-end restaurants, trendy cafes, and workaday lunch counters are everywhere. Where tourists from abroad were once a rare sight, even in a UNESCO World Heritage site like Krakow's medieval marketplace, now you might find people there speaking English, Spanish, German, French, Russian, Finnish, Hungarian, Czech, Latvian, and

Lithuanian, just to name a few. And Poles are, of course, free to travel abroad.

Poles have become huge borrowers, using credit to build new homes and to purchase readily available apartments, cars, DVD players, big-screen TVs, and the like, yet default rates are comparatively low for such massive borrowing. Healthy living is a new passion in Poland. In the past, Poles didn't have the flexibility or the means to explore different lifestyles. Now, heart disease and smoking are down, while exercising and interest in healthy cooking are up.

Poland's economic and political transformations were complicated and tumultuous, but the Poles persevered through the setbacks, determined to take advantage of their new opportunity. What has emerged is a country that serves as a prime example of the advantages of freedom and democracy over repression and tyranny. **FEE**

Gary Dudney (gdudney@comcast.net) spent four years in Poland on Fulbright exchanges after earning his Master's degree at the University of Kansas. He has worked for McGraw-Hill since returning to the States with his Polish wife.

Vlad told us what it was like growing up in fear of the secret police. He recounted how every day as a child he would come home from school and his mother would ask him, "What did they tell you today?" and then sort it out for him: "That is true. You may believe it. But that other is a lie—say nothing to your teacher, but you should not believe it." He explained how the children's job was to wait in line, sometimes for days, no matter what product was at the end. Anything that was available had potential barter value. Vlad told us how in one generation his country's culture had devolved. His grandfather, he said, was an upright and honest man who had his farm taken from him by the State. His father would steal anything to survive and would sneak into the same fields his grandfather had once owned to purloin vegetables.

He darkly joked about the local building that was the KGB's headquarters. It is, he said, the tallest building in the city: Occupants could "see Siberia from the basement." He recounted his first experience in a U.S. grocery store, when his "KGB keeper" allowed him to go there to purchase toothpaste: "I stood in the aisle looking at every imaginable variety of toothpaste. An explosion of colors, sizes, and flavors. And I was paralyzed. I could not decide.

I saw Americans walk to the display and easily make their choices—but I could not. I realized in that moment that I had never really made a choice in my life. The State had assigned me to my school, my profession, my apartment, my job. Even when consumer goods were available, I had only one 'brand' of shoes, soap, or...toothpaste. Standing there among these Americans so easily making decisions about matters large and small in their lives—I felt like a child among adults."

He told how, when he returned to Ukraine, he had to "put his Soviet face back on. Appearing too happy was suspicious."

Late into the evening, after entirely too much caviar and vodka, Karl asked: "Vlad, Ukraine is just beginning its journey to freedom. Do you believe it will stay the course?" This mild-mannered, soft-spoken, 50-year-old Ukrainian cardiologist was silent a long time, staring into his glass. Then he lifted his head and looked straight at me across the table. "I do not know," he said softly. "But I do know this. I will never go back. I will pick up a gun. I will fight in the streets. But I will never ... go ... back."

"Vlad"—If you're among those who were in the streets—I hope you are well and safe. **FEE**

Passing a Law Won't Get It Done

SANDY IKEDA



I've become so annoyed by prime-time demands by politicians for government intervention to solve this or that perceived social problem: low wages, inequality, lack of personal aspirations. One of my Facebook friends facetiously wrote, "Why not just pass a law making

everyone good?"

My response has been to start telling my students that you can almost *define* economics as the science that explains why passing a law won't get it done. But taking that statement seriously has made me

question the value of a treasured example I've used for many years.

First of all, though, why won't passing a law get it done?

"The Man of System"

Adam Smith explained that the market economy is so complex because it's the result of countless ordinary people pursuing their own interests, under a "system of natural liberty." With the right rules of the game, the pursuit of self-interest improves life for everyone, including the least well-off in society.

Smith, in his magnificent book *The Theory of Moral Sentiments*, contrasts a benevolent and public-spirited person who refrains from interfering in the affairs of others—"Though he should consider some of them as in some measure abusive, he will content himself with moderating, what he often cannot annihilate without great violence"—with a person who thinks he knows how society ought to work and who arrogantly forces that view onto others. Smith calls him "the man of system."

The man of system ... seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board. He does not consider that ... in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it.

YOU CAN ALMOST *define* economics as the science that explains why passing a law won't get it done

When the man of system ignores the inherent limits of his mind and the incentives of those he would command, his hubris will produce consequences at odds with his intentions.

Air Bags and Safety

Air bags provide just one example. Have government-mandated air bags actually made driving safer? According to at least one important study, they have not—and in fact the mandate seems to have done just the opposite.

Analyses of 1993 Virginia State Police accident reports indicate that air-bag-equipped cars tend to be driven more aggressively and that aggressiveness appears to offset the effect of the air bag for the driver and increases the risk of death to others.

Air bags lowered the cost of reckless driving (e.g., speeding and tailgating). Like any other fun activity, the lower its cost, other things equal, the more of it we'll do. There are of course a host of other examples of good intentions getting bad results. Benjamin, Miller, and North's *Economics of Public Issues* is full of them.

But that brings me to my own cherished example that I'm now having to rethink. It also has to do with car safety, but from an earlier era.

The "Tullock Steering Column"

Gordon Tullock is said to have commented on the advisability of seat belts in cars back in the 1960s. Instead of seat belts, Tullock argued that it would save more lives if the government ordered sharp daggers installed on all steering columns, two inches from the heart! He reasoned that it would dramatically reduce injuries by making people drive much more cautiously.

I've loved this example because it pointedly shows how you can apply sharp economic analysis to cut to the heart of a wide range of activities, including reckless driving. And it sticks with you.

On Second Thought

The man of system doesn't realize that his interventions might go wrong, or he discounts the possibility. But in the same way, the Tullock mandate to install a steering-wheel dagger is just as likely to produce negative unintended consequences as seat belts and air bags have. While it's hard to see how a dagger pointed at your heart wouldn't make you drive slower, what clever workarounds might you try? And you know we'll try.

Some might replace the steel dagger with a rubber one.

Indeed, a black market in fake steering-column daggers might arise. But that of course could worsen the problem because now some drivers will drive as recklessly as before, while law-abiding drivers will still have daggers aimed at their chests. There may be fewer accidents but more deaths than before.

Something like this probably happened right after the

seat belt law passed, as people who did buckle up crashed into those who didn't. But as we've seen, even with airbags that you can't turn off, injuries may not decline.

I'm sure you could come up with other scenarios. But rest assured, clever and resourceful people will think of workarounds that won't occur to you. And when those solutions in turn produce unintended problems of their own, those problems will induce even more mandated "solutions." And so on. Any mandated solution, no

matter how clever or enlightened, would have to overcome this challenge.

So, the economist in me says that the Tullock steering column wouldn't get it done, either. On the other hand, if the government were to ban brakes on cars.... **FEE**

BUT REST ASSURED, clever and resourceful people will think of workarounds that won't occur to you. And when those solutions in turn produce unintended problems of their own, those problems will induce even more mandated "solutions." And so on. Any mandated solution, no matter how clever or enlightened, would have to overcome this challenge.

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Rothbard's Remedy

Less government means faster healing, says new study

DOUGLAS FRENCH

Economic theories don't lend themselves to laboratory testing, so the work of a national appraisal firm is especially enlightening. A new study lends support to the Austrian business cycle theory, which says that the less government is involved, the faster a market will recover.

Pro Teck Valuation Services has posted a report comparing housing-market rebounds in cities with "non-judicial" foreclosure processes with those with "judicial" ones. In other words, they compare states in which the government meddles less in foreclosure with states that meddle more.

Pro Teck found that of 30 metropolitan housing markets in nonjudicial states, housing markets corrected sooner and prices have rebounded more quickly than in states with

more government involvement. Could Murray Rothbard have been correct that markets clean up clusters of malinvestment?

Pro Teck chief executive Tom O'Grady told *The Los Angeles Times*, "When we looked closer" at rebound performances state by state, "we observed that nonjudicial states bottomed out sooner"—typically between 2009 and 2011—"versus 2011 to 2012 for judicial states, and have seen greater appreciation since the bottom," typically 50 percent to 80 percent compared with just 10 percent to 45 percent for judicial states.

"Our hypothesis," he added, "is that nonjudicial states have been able to work through the foreclosure [glut] faster, allowing them to get back into a non-distressed housing market sooner, and are therefore seeing greater appreciation."

In October, the top 10 metro areas Pro Teck studied were in nonjudicial California. At the bottom were cities in Illinois and Florida, both judicial states. "Unlike California, which tore off the foreclosure Band-Aid quickly, Florida

and Illinois have been slowly peeling it away," the Pro Teck authors explain. "In these states there are still high ratios of foreclosure sales and hefty foreclosure discounts, which in turn are limiting any real recovery. Because of this, all of our bottom ten metros are in Florida or Illinois."

The top 10 metro areas had less than four months of inventory for sale and averaged more than 20 percent year-over-year appreciation. A key statistic in Pro Teck's analysis is the ratio of foreclosure sales to total sales. In all of these markets it was under 10 percent. In the view of Pro Teck's

experts, "Supply-demand market fundamentals have returned, which should lead to a sustainable recovery."

In slow-moving judicial states, foreclosures are still 25 to 50 percent of sales, and unsold inventory

remains high, at a five- to 10-month supply.

In the same vein that judges believe they facilitate orderly housing markets in judicial states, Ph.D.s and bureaucrats believe problems with the economy (inadequate aggregate demand) can be fixed with the proper committee-determined interest rate and the use of government force to keep businesses alive or keep certain prices in place.

The Austrian school is unique in recognizing that the real problem is the unsustainable boom. The eventual bust is really the economy's required healing. Central bank interest-rate manipulation directs capital into high-order capital goods. These low interest rates make these projects appear economically sound, when in fact these projects are malinvestments.

The "cluster of entrepreneurial errors," as Rothbard termed these malinvestments, is the result of central bank credit expansion driving rates below the natural rate of interest that would be set by individual time preferences.

Central banks and government policies don't just incite the boom that creates the malinvestments; they compound

I N S T A T E S
where judges don't meddle
in foreclosure, the market
rebounded much more quickly.

the problem by not allowing the market to heal after the bust.

The financial press appears confounded by the continued lackluster recovery. Five years have passed and trillions of government dollars have been spent since the financial crash. Unemployment is still high, as is the use of food stamps. However, keeping assets in the hands of failed managers with a boom-time cost basis is a sure way to prolong the stagnation.

In nonjudicial states, home foreclosures proceed without the involvement of the court and the properties are transferred within months. In judicial foreclosure jurisdictions (22 states), post-default proceedings involve court intervention with specific court-ordered steps that can take two or three years to complete.

In nonjudicial states requirements to foreclose are established by state statute. When the borrower defaults, the lender sends a default letter and in many states a notice of default is recorded in public records at the same time. There is a prescribed period for the borrower to cure the

default. If the default is not paid, a notice of sale is mailed to the borrower, posted in public places, and recorded at the county recorder's office. After the notice period has expired, a public auction takes place and the property is sold to the highest bidder.

A judicial foreclosure starts with the lender filing a complaint with the court asking for approval to foreclose its lien and take possession of the property as a remedy for nonpayment. The borrower is provided notice of the complaint and is permitted to dispute the facts by answering the complaint.

In most cases there is no dispute, but the court must still issue a judgment in favor of the lender or servicer. The court then authorizes a sheriff's sale and the property is sold to the highest bidder. Lenders' credit bids (usually the amount owed) are typically the highest and the lenders become owners of the properties.

A timeline provided by the Mortgage Bankers Association indicates that the average judicial foreclosure process lasts 480 to 700 days, with the homeowner/

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borrower remaining in the home as many as 400 days.

New York, a judicial state, has the longest foreclosure timeline, at 1,049 days. Texas, a nonjudicial state, has the shortest timeline at 159 days.

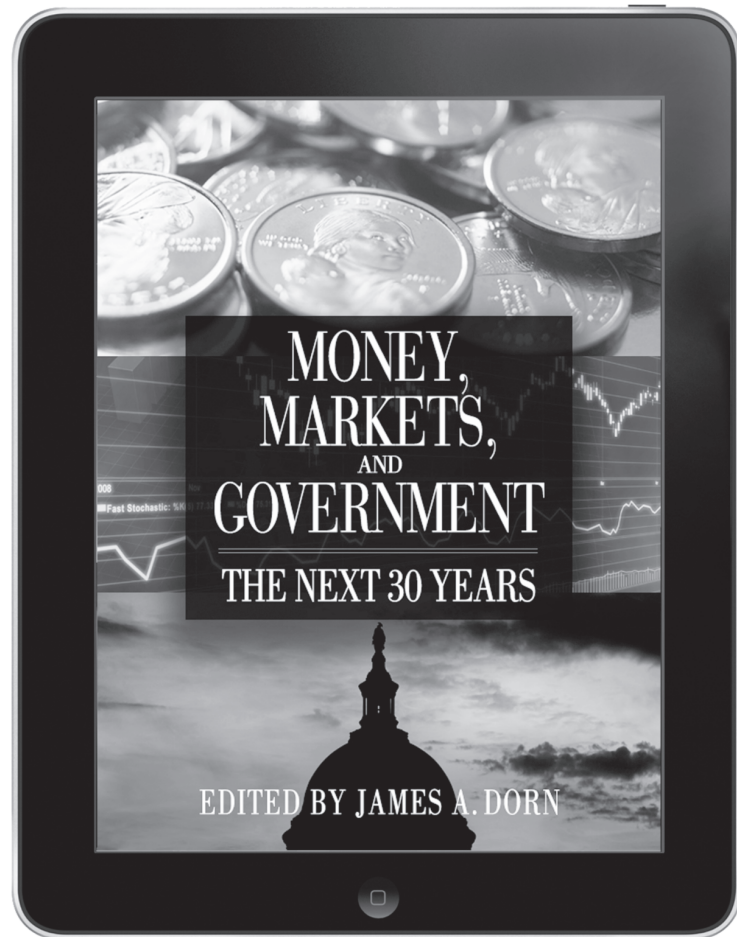
Rothbard pointed out in *Man, Economy and State* that if the government interferes at all in the cleansing process of the depression, it will only prolong it. "The more these readjustments are delayed," Rothbard explained, "the longer the depression will have to last, and the longer complete recovery is postponed."

James Grant pointed out recently in *The Wall Street Journal* the result of government tinkering with the economy versus letting it be. "The laissez-faire depression of 1920–21 was over and done within 18 months. The federally doctored depression of 1929–33 spanned 43 months." He went on to write, "America's economy is too complex to predict, much less to direct from on high."

On a micro level Pro Teck's comparison lends support to Austrian theory. Increased government intervention simply prolongs the agony. Less government means a quicker recovery. **FEE**

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Papal Indulgences and “Impersonal” Markets

Markets might be impersonal, but at least they don't require coercion

GARY M. GALLES

The worship of the ancient golden calf...has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose.

—Pope Francis

Critics have long attacked market systems as being “impersonal.” The implication is that markets somehow violate morality by treating others merely as means rather than as valuable ends in themselves. In Pope Francis’s first apostolic exhortation, he jumped on that bandwagon by criticizing market systems as representing “the dictatorship of an impersonal economy lacking a truly human purpose.”

Attributing the term “dictatorship” to market systems is sure to produce confusion. So what are markets anyway?

Markets are what results when people are free to choose how to associate with one another in the absence of coercion. The only “dictatorship” is the restriction that such arrangements be voluntary. That clearly advances human purposes—those of each individual involved in an exchange. It is surely an odd sort of dictatorship that consists in people not dictating choice to others.

Market systems have no purposes or intentions of their own, beyond facilitating participants’ social cooperation. As soon as we move beyond broad generalities, we recognize that people disagree about who should have what kind and how much of virtually every good or service. But some people believe the economy should reflect a particular purpose, which assumes universal agreement on ends and ignores the inherent disunity of different people’s desires and needs. As a consequence, pursuit of a particular social purpose requires the imposition of coercion by some over others.

Confusion also arises when critics treat market arrangements as if they comprise all social interaction. If market systems existed in isolation from other societal arrangements, they could indeed be characterized as uncaring. But they are only a part of a larger society, which includes all kinds of nonmarket phenomena, like communities, charities, and religious organizations.

Still, those societies that rely to a greater degree on voluntary market arrangements produce far more wealth with which to assist others. And they do not simply ignore poverty and injustice, but use substantial resources to offer many types of aid and assistance to the most vulnerable among us. And yet as the government grows in the social sector, the voluntary sector shrinks.

Further, the capitalist system, despite being deliberately misnamed to imply that only capitalists “win,” directly benefits workers of all ability levels by increasing their productivity and earning potential. As economist Paul Heyne put it:

The poor receive less income than the rich in a market system; but the rise of market systems has arguably conferred its largest benefits on the poor, making the poverty of those who are least well off under a market system the envy of people in societies where markets have not flourished.

Then there is the confusion of people with products. In every market exchange, both parties treat the goods or services offered by trading partners as means to their ends—inputs to use in pursuing their ultimate purposes. But that is different from treating their trading partners as such. In fact, since both parties to a voluntary trade are better off than they would otherwise have been (or they would not agree), they both advance their partners’ ends. And they do so in spite of the handicap that faces all of us almost all of the time—a lack of sufficient knowledge of what would best serve our trading partners—because it puts that decision in their hands rather than ours. Without the ability to make use of their own superior knowledge about what they value and what trade-offs they are willing to make, our ability to advance their ends would be seriously hamstrung, and they would be worse off.

Papal Indulgences and “Impersonal” Markets

Then there’s the argument that markets increase the isolation of human beings from meaningful relationships. They certainly allow impersonal relationships for those who desire them—which they often do, making possible vast gains to all through worldwide specialization and exchange.

But economic freedom in no way imposes the requirement that exchanges and relationships be entirely impersonal. To recognize this, one need only notice the many cases where employees, employers, vendors, and customers also share friendships. Their interactions are neither impersonal nor socially isolating.

We can deal with others in any way we choose under market systems, as long as we do not violate others’ rights. For example, nothing stops a restaurant or grocery store owner from offering food as a charitable gift to someone who cannot afford to buy it or acting as a sponsor for any number of charities or community organizations. And nothing in market economies prevents people from forming cooperative societies.

Similarly, nothing about market systems restricts the bedrock social community: the family. That community

of those we know well and love is primarily composed of nonmarket behavior. In fact, little could be more impersonal than substituting the family’s ability to take care of its own with the State’s disbursal of a portion of the same resources.

The same is true of personal relationships with others in churches and voluntary organizations. Market relationships erect no barriers to such community relationships.

Restricting markets does not mean that what would take their place would be caring, personal relationships—it may well be abuse of others by governments (as so dramatically demonstrated by our past century’s experience). Overriding the voluntary arrangements people create for themselves means depriving them of their liberty and forcing them into collectivized alternatives they do not choose. That in no way guarantees a more loving or caring society. That cannot be created by force.

It is true that some market institutions, such as stock exchanges and futures markets, are impersonal in a specific sense—yet that does not hinder their ability to reflect people’s particular desires and circumstances. In fact, they would not have developed, nor continued, unless large

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numbers of individuals valued the gains they could realize that way. After all, people don’t adopt stock exchanges and financial markets against their will.

In this sense, then, markets are far from impersonal. They reflect every aspect of economic arrangements that people have preferences about. As Leonard Read expressed it in “Leave it to the Free Market:”

The free market is intimately personal ... persons deciding each for himself what to produce, where to work, what to buy and sell, and what are to be acceptable terms of exchange. I, who know more about me than anyone else, in charge of me! How possibly can a way of life be more intimately personal than each individual his own decision-maker!

People’s preferences and circumstances change, of course. Free markets accommodate these changes without violence, via prices. In contrast, government imposition ignores a vast array of people’s preferences and hinders adjustment in the face of change. In Read’s words:

The market ... continuously and automatically moves ever-changing satisfactions and ever-changing aspirations—supply and demand of particular goods and services—toward a harmony one with the other....

The alternative to the free market is the rigged, planned, dictatorial, coercive, interventionist, authoritarian market, variously known as the planned economy, the welfare state, omnipotent government ... disruptive and antisocial ... of necessity forcing ever-changing satisfactions and ever-changing aspirations toward a state of disharmony one with the other—shortages of this, surpluses of that ... [ignoring] your countless and ever-changing preferences or what constitutes your idea of your welfare.

This is particularly important, since market critics assert that not only are markets impersonal, but “unjust.” That compounds the confusion with a false standard of justice. It ignores the fact that the only way to determine economic justice in the eyes of the parties involved in a relationship is what they voluntarily agree to. Mutual gainers don’t complain about their voluntary dealings

imposing injustice on them.

What about the results of market arrangements? Are they inhumane, as critics sometimes claim? That claim is really a statement that people are less other-focused than those critics wish they were (and usually that somehow the critics’ own pet alternatives will magically usher in a more humane humanity).

But that doesn’t address the question we actually face: how to best organize society for people as they are. It is like twisting James Madison’s “If men were angels, no government would be necessary” to blame the form of government chosen for every way people fall short of being angelic. In fact, however, human kindness will be at its greatest when people are the freest and most self-responsible, because freedom offers the greatest potential for personal and moral growth, a possibility deadened by every form of coercive government “charity.”

Human beings want to assist those in need. Far from undermining that humanity, impersonal markets extend the number of people who are able to assist. Our lifespans are too short to build true friendships with all the people who could help us improve our lot. If we had to rely only on our personal relationships, it would necessarily limit the extent of assistance possible. But when changes in any of a wide range of circumstances alter prices in impersonal markets, they give everyone on earth who could benefit from helping you—whether they know you or care about you, and even when they might dislike you—increased incentives to do so. And that benefit complements assistance from friends and family members; it does not supplant it.

The qualms over markets’ morality are unjustified. And the “solutions” put forward would undermine the very arrangements that have enabled the creation of our current level of civilization.

Supposedly suspect market arrangements advance the ends of others, even those we do not know, rather than sacrificing them as mere means to our ends. In contrast, government interventions, despite their boilerplate rhetoric, frequently treat citizens impersonally as little more than means to the ends imposed upon them by their rulers.

And there is perhaps nothing more impersonal than such an imposition. **FEE**

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Doubleplus Unromantic

SARAH SKWIRE



Actor Kristen Stewart, best known for her work in the *Twilight* movies, recently agreed to star in a romantic remake of the 1956 film version of George Orwell's dystopian masterpiece, *1984*. *US Magazine* quoted Stewart as saying, "It's a love story of epic, epic, epic proportion ... I'm scared."

The Internet appears to be scared, too, as Facebook, Twitter, the science fiction site io9.com, and nearly every other news and social media outlet exploded with gobsmacked perplexity at the notion of looking at *1984* and focusing on the romance—if there is any.

And while I want to be clear that I think the movie is liable to be about as closely related to Orwell's *1984* as *Twilight* is to *Dracula*, I do think that the Internet might be overreacting just a bit here. Orwell's novel is certainly not a love story. But neither is it completely unconcerned with questions of love and intimacy. One of the crucial aspects of Orwell's dystopia is the way that the totalitarian State has corrupted everything—even love and sex, the most basic of human desires.

Orwell's novel, among all the other things it does well, presents us with a picture of the ways in which tyranny

consciously destroys human sympathy and the ways in which that sympathy—if revived—can be used as a weapon to fight against it.

The totalitarian government of *1984* takes every possible measure to destroy a person's ability to see others as potentially sympathy-worthy individuals: the required party uniforms, the use of numbers along with (and one suspects often instead of) names, the strict schedules kept by party members, the exercise and other functions performed as groups—think of Winston performing his morning exercises with the "30 to 40 group" and being expected to adhere to a minimum standard of fitness for that group—regardless of any particulars of his individual medical condition. Equally, the Party works through such forces as the Junior Anti-Sex League to eliminate the concept of the individual by discouraging marriage and eroticism—intimate relationships that encourage us to view others as unique and special, that help us practice the kind of sympathy Adam Smith described in *The Theory of Moral Sentiments*.

Quite early in the novel it becomes clear that Winston, for reasons he cannot articulate, is struggling to connect

with and understand others. His illicit diary is evidence of that desire. In his first entry, lost for something to write about, Winston begins “writing in sheer panic” an account of a trip to the movies that includes “shots of a great huge fat man trying to swim away with a helicopter after him, first you saw him wallowing along in the water like a porpoise, then you saw him through the helicopters gunsights, then he was full of holes and the sea round him turned pink and he sank as suddenly as though the holes had let in the water, audience shouting with laughter when he sank.”

Our glimpse of Winston’s diary horrifies us with its brutality. The film’s audience is “much amused” by the image of the fat man. Numerous 21st-century directors have proven that there’s comedy gold in fat men doing stuff. But Winston’s description of the man’s floundering—which begins as darkly comic—rapidly begins to sicken even the most sophisticatedly ironic modern reader as we hear the audience shouting with laughter while the man is repeatedly shot, then drowns. Then we hear the grisly delight that Winston takes in the death of a child, and the “wonderful shot of a child’s arm going up up up right up into the air.” And the only person who objects is a prole about whom “nobody cares,” least of all Winston.

Winston’s ability to sympathize, in other words, is as corrupt as the language he uses to express it. The primary goal of Newspeak, the government-created language of 1984, is to make it impossible to think anything unorthodox. Orwell writes, “The special function of certain Newspeak words, of which *oldthink* was one, was not so much to express meanings as to destroy them. . . . All words grouping themselves round the concepts of liberty and equality, for instance, were contained in the single word *crimethink*, while all words grouping themselves around the concepts of objectivity and rationalism were contained in the single word *oldthink*. Greater precision would have been dangerous.” If there is no word for something, if we cannot think about something, the thing no longer exists.

Another primary feature of Newspeak is the

interchangeability of parts of speech. “Any word in the language (in principle this applied even to very abstract words such as if or when) could be used either as verb, noun, adjective, or adverb. . . . The word *thought*, for example, did not exist in Newspeak. Its place was taken by *think* which did duty for both noun and verb. There was . . . no such word as *cut*, its meaning being sufficiently covered by the noun-verb *knife*.” Most famously, of course, and probably familiar even to those who haven’t read the novel, is the way that Newspeak “negatives” a word by

prefixing it with “un” as in “ungood” and strengthens it by adding “plus” or “doubleplus.” This allows, as Orwell notes, for the “enormous diminution” of vocabulary.

The endless destruction of words, and the complete interchangeability of the words that remain, mirrors the endless destruction of individuals—both

physically and as a concept of “the individual”—and the complete interchangeability of both people and ideas under the principles of Ingsoc. In Winston’s world, people disappear as silently as words do:

It was always at night—the arrests invariably happened at night. The sudden jerk out of sleep, the rough hand shaking your shoulder, the lights glaring in your eyes, the ring of hard faces round the bed. In the vast majority of cases there was no trial, no report of the arrest. People simply disappeared, always during the night. Your name was removed from the registers, every record of everything you had ever done was wiped out, your one-time existence was denied and then forgotten. You were abolished, annihilated: vaporized was the usual word.

Love Will Tear Us Apart

Amid all of this violence, destruction, and inhumanity, Winston somehow finds Julia. It begins with glances that—lacking sympathy—he cannot understand or interpret: “She was looking at him in a sidelong way, but with curious

IF HAYEK IS right and society is the order that emerges from small interactions and relationships, a government that wants to create and control an order of its own must kill those interactions.

intensity. The instant that she caught his eye she looked away again ... Why was she watching him? Why did she keep following him about?" When she arranges to pass him a note by feigning a fall, though, Winston suddenly discovers a reawakening of his ability to feel for others:

A curious emotion stirred in Winston's heart. In front of him was an enemy who was trying to kill him; in front of him, also, was a human creature, in pain and perhaps with a broken bone. Already he had instinctively moved forward to help her. In the moment when he had seen her fall on the bandaged arm, it had been as though he felt the pain in his own body.

The springs of sympathy have begun to work in Winston, and soon he is unable to do anything other than imagine Julia's circumstances and feelings.

I realize that for the less romantic among us this can all sound a little trivial, a little high-school. But it is important to realize three things if you are inclined to feel that way. First, Orwell does not think so. He describes the moment when Julia first strips naked for Winston as "that same magnificent gesture by which a whole civilization seemed to be annihilated." Second, Winston and Julia do not think so. "Their embrace had been a battle, the climax a victory. It was a blow struck against the Party. It was a political act." Lastly, the Party does not think so. The lengths to which they have gone to eliminate personal connections have already been outlined.

When we reach the end of the novel and Winston is hauled off to The Ministry of Love to be tortured for his rebellion, it is his fidelity to Julia that—for a time—protects him. When O'Brien (Big Brother) confronts him with his post-torture ruin: "You have rolled on the floor in your own blood and vomit. You have whimpered for mercy... Can you think of a single degradation that has not happened to you?" Winston is able to answer, "I have not betrayed Julia." Orwell amplifies, "He had not stopped loving her; his feeling toward her had remained the same." And that unshakeable sympathy, that human bond that transcends the artificially created bond with the State, is why, to preserve itself, the Party must destroy both Winston and Julia.

Because if Hayek is right and society is the order that

emerges from small interactions and relationships, a government that wants to create and control an order of its own must kill those interactions. It must confront Winston with his worst nightmare: confinement in a cage full of starving rats who will "leap onto your face and bore straight into it." They must bring him to the final tragedy in this book full of tragedy: the moment when Winston "suddenly understood that in the whole world there was just one person to whom he could transfer his punishment—one body that he could thrust between himself and the rats. And he was shouting frantically, over and over, 'Do it to Julia! Do it to Julia! Not me! Julia! I don't care what you do to her. Tear her face off, strip her to the bones. Not me! Julia! Not me!'"

And with that, the Party has won.

In Vaclav Havel's *The Power of the Powerless*, Havel details the soul-destroying aspects of living in totalitarian and post-totalitarian societies. "People who live in the post-totalitarian system know only too well that the question of whether one or several political parties are in power, and how these parties define and label themselves, is of far less importance than the question of whether or not it is possible to live like a human being."

This question of Havel's, of whether a given system makes it possible to live "like a human being," is one of crucial importance for classical liberals. A lot of us don't have much faith in the efficacy or morality of political processes, or in our ability to turn those processes to our own ends in order to create the change we desire. In the absence of that kind of faith, what is left is faith in each other. Winston and Julia pathetically, fumblingly, hope for that. The emptiness of their attempt at love is a tragic sign of the efficacy of the State's attempt to destroy human connection. And their final betrayal of one another is the State's triumph.

So perhaps we shouldn't be too hard on Kristen Stewart. A film that would reduce *1984* to nothing but an "epic, epic, epic love story" would be a huge mistake, of course, and a disservice to the literature that inspired it. But love, sympathy, and human affection are significant parts of these fictions, and they may well be keys that will help to release real humans from an overreaching, totalizing government. **FEE**

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Emotional Dictatorship

MICHAEL NOLAN

The trouble with a vision for society is the body count. The more specific the outcome you want to impose, the more dissent you'll stir up. So you're going to have to find a lot of places for all the bodies, or give up your grip on power.

There's a silver lining for the State, though: "If a government is willing to kill as many people as necessary to stay in power, it usually stays in power for a very long time."

So says Andrei Lankov, a Russian expert on North Korea, in the *Frontline* documentary *Secret State of North Korea*.

But the story here isn't what the documentary has to say about the nature of totalitarianism. That's worth documenting, of course; it's difficult to believe such horrors are or ever have been real. But that's not what makes this *Frontline* special.

That comes from the video shot on the down-low by a network of North Koreans and smuggled out to the rest of the world. We see Jiro Ishimaru, editor of *Rimjingang*, a Japanese magazine staffed by North Koreans reporting in secret, meeting with his sources. One, a State employee, freely acknowledges that he'll be killed if he's caught. "But I've got to do this. I've got to do this, no matter what. I'm just one person. Even if I have to sacrifice my life, someday something is going to change."

The footage is often little more than jittery scenes of people going about their daily routine. But such is life under totalitarian rule: The mundane is fully shot through with politics. So any image of it, generated outside of State control, is a threat.

The footage itself will either break your heart or give you new faith in humanity. Probably a little of both. Consider this exchange between one of Ishimaru's reporters and a



group of homeless kids huddled around a tiny fire:

Reporter: Does anyone here work so you can have food and a bed?

Child: What work do you mean?

Reporter: Do you know how to chop wood?

Child: I don't have an arm, so I can't.

Reporter: You don't have an arm? Why don't you have an arm?

Child: It got cut off by a train.

From the looks of it, there's a good chance they spent their day begging for anything from passersby—that is, when they weren't picking through piles of garbage, occasionally lifting something and taking a bite.

So the obvious reasons this footage would be considered treason have to do with compliance: If people saw how bad it really is, they might question the regime.

Individual malcontents aren't that much of a problem for rulers this brutal. But then that's another reason why non-State accounts of daily life pose a threat: People might find out they're not alone. Others are unhappy also; some even show defiance. And sometimes, *they get away with it*.

For instance, the filmmakers mention that private enterprise has taken root and is being tolerated. As reported earlier in *The Economist*, the women of North Korea are doing much of the heavy lifting. In this documentary, we see a woman who runs a private bus line angrily shouting back at—even slapping—a soldier who tries to interfere. “If you're an officer, where are your stars then?” she says. “You bastard! You're an asshole!” she adds a bit later.

The next scene shows a woman being hassled *for wearing pants on the street*. One officer hits her. Another says, “Stop it, bitch!” when they tie on an armband describing her offense and she rips it off. She tells the officer to watch his mouth, and even when a senior officer steps in to intimidate her, she challenges him: “Why aren't you telling off those people wearing pants?”

Much of what's shown here runs counter to the narrative I used to think I knew: The Kims had shut their country off so successfully that North Koreans were brainwashed into believing the regime's propaganda.

And besides, they wouldn't be able to communicate and organize if they *did* become discontented. Between the social breakdown that always accompanies totalitarian rule and the stunted technological development of the country, there isn't going to be any Twitter-fueled Arab spring or Orange Revolution rocking Pyongyang anytime soon.

That may turn out to be the case. But then again, we hear Su Mi Terry, a former CIA analyst, telling us that the CIA knew nothing about Kim Jong-Un until he was suddenly brought forward as the new ruler.

And Victor Cha, a former member of the National Security Council,

points out that nobody saw either the collapse of the Soviet Union or the Arab Spring coming—but that afterward, both looked obvious.

The Fear

Secret State adds to the stories of the Kim dynasty's devotion to brainwashing. But it also discusses the execution of Kim Jong-Un's uncle, carried out shortly before the documentary aired. Some analysts think this indicates conflict between hard-liners and reformers. It certainly seems like a guy with no military background and such big shoes to fill (at least according to the party's propaganda) needs to let people know he's not to be trifled with.

Taken together with the scenes of North Koreans learning to fend for themselves, I started to get my head around the one question that always crops up when I read accounts of life under dictators: Why? Why do the jailers keep the cells locked up? Why do third- or fourth-generation rulers continue to tighten the fist?

I doubt it's a short answer. Or rather, there's no short answer that really gets to it. But I think fear is right in the middle of all of it. There's the conventional type, at least for

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dictatorships. Jang Jin-Sun, a former State propagandist, describes North Korea as an “emotional dictatorship”: The State seeks to dominate people’s thoughts and feelings. North Koreans are told their rulers are like the sun: Get too close and you’ll get burned, but get too far away and you’ll be cast into the void. Then there are constant “news” reports about an imminent American attack from which the party can keep them safe—but only if they give it absolute obedience, even love.

This stuff is the carrot; there’s no telling how effective it is. But there’s the ever-present stick as well. My guess is that everyone in North Korea knows someone who

THE STATE IS
no longer the only one peddling
images.

disappeared suddenly. One defector describes life after her family began slipping away for a shot at the border: “I was always being watched. The people watching weren’t just from the government. The people who were watching me were my friends and neighbors. I knew all of this but had to act as if I didn’t.”

Or consider this surreptitiously recorded conversation between a group of North Koreans:

Woman: There can’t be a rebellion. They’ll kill everyone ruthlessly. Yes, ruthlessly. The problem here is that one in three people will secretly report you. That’s the problem. That’s how they do it.

Man: Let’s just drink up. There’s no use talking about it.

Things like the execution of Kim Jong-Un’s uncle send the message right down the chain: Nobody’s safe. Kang Chol-Hwan, a North Korean defector, described in *The Aquariums of Pyongyang* how his family—staunch party members who donated a fortune to the party—wound up in Yodok concentration camp. They were untouchable until, suddenly, they were not.

This documentary made me think that the fear starts at the top, and the security apparatus, the propaganda, the gulags—all of it—amount to little more than an attempt to

placate that fear. For one thing, there are the consequences: Losing power in a totalitarian environment usually means torture and death, even if you escape.

And power could be lost at any time. The State’s authority rests on a fragile base: the consent of those who are ruled. Left to their own devices, they’re fickle. But ruled with an iron fist, any crack in the State’s power can quickly fracture the entire edifice. I wonder if Kim Jong-Un knows this, and lies awake at night wondering when it will all shatter. Maybe he buys his own propaganda and sleeps like a baby. I hope he doesn’t survive long enough for us to find out.

The Revolution Will First Be Televised

But this is what makes the documentary truly compelling, beyond the novelty value of the smuggled footage. The State is no longer the only one peddling images. There’s Ishimaru’s network of covert reporters, but smuggled DVDs and thumb drives full of movies and TV shows do a brisk business.

The documentary accompanies Jeong Kwang-II, a defector living in South Korea, on one of his regular drives up to the Chinese border to drop off his contraband. We see him meeting, at night, with a border guard he’s bribed. Jeong demonstrates how to work a new item: hand-cranked radios.

These are especially important, because other defectors have organized a radio station in South Korea, Open Radio North Korea, aimed specifically at those they left behind. Still more of them—we’re told there are more than 20,000 defectors living in South Korea alone—broadcast *On My Way to Meet You*, a slick-looking variety show that, without the narrator describing the action, looks like much of the rest of South Korean TV. This is a compliment: These are people who’ve suffered terribly, and they speak of that, but life afterward is possible. They sing, they get goofy, they experiment with different hairstyles and makeup and fashion.

Which brings up another fascinating point: Something as simple as a run-of-the-mill travel program can be a powerful agent for change in the context of North Korea, where its audience is seeing an entirely different world than the one they’ve been told is all there is. Watching two teenagers discuss what’s going on in a DVD of a

group of middle-aged South Koreans touring Europe is simultaneously tragic and endearing.

Heroes of the Revolution

I was living in Seoul in 2006, when Kim Jong-Il—father of the current putz-in-chief—tested a nuclear weapon. I didn't react particularly reasonably, though I managed to make it through my day's work. While waiting on a bus near city hall and wondering whether to pack my bug-out bag as soon as I got back home, I noticed a mass of people marching down one of the main thoroughfares. The cops were out in force. After a moment's panic, I realized the cops were just minding traffic and the crowd was demonstrating on behalf of the disabled. A generation before, not too far south of there, the military rulers of South Korea had massacred people doing much the same thing.

The memory recurs for me now because, as powerful as State political theater might be, there's an even stronger message: It doesn't have to be like this. There's nothing inherent in the North Korean situation that means the North Korean people have to suffer like this. It can get better, much better, and relatively quickly. More and more people are sending this message—the defectors' networks, sure, but also the smugglers of SIM cards and the people on the inside scratching out spheres of private action. And more and more of it is getting through.

The fact that the images are now flowing both ways, though, is cause for reflection. There's the issue I mentioned earlier, of the consent of the governed. It sounds very simple: cease to consent, and go in freedom. But then few of us have ever been subject to people who will “kill as many people as necessary.”

But for those who are? They find themselves confronted with nearly impossible dilemmas: Do they preserve their own lives despite the oppression? Do they sacrifice their lives in what might turn out to be a pointless act of defiance? Do they flee, knowing that—at least in North Korea—the punishment is likely to fall on family members (one

defector describes being shipped off to the gulag because of the actions of a third cousin he didn't even know)? What about those who wind up in the police or army? When they're told to haul this guy off and torture that woman, do they choose to be the agents of oppression—or decline and immediately become victims of it?

This is the real meat of *Secret State*. Not the ample opportunities it provides for histrionics about the broader world context (like, say, juxtaposing the gulag with America's prison population). The story here is, in every sense, life on the street, at the level of individuals facing down these dilemmas and forming up with others who've had to weigh these same questions and take these same risks.

Which means this documentary shows us real heroes, and I generally take pains not to use that word. Those who recorded the footage and smuggled it out, those who smuggle the videos in and around, the people bringing

in and distributing cell phones, the women refusing to be cowed by a brutal regime and its brutish enforcers—all of them became heroes the instant they decided not to comply any longer. Even the former propagandist eventually came out on top of a situation that requires heroism simply to make decisions that, from the

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comfort of a blank, uncensored word processor document, can be made to look relatively simple.

So it's ultimately encouraging, this documentary, though the hope comes at a terrible cost.

And at the risk of looking foolish later, I'd like to offer a prediction: North Koreans are unlikely to be freed by U.S. diplomats, U.N. sanctions, or a sudden change of heart (or maybe discovery of one) by China's ruling party. North Koreans are going to be freed by North Koreans, like the defector who tells us, “I was very scared, but I thought it's better to die than live like an insect.”

He wasn't the first person to think that. And he won't be the last. **FEE**

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