
FUTURE OF FREEDOM

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The easy, gentle, and sloping path ... is not the path of virtue. It demands a rough and thorny road.

— *Michel Eyquem de Montaigne*

FUTURE OF FREEDOM

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The Disaster of Libertarian Reform of Socialism

by *Jacob G. Hornberger*



Prior to my discovery of libertarianism back in the late 1970s, when I was in my late 20s, I had no doubts that I lived in a free society. After all, I had attended 12 years of public (i.e., government) schools, four years of a state-supported college, and then three years of a state-supported law school. Given that indoctrination is the aim of every governmental educational system, I was, in the words of the songwriter Lee Greenwood, proud to be an American because at least I knew I was free.

And then I discovered libertarianism. It was a Road to Damascus experience for me. Immediately, the inches-thick layer of indoctrination that had encased my mind for more than 25 years began cracking apart.

I was recognizing that it had all been a lie. I wasn't free at all. I was living in a society in which people's lives, fortunes, and activities were controlled and managed by government.

It was at that moment that I decided that I wanted to be free. I decided that I wanted to experience what it was like to live the life of a free person before I passed from this life. After all, we've all been given only one life to live. I figured that I wanted to live that one life in freedom.

That meant (1) defining what freedom actually is; (2) identifying the infringements on liberty; and (3) getting those infringements removed. If all we accomplish is a reform of an infringement, then we haven't achieved freedom because freedom necessarily entails the removal, not the reform, of infringements on liberty.

Libertarian reformers and school vouchers

As I began delving into libertarianism, however, I learned that there were other libertarians who had decided to devote their lives to welfare-warfare state reform. I could not understand why they would do that. Surely, they understood that even if they succeeded in

achieving their reforms, they still would not be free. Why would they settle for reform, which left their serfdom intact, rather than fight for actual freedom?

One of the best examples of this phenomenon involved the issue of school vouchers. That was a controversial topic within the libertarian movement back in the 1980s. Conservatives, of course, loved vouchers because they saw them as a way (1) to permit poorer students to transfer into private schools and (2) improve the public-school system through “choice and competition.”

Led by Milton Friedman, reform-oriented libertarians latched on to vouchers and labeled them a libertarian public-policy educational program. Friedman’s support for vouchers was based on his belief that vouchers would gradually lead to the end of all governmental involvement in education, but his supporters, realizing that that was never going to happen, ended up arguing that vouchers would at least save some students from public schooling and, at the same time, improve the public-school system through “choice and competition.”

But Friedman’s thesis was always fallacious. There was no way that vouchers would ever lead to the separation of school and state.

In fact, quite the contrary. By their very nature, school vouchers were always going to more deeply embed the state into education. Moreover, although they hated to admit it, the fact is that reform-oriented libertarians would always be consigned to promoting state involvement in education and, even worse, under the guise of “advancing libertarianism.”

Let’s assume, for example, that the voucher program turned out to be a resounding success. Let’s assume that it enabled many poorer students to escape public schooling and get into a private school. Let’s assume also that public schools were improved through “choice and competition.”

There was no way that vouchers would ever lead to the separation of school and state.

Where would that success leave the reform-oriented libertarians? It would naturally leave them glowing with pride and basking in the glory of their “success.” What would be their position after, say, 10 years of such “success?” Why, they would, of course, be advocating for an expansion of their voucher system. The last thing they would be doing is advocating a separation of school

and state because that would entail a dismantling of their vast, growing, and successful voucher program. The reform-oriented libertarians would undoubtedly be shunning and looking down their noses at those libertarians who rejected reform and who continued striving for educational freedom.

It is safe to say that the reform-oriented mindset became the dominant mindset within the libertarian movement.

What if the voucher program turned out to be a fiasco? In that case, people would blame libertarians and libertarianism. Would reform-oriented libertarians throw in the towel and begin calling for genuine educational liberty? I don't think so. I think they would just double-down and work closely with conservatives to figure out how to make the voucher program succeed. They would not be willing to abandon the program to which they had devoted much of their lives and efforts.

Over time, however, it is safe to say that the reform-oriented mindset became the dominant mindset within the libertarian movement. I would venture to say that most libertarians became proponents of

this “public-policy measure” to improve the educational system. Moreover, school vouchers are now widely accepted as “libertarian” or as consistent with libertarian principles.

The nonaggression principle

Yet, such is actually not the case. What has long gone missing in the voucher controversy is that this “libertarian” reform measure violates the core principle of the libertarian philosophy — the nonaggression principle. In fact, the dark irony is that school vouchers are based on the same socialist scheme on which public schooling is based — taxation and redistribution.

The nonaggression principle holds that it is morally wrong to initiate force against another person. As every libertarian understands, taxation is based on force. Try not paying your taxes and see what happens. The state will come after you with everything it has — liens and foreclosures, garnishments, attachments, audits, indictments, incarceration, and fines. There is nothing voluntary about taxation.

The state uses its coercive apparatus of taxation to fund its public-schooling system. Even people who don't have children are forced to fund this system. That is one of

the reasons that libertarians have long opposed public schooling — because its funding mechanism violates the core principle of our philosophy — the nonaggression principle.

**To achieve freedom,
it is necessary to repeal, not
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in America.**

But the discomfoting fact is that so do vouchers. With vouchers, the state taxes people in order to provide a voucher for someone to use at a private school. Thus, from the very beginning, reform-oriented libertarians have advocated a program that violates the core principle of the libertarian philosophy. Even worse, reform-oriented libertarians labeled school vouchers as “libertarian,” now the predominant sentiment of the libertarian movement. They have convinced themselves in the process that a violation of the core principle of their philosophy was simply not that big a deal or, even worse, that the end justified the means.

Given that libertarianism has come to encompass reform measures designed to improve our welfare-warfare state way of life, is it any wonder that so many people

have no real idea of what genuine libertarianism is all about — that is, that it’s about freedom — genuine freedom — not some sort of warmed-over welfare-warfare state serfdom? In the minds of many people, libertarianism is nothing more than a mush of welfare-warfare state reform measures, all of which involve the initiation of force against others. That’s undoubtedly why many in the mainstream press now refer to libertarianism or to some libertarian think tanks or educational foundations as “right-wing.”

Social Security reform

Another good example of reform-oriented libertarianism involves Social Security, the crown jewel of American socialism. When I discovered libertarianism in the late 1970s, it was commonly understood among libertarians that a genuinely free society was one in which there was an absence of socialism. Thus, to achieve freedom (which remains my goal), it is necessary to repeal, not reform, all socialist programs in America, including Social Security.

Over time, however, reform-oriented libertarians began proposing Social Security reform rather than eradication. Some of them felt

that Social Security was too deeply ingrained in America's political system and that it would be impossible to persuade people to give it up. Thus, they essentially gave up on achieving liberty and settled for achieving reform, in the name of "advancing libertarianism."

The reformers introduced new terms to apply to Social Security that, over time, became popular within the libertarian movement. These terms included "privatization" and "gradualism." The term "privatization" appealed to many libertarians because it conjured up the concept of private property. But the "privatization" schemes were actually a far cry from genuine principles of private property. There were, of course, variations among the various "privatization" reform proposals, but they all left the federal government in charge of planning and directing people's retirement. That's why reformers called for "privatization" rather than simply repeal. In fact, one of the most popular libertarian Social Security reform plans was the fascist plan adopted by the brutal Chilean dictator Augusto Pinochet, which enabled people to "opt out" of the socialist plan but required them to invest their money in some government-approved stock fund.

Whenever a libertarian would raise the notion of Social Security repeal, the reformers would immediately criticize him for his heartless attitude toward seniors. "Socialism is a contract," the reform-oriented libertarians would cry. "We have got to honor the contract."

Social Security is nothing more than a welfare program, no different from any other welfare program.

Of course, nothing could be further from the truth. Social Security is nothing more than a welfare program, no different from any other welfare program. Moreover, there is no contract with socialism, and there never has been one. No one can sue for breach of contract if the state decides to repeal its welfare-state programs.

A contract with socialism?

But there is something important to realize about the contract theory that is promoted by reform-oriented libertarians: It will take at least 70 years to honor this so-called contract. That's because people from 18 years old on up have paid Social Security taxes. Therefore, to honor all of these "contracts" would require Social Security to continue

for at least another 70 years — until those 18-year-olds reach their 90s and then die.

So, under reform-oriented libertarianism, everyone just needs to understand that freedom — genuine freedom — that is, life without socialism — will not be able to be achieved for some 90 years. For those of us who still wish to experience what it's like to live in a genuinely free society in our lifetimes, that's not exactly an attractive proposition.

**Social Security,
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nonaggression principle.**

“But it’s not fair to pull the rug out from underneath people,” the reform-oriented libertarians cry. What is fascinating is that they never seem to realize that their sense of care and compassion is being demonstrated through the coercive apparatus of the state.

Yes, as a socialist program, Social Security, just like school vouchers, is based on a direct violation of the core principle of the libertarian nonaggression principle. That’s because the state uses the coercive apparatus of taxation to fund it.

Thus, reform-oriented libertarians are essentially saying, “Since Social Security has become an established part of American life, we libertarians should continue advocating a direct violation of the core principle of our philosophy.”

Why not simply repeal Social Security? According to the libertarian reformers, that would mean that millions of seniors would be dying in the streets. That’s because freedom, they say, just doesn’t work. You can’t depend on children and grandchildren, church groups, neighborhood groups, friends, relatives, and grant-making foundations to help out those in need. They just won’t come through, the reformers say. We need the coercive apparatus of the state’s tax-and-welfare sections to do the job for us.

I would venture to say that the reformers were successful in inducing the vast majority of libertarians to accept Social Security reform as the predominate sentiment in the libertarian movement, just as they have done with school vouchers.

Welfare-warfare-state serfdom

Unfortunately, the same is true, I would say, with respect to other areas of our welfare-warfare state way of life, such as healthcare (i.e., Medicare and Medicaid), drug

reform (i.e., settling for legalization of only marijuana or for reform of mandatory-minimum sentences and asset-forfeiture laws); monetary reform (end the Fed and leave the state's paper-money system intact); regulatory reform; criminal-justice reform; military reform; CIA reform; NSA reform; and foreign-policy reform. Reform, reform, reform.

That's fine for libertarians who have come to settle for reform of the welfare-warfare state serfdom under which we have lived all of our lives. But it's not fine for us libertarians who have still not given up on our desire to live in a genuinely free society. For us, we have no desire to live the one life we were given as serfs, no matter how well-reformed our serfdom might be. We want to

live our lives as genuinely free people, which is why we continue to reject the reform-oriented mindset that has unfortunately come to consume the libertarian movement and why we continue to advocate for the repeal of every single infringement that is preventing us from being genuinely free.

Jacob G. Hornberger is founder and president of The Future of Freedom Foundation.

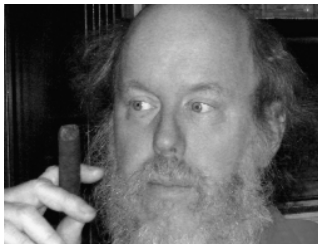
NEXT MONTH:
“Understanding Freedom and Faith in Freedom”
by Jacob G. Hornberger

I apprehend... that the total abandonment of the principle of rotation in the offices of President and Senator will end in abuse.

— Thomas Jefferson

Trampling on a Symbol of Liberty

by James Bovard



Last August, 12-year-old Jaiden Rodriguez was kicked out of a public-school classroom in Colorado Springs after school officials decreed that the Gadsden flag patch on his backpack was “disruptive to the classroom environment.” Those Colorado officials didn’t know the meaning of “disruptive.”

Thanks to savvy, thoughtful retorts by Jaiden’s mother in a video showdown at the school, the incident spurred a fierce backlash around America. Less than a week later, the school district raised the white flag on its assault on the Gadsden flag.

The flag’s real history

That flag, with its yellow background and coiled rattlesnake,

helped rally Americans to vanquish the British Army and Navy almost 250 years ago. As the *Encyclopedia Britannica* noted, “The rattlesnake symbol originated in the 1754 political cartoon “Join, or Die” published in Benjamin Franklin’s *Pennsylvania Gazette*. The cartoon, which depicted the colonies divided as segments of a cut-up snake, exhorted the colonists to unite in the face of the French and Indian War (1754–63). The symbol was later used to represent unity during the Revolutionary War.” The flag became one of the most iconic symbols of the American Revolution, venerated far and wide until recent years.

Where did the Gadsden flag go wrong? Tea Party activists waved the “Don’t Tread on Me” banner during anti-Obama protests. According to the liberal media, regardless of Obama’s oppressive, intrusive policies, any opposition to his presidency was automatically racist. Thus, the Gadsden flag was irrevocably tainted by association.

The Equal Employment Opportunity Commission added fuel to this fire:

On January 8, 2014, a U.S. Postal Service maintenance mechanic in Denver, Colora-

do filed a complaint of discrimination based on race (African American) and reprisal for prior EEO activity when: (1) beginning in the fall of 2013, a coworker repeatedly wore a cap to work with an insignia of a flag with a rattle-snake ready to strike and slogan “Don’t Tread on Me,” (2) the coworker continued to wear the cap after management had assured Complainant that they would tell the coworker not to, and (3) on September 2, 2013, a coworker photographed him on the work room floor without Complainant’s consent. According to the federal sector process, that complaint was filed with the employing agency — the U.S. Postal Service.

On January 29, 2014, the U.S. Postal Service dismissed the complaint for failure to state a cognizable claim of discrimination. On June 20, 2014, the EEOC Office of Federal Operations reversed the agency’s dismissal, determining that Complainant had raised a cognizable claim of harassment, and ordered the agency to investigate the claim.... The U.S. Postal Ser-

vice argued that the previous decision clearly erred because the Gadsden Flag and its slogan do not have any racial connotations.

But the EEOC insisted that the flag could justify a harassment complaint. The EEOC decreed that

while the Gadsden Flag originated in a non-racial context, it has since been “interpreted to convey racially-tinged messages in some contexts,”... Importantly, the Commission did not find that the Gadsden Flag in fact is a racist symbol. Rather, the Commission found only that the complaint met the legal standard to state a claim under Title VII, and therefore should have been investigated by the agency rather than dismissed.

The EEOC has a long history of knuckle-headed decrees, including its 2012 ruling that made it a federal crime not to hire ex-convicts. (The chief of the EEOC repeatedly publicly denounced my articles in the 1990s, but I don’t hold a grudge.)

The EEOC’s prattle was “close enough for government work” for commentators to howl that the

Gadsden flag had been condemned by federal civil-rights watchdogs.

The flag ain't woke

The Gadsden flag was further vilified by the *New York Times*–spurred 1619 campaign to paint the American Revolution as a vast conspiracy to perpetuate slavery. This notion is popular with journalists who have never read a book that was published before 2010. Denouncing the Founders as racists absolves wokesters from having to learn anything about the “slavery by Parliament” that Britain sought to impose — the mass confiscation of firearms and other private property, the sweeping censorship, the total destruction of privacy, and the suppression of jury trials.

Americans' ignorance of history helps explain their docility nowadays.

The Colorado Springs school district declared that the flag was an “unacceptable symbol” linked to “white-supremacy.” It further claimed that the Gadsden flag had its “origins with slavery” because it was designed in 1775 by a South Carolinian who owned slaves. By the same standard, the Declaration of Independence, Constitution, and

Bill of Rights could all be condemned since Thomas Jefferson, James Madison, and George Mason were slaveowners. Do the wokesters want to condemn and expunge all of American history prior to the creation of the LGBT rainbow flag?

The Colorado hubbub occurred because many school officials and students are even more ignorant of American history than freshmen members of Congress. Former Supreme Court Justice Sandra Day O'Connor groused in 2014 that fewer than 20 percent of high-school seniors “can say what the Declaration of Independence is, and it's right there in the title.” Americans' ignorance of history helps explain their docility nowadays.

The Massachusetts colonists rebelled after the British agents received “writs of assistance” that allowed them to search any colonist's property. Modern Americans submit passively to endless government intrusions at the airport, online, and on the nation's highways and sidewalks. Virginia revolted in part because King George imposed a two-pence tax on the sale of a pound of tea; Americans today are complacent while Congress imposes billions of dollars of retroactive taxes — even on people who have

already died. Connecticut rebelled in part because the British were undermining the independence of judges; nowadays, federal agencies have the power to act as prosecutor, judge, and jury in suits against private citizens. New Hampshire revolted in part because King George claimed that he automatically owned every Pine Tree in the Colonies; modern Americans are largely complacent when the federal government asserts a right to control every acre of private land that is wet for more a few weeks each year.

DHS pushed to treat the Gadsden flag practically as a terrorist warning signal.

Many astute Americans are mystified at the retroactive demonization of this cherished symbol of liberty. Olivia Rondeau, co-host of a Foundation for Economic Education online program, scoffed, “No one ever told my black family that the Gadsden flag was racist. I grew up seeing it around the house all the time. 2023 is something else.”

The Colorado ruckus was popular with pundits who know only enough history to hiss and boo on cue. Two months before the Colorado uproar, the *Washington Post* published a piece headlined: “The

disgraced Confederate history of the ‘Don’t Tread on Me’ flag.” Since a Confederate ship had hoisted that flag in 1861, that meant that the flag was forever damned. And anyone who showed or countenanced that flag was collectively guilty for all the crimes of American history.

But the Gadsden flag became increasingly vilified even before the Tea Party protests. The real objection by officialdom is to the flag’s message: “Don’t Tread on Me.”

That flag got swept up in the vilification of dissent after the 9/11 attacks. The Department of Homeland Security warned local law-enforcement agencies in 2003 to keep an eye on anyone who “expressed dislike of attitudes and decisions of the U.S. government.” DHS pushed to treat the Gadsden flag practically as a terrorist warning signal. DHS-funded Fusion Centers attached the “extremist” or potential terrorist tag to the individuals and groups displaying the Gadsden flag — as well as to individuals who assert a “right to keep and bear arms,” individuals “rejecting federal authority in favor of state or local authority” (like many Founding Fathers did), people who were “reverent of individual liberty,” and anyone with a “Know Your Rights or Lose Them” bumper sticker.

Law-enforcement agencies have come a long way since targeting Deadhead stickers on Cadillacs in the 1970s. The FBI Domestic Terrorism Symbols Guide included the Gadsden flag as one of the “commonly referenced historical imagery or quotes” used by violent militia extremists. Maybe the feds should formally announce that “distrust of government” is now a hate crime?

Jaiden, an honor roll student, watched wide-eyed as his mother lured the school official to become a nationwide laughingstock. The mother justified Jaiden’s patch: “The Founding Fathers stood up for what they believed against unjust laws, and this is unjust.”

The school official glowered: “I am here to enforce the policy that was provided by the district” after repeating the vexing phrase: “Don’t tread on me.” Did Jaiden threaten the public-school system’s divine right to tread on students and scorn parents’ values?

A victory for free speech

Connor Boyack, president of the Libertas Institute in Utah, helped publicize the case. After the school conceded, he declared on Twitter: “Let this be a lesson — document your encounters w/ govern-

ment employees. Had Jaiden’s mom not recorded the video, this wouldn’t have got nearly the attention that it did.” Jaiden was a reader of the *Tuttle Twins* — the pro-free-dom series written by Boyack.

Permitting wokesters to turn the Gadsden flag into the moral equivalent of the Nazi swastika will only encourage more demolitions of American heritage. Will a *Babylon Bee* headline prove prophetic?: “FBI Seizes Jaiden’s Backpack in Predawn Raid.” Colorado’s liberal governor Jared Polis sought to end the lunacy when he endorsed the Gadsden flag for providing an “iconic warning to Britain or any government not to violate the liberties of Americans.”

Maybe the feds
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The school board backed down but with a huge caveat: Jaiden could express his values only as long as no school staffer or student caterwauled. The Foundation for Individual Rights and Expression (FIRE) objected, “So long as the school district maintains that Jaiden may wear the Gadsden flag patch only if no student or staff member

complains, this controversy is not over.” FIRE warned the school district: “The First Amendment does not allow the ‘heckler’s veto’ as envisioned by the district’s assistant superintendent, where anybody can suppress a student’s speech or viewpoint simply by objecting to it.” The heckler’s veto is especially perilous when domineering government officials are seeking any pretext to suppress whom they please.

Ironically, students would face no official pushback if they came to school wearing t-shirts and backpacks decorated with the logo of the Federal Bureau of Investigation (despite its crimes at Ruby Ridge and Waco), the Drug Enforcement Administration (despite DEA’s persecution of peaceful citizens), the National Security Agency (despite its preemptive destruction of privacy online and beyond), the Centers for Disease Control (despite their falsehoods and fear-mongering during the Covid pandemic), the Food and Drug Administration (despite the shenanigans it used to give full approval to dubious Covid vaccines), the Transportation Security Administration (despite their endless molesting of hapless travel-

ers), the Department of Homeland Security (despite its secret censorship regimes seeking to suppress dissent), and even the Internal Revenue Service — which has wrongfully pilfered legions of Americans.

The Gadsden flag will be needed as long as government officials keep trying to trample Americans’ rights and liberties. None of the pundits who condemned that flag have offered any evidence that politicians nowadays are less perfidious than they were 250 years ago.

James Bovard is a policy advisor to The Future of Freedom Foundation and the author of the ebook Freedom Frauds: Hard Lessons in American Liberty, published by FFF, Public Policy Hooligan, Attention Deficit Democracy, and eight other books.

NEXT MONTH:

“The Never-Ending Federal Surveillance Crime Spree”

by James Bovard

“The Case for Libertarian Internationalism”

by Laurence M. Vance

Medicare & You

by Laurence M. Vance



Although I am not quite old enough to qualify for Medicare, I recently received in the mail a 131-page large-size book titled *Medicare & You 2024: The Official U.S. Government Medicare Handbook*, published by the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services. Turns out that the book was intended for a previous owner of my house who evidently was soon eligible for Medicare.

HHS

The Department of Health and Human Services (HHS) “supports and implements programs that enhance the health, safety, and well-being of the American people.” HHS “strives to provide all Americans with high-quality healthcare and social services.” It also fosters “sound,

sustained advances in the sciences underlying medicine, public health, and social services.” HHS has 12 operating divisions that “administer a wide variety of health and human services and conduct life-saving research for the nation, protecting and serving all Americans”:

- Administration for Children and Families (ACF)
- Administration for Community Living (ACL)
- Administration for Strategic Preparedness and Response (ASPR)
- Agency for Healthcare Research and Quality (AHRQ)
- Agency for Toxic Substances and Disease Registry (ATSDR)
- Centers for Disease Control and Prevention (CDC)
- Centers for Medicare & Medicaid Services (CMS)
- Food and Drug Administration (FDA)
- Health Resources and Services Administration (HRSA)
- Indian Health Service (IHS)
- National Institutes of Health (NIH)
- Substance Abuse and Mental Health Services Administration (SAMHSA)

HHS is overseen by a cabinet-level secretary, a deputy secretary,

and numerous assistant secretaries and offices. The HHS's fiscal year 2024 budget is about \$1.7 trillion.

The most expensive of the HHS divisions is the Centers for Medicare & Medicaid Services.

The largest and most expensive of the HHS divisions is the Centers for Medicare & Medicaid Services (CMS). It “is the federal agency that provides health coverage to more than 160 million through Medicare, Medicaid, the Children’s Health Insurance Program, and the Health Insurance Marketplace.” CMS “works in partnership with the entire health-care community to improve quality, equity and outcomes in the health care system.” About 50 percent of the HHS budget goes toward Medicare, and about 33 percent goes toward Medicaid.

Medicare

I was unable to find the *Medicare & You 2024* book on the CMS website. However, the website does have some general information about Medicare that provides a brief overview of the Medicare program. Medicare is a government health-insurance program for

- People under age 65 with certain disabilities.
- People of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

Surprisingly, it is not mentioned that people with ALS (Lou Gehrig’s disease) are also eligible for Medicare coverage. As of last year, 65.6 million Americans were enrolled in Medicare, or roughly 25 percent of the adult population.

Medicare actually consists of four parts: Part A (hospital insurance), Part B (medical insurance), Part C (Medicare Advantage plan), and Part D (prescription-drug plan). Parts A and B together are considered to be Original Medicare. Part A helps cover inpatient care in hospitals and skilled nursing facilities (but not long-term care) and also helps cover hospice care and some home health care. Part B helps cover doctors’ services, outpatient care, physical and occupational therapy, and some home health care. Part D provides subsidized access to prescription drug-insurance coverage by joining a private plan approved by Medicare. Part C is private insurance coverage that combines the benefits of Part A and Part B and usually includes

- People age 65 or older.

Part D and various additional benefits like dental and vision coverage.

The *Medicare & You 2024* book tells the reader when and how to sign up for Medicare, discloses what is new and important for 2024, defines terms, describes what each part of Medicare covers, explains the types of Medicare Advantage plans, compares Original Medicare to Medicare Advantage, explains Medicare rights and protections, and provides details on where to get more information, how to get help paying your health and drug costs, and how to compare health and drug plans in your area. However, there are a number of important things about Medicare that the *Medicare & You 2024* book does not say about Medicare.

Medicare & You

Medicare Part A is funded by a payroll tax “contribution” of 2.9 percent (split between employer and employee) on every dollar of an employee’s income. Self-employed individuals pay the full 2.9 percent but receive both a reduction in their net earnings from self-employment and a tax deduction equal to 50 percent of the amount of the Medicare tax they paid. (The original tax rate was 0.7 percent on a taxable wage base of \$6,600.) There is also an ad-

ditional 0.9 percent tax on earnings above a threshold of \$200,000 (\$250,000 for married couples). Enrollment in Medicare is open to all U.S. citizens or those who have been permanent legal residents for five continuous years and who have paid Medicare taxes for a minimum of 40 quarters (10 years). This should all be common knowledge, but I suspect that many Americans don’t even realize that their employer pays the same amount in Medicare tax on their behalf as they do.

Here are some of the lesser-known things about Medicare, some of them not so good.

One cannot opt out of Medicare and prevent the 2.9 percent tax from being collected.

One cannot opt out of Medicare and prevent the 2.9 percent tax from being collected. Those who have reached age 65 and decide not to participate in the program are not entitled to get any of their “contributions” back. Likewise, the heirs of those who die before becoming eligible for Medicare don’t get anything back. Eligibility for Medicare is fixed at 65, regardless of one’s income, assets, or health status. Those who work and pay Medicare taxes for 40 years receive the same bene-

fits as those who only work for the 10-year minimum.

Although there is no monthly premium required for Medicare Part A, since it only includes hospital insurance, Medicare recipients are forced to pay a monthly premium for Part B so they can be covered for much more commonly used physician's services, preventative services, and outpatient care. The premium for 2023 was \$164.90 with a \$226 deductible. It increased to \$174.70 with a \$240 deductible for 2024. However, since 2007, this premium has been based on one's income. Medicare beneficiaries with a modified adjusted gross income above \$103,000 (\$206,000 for married couples filing jointly) pay an additional income-related monthly adjusted amount (IR-MAA) between \$69.90 and \$419.30 depending on their income.

Failing to sign up for Medicare Part B within eight months of stopping work or losing employer health-insurance coverage will result in a permanent 10 percent increase in one's monthly premiums. Medicare Part D has an average cost of \$34.50 in 2024. And it also has an IRMAA of between \$12.90 and \$81.00. Once you pass your initial enrollment period and go 63 days in a row without sufficient prescrip-

tion drug coverage, you may have to pay a permanent late enrollment fee for Medicare Part D that is added to your monthly premium. People with Medicare Part C still have to pay the monthly premium for Part B in addition to any premium for their Medicare Advantage plan. Although Medicare Parts B, C, and D are partially funded by income-based beneficiary premiums, funding by the federal government out of general tax revenues dwarfs the revenue that is received from premiums. This means that Medicare is ultimately an income transfer program just like Temporary Assistance to Needy Families (TANF); Medicaid; Women, Infants, and Children (WIC); food stamps; Supplemental Security Income (SSI); Section 8 housing vouchers; and other welfare programs.

Medicare is also fiscally unstable, uncertain, and unsustainable. According to the "2023 Annual Report of The Boards of Trustees of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds":

Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation.

The Trustees project that

expenditures will increase in future years at a faster pace than either aggregate workers' earnings or the economy overall and that, as a percentage of GDP, spending will increase from 3.7 percent in 2022 to 6.1 percent by 2097 (based on the Trustees' intermediate set of assumptions). Under the relatively higher price increases for physicians and other health services assumed for the illustrative alternative projection, Medicare spending would represent roughly 8.3 percent of GDP in 2097. Growth under either of these scenarios would substantially increase the strain on the nation's workers, the economy, Medicare beneficiaries, and the Federal budget.

Regarding the Medicare Hospital Insurance (HI) trust fund for Medicare Part A, "As in past years, the Trustees have determined that the fund is not adequately financed over the next 10 years." The Trustees "project deficits beginning in 2025 and continuing until the trust fund becomes depleted in 2031." And regarding the Supplementary Medical Insurance (SMI) trust fund for Parts B and D, although "the

SMI trust fund is expected to be adequately financed over the next 10 years and beyond," this is only because "government contributions, which are transfers from the general fund of the Treasury" are "reset each year to cover expected costs and ensure a reserve for Part B contingencies." These transfers "finance about three-quarters of SMI costs" and "represent a large and growing requirement for the Federal budget."

Medicare is the largest purchaser of health-care goods and services in the world.

And finally, according to a report by the Paragon Health Institute, improper Medicare payments (ranging from fraud to unintended documentation errors), which in the vast majority of cases result in overpayment by the federal government, were \$46.76 billion in 2022 according to the CMS, "although actual improper payments are likely far higher."

Medicare and the Constitution

Medicare is the largest purchaser of health-care goods and services in the world. It is also second-largest federal domestic program, after Social Security. The two programs are, in fact, intertwined. It was in

1965 that President Lyndon Johnson signed into law the Social Security Amendments of 1965 that added Title XVIII, Medicare, and Title XIX, Medicaid, to the Social Security Act of 1935. They were the nation's first public health-insurance programs.

The Constitution nowhere authorizes the federal government to subsidize the aged, the poor, or the sick.

During her confirmation hearings for the Supreme Court, Amy Coney Barrett was criticized by the late Senator Dianne Feinstein (D-Calif.) because she would not say whether she agreed with “a right-wing scholar who has argued that Medicare and Social Security are unconstitutional because they exceed the spending powers of Congress.” When pressed further about whether Medicare is unconstitutional, Barrett said she “can’t answer that question in the abstract.... I also don’t know what the arguments would be.... But it’s not a question I’ve ever considered before.” But of course Medicare is unconstitutional. The Constitution nowhere authorizes the federal government to have anything to do with medicine, health insurance, or drugs. The

Constitution nowhere authorizes the federal government to have a safety net, a welfare program, or an income-transfer program. The Constitution nowhere authorizes the federal government to subsidize the aged, the poor, or the sick. The Constitution nowhere authorizes the federal government to expand access to health care, make health care more affordable, or ensure that everyone has health insurance. The Constitution nowhere authorizes the federal government to have a HHS, CMS, or Medicare.

Medicare and Republicans

Since Republicans claim in their platform to be the party of the Constitution, it stands to reason that they, of all people, would be opposed to the federal government having a Medicare program and would work to eliminate it when they had control of the government. Such, of course, is not the case. Since Medicare was enacted in 1965, Republicans — regardless of whether they had a majority or minority in the House or Senate or whether they occupied the White House — have done nothing of substance to eliminate the Medicare program, cut Medicare benefits, or reduce the number of people on Medicare. In fact, according to

their platform, Republicans want to preserve, save, and modernize it:

More than 100 million Americans depend on Medicare or Medicaid for their healthcare; with our population aging, that number will increase. To preserve Medicare and Medicaid, the financing of these important programs must be brought under control before they consume most of the federal budget, including national defense. We intend to save Medicare by modernizing it, empowering its participants, and putting it on a secure financial footing. We will preserve the promise of Medicaid as well by making that program, designed for 1965 medicine, a vehicle for good health in an entirely new era.

In Donald Trump's "An America First Healthcare Plan," he states, "As long as I'm President, no one will lay a hand on your Medicare. Your Medicare is going to be safe and it's going to be solid." No Republican running for Congress from any state ever even implies or hints that Medicare is unconstitutional and should be abolished. The second largest welfare program in

the federal budget has been accepted as sacrosanct.

And even worse, it was Republicans who instituted the largest expansion of Medicare in history in 2003 when the Republican majority in Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) that created Medicare Part D. It was supported by all of the Republican leaders in both Houses of Congress and passed with overwhelming Republican support before it was signed into law by a Republican president, George W. Bush. This Republican version of health-care reform expanded Medicare beyond the wildest dreams of Lyndon Johnson's Great Society. But this should have come as no surprise since it was Republicans who created the State Children's Health Insurance Program (SCHIP, now CHIP) in 1997 to provide federally funded health insurance to children in families with incomes too high to qualify for Medicaid.

Republicans have no philosophical objection to Medicare or any other government health care or health insurance program.

Conclusion

There is no right to health care or health insurance that is the duty

of government to provide or enforce. And not only is it unconstitutional, it is an illegitimate purpose of the federal government to pay for, subsidize, or provide health care or health insurance. The fact that someone is elderly, poor, disabled, sick, or in dire need of medical treatment doesn't make the unconstitutional constitutional or the illegitimate legitimate. Health care and health insurance are services that can and should be provided on the free market just like any other services, from landscaping to car repair to pest control to hair styling.

No one is entitled to receive Medicare because he "paid into the system" his whole working life. There is no connection between the taxes one pays into the Medicare program and the benefits that one receives from the Medicare program. Like it can do with Social Security, Congress can, at will, make substantial changes to the Medicare program. Congress can reduce the amount of benefits, eliminate coverage for certain procedures, increase the payroll tax rate on employers or employees (or both), raise the eligibility age to 67 to match the normal Social Security retirement age that has been gradually increasing, raise Part B and/or Part D premiums, begin charging a

premium for Part A, increase deductibles, increase co-payments, institute a means-test or asset test for eligibility, increase the IRMAA, or institute a yearly or lifetime limit on benefits.

Medicare doesn't need to be protected, saved, revamped, improved, streamlined, reformed, or replaced with some other government medical program. It needs to be eliminated. Medical freedom and a free market in health care and health insurance needs to be restored. No American is entitled to health care or health insurance at the expense of any other American. No American should be forced to pay for the health care or health insurance of any other American. All charity should be private and voluntary — including medical charity.

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There is a higher sanction than prescription and tradition; there are standards of truth and good by which men must make their ultimate judgment of ideas and institutions; in which case, reason, operating against the background of tradition, is the faculty upon which they must depend in making that judgment.... To recognize that there is a need to distinguish between traditions, to choose between the good and the evil in tradition, requires recognition of the preeminent role (not, lest I be misunderstood, the sole role) of reason in distinguishing among the possibilities which have been open to men since the serpent tempted Eve.... But this is exactly what the New Conservatives refuse to recognize. The refusal to recognize the role of reason, the refusal to acknowledge that, in the immense flow of tradition, there are in fact diverse elements that must be distinguished on a principled basis ... is a central attribute of New Conservative thought. It is this which separates the New Conservatism from the conservatism of principle....

— Frank S. Meyer

The 80th Anniversary of F. A. Hayek's *The Road to Serfdom*

by Richard M. Ebeling



Eighty years ago, in March 1944, the British edition of Friedrich A. Hayek's *The Road to Serfdom* was published. An American edition appeared six months later, in September 1944. During these eight decades, Hayek's book has become a classic work in defense of the liberal free-market society and against socialist central planning.

Often, when a book has received the status of being a "classic," it means that many know of it and have heard some general and vague things about it but few actually have read it. This has not been true of Hayek's book. It fairly quickly became a best seller in both Britain and America. Its reception in the United States was dramatically

heightened when a condensed version of it appeared in the April 1945 edition of *Reader's Digest*, which back then was regularly subscribed to and read by over 8.7 million Americans. Hayek later remarked that he thought that the *Reader's Digest* condensed version more concisely and clearly got all his arguments across than the full text in the book! Shortly after, *Look* magazine did a cartoon version of the essential aspects of Hayek's argument that reached millions more.

Throughout the years, *The Road to Serfdom* has had a constant readership, with bursts of increased attention. This was certainly the case after Hayek was awarded the 1974 Nobel Prize in Economics. *Forbes* magazine had a cover issue with a drawing of Hayek holding a candle of liberty in the darkness of collectivism, with a copy of *The Road to Serfdom* in his other hand. This was reinforced when it became known in 1979, shortly after Margaret Thatcher became prime minister of Great Britain, that Hayek's ideas were the basis of the policy agenda she said she wanted to implement. When Glenn Beck told his large television audience in 2010 that America was still moving down Hayek's road to serfdom, the book reached the *New York Times* best-

seller list. As of 2021, more than two million copies of the book had been sold, a very large number for a nonfiction work with a political and economic message penned eight decades ago.

Hayek on money and the business cycle

Friedrich A. Hayek was born in May 1899 and in his late teens served in the Austro-Hungarian Army on the Italian front during the First World War. After returning home to Vienna in 1918, he enrolled at the University of Vienna, earning two doctoral degrees, one in law (1921) and the other in political science (1923). With the help of the Austrian economist Ludwig von Mises (1881–1973), Hayek became in 1927 the first director of the Austrian Institute for Business Cycle Research, a position he held until 1931, when he accepted a position at the London School of Economics after delivering a series of lectures that were later published as *Prices and Production* (1931).

In the 1930s, Hayek attained international recognition in academic and some political circles due to his views on the causes and cures of the Great Depression. This was the case especially against the emerging “new economics” of John Maynard

Keynes, who insisted that capitalism was an irrational economic system due to investor “animal spirits” that created unpredictable waves of optimism and pessimism that resulted in periods of prolonged high unemployment. The only potential “savior” in the system, Keynes argued, would be an activist government that used fiscal policy to boost “aggregate” employment through deficit spending programs.

As of 2021, more than two million copies of the book had been sold, a very large number for a nonfiction work.

Hayek, on the other hand, said that the 1929 financial crisis that then snowballed into the Great Depression was caused by misguided monetary and interest-rate manipulations by the American Federal Reserve authorities that distorted savings and investment patterns. They eventually required significant corrections and adjustments to bring the consumer and investment sectors of the economy back into balance to create sustainable, long-run prosperity and high employment.

Instead, governments almost everywhere chose to introduce interventions, regulations, and trade

restrictions that “froze” supplies and demands into persistent mismatches, one result of which was rising unemployment. Hayek’s policy prescription was to eliminate the price-and-wage interventions, return to international free trade, reduce government spending and taxation, and allow free markets to competitively find their “full-employment” supply and demand relationships.

Hayek’s views on ending the Great Depression became increasingly unpopular in an intellectual and ideological environment dominated by strongly interventionist and socialist ideas that “capitalism” needed to be replaced with heavy-handed government control, regulation, and redistribution at the very least, and most likely with some forms of direct government central economic planning to ensure “full employment.” In this setting, Hayek turned his attention to whether a socialist economy could actually and effectively replace a functioning free-market system.

Hayek on socialism and the use of knowledge in society

In 1935, Hayek edited a collection of essays entitled *Collectivist Economic Planning*, which included an English translation of Ludwig

von Mises’s article titled “Economic Calculation in the Socialist Commonwealth” (1920), in which Mises argued that without private ownership of the means of production and competitive markets upon which they might be freely bought, hired, and sold, there would be no market-based pricing system to determine the value and opportunity costs of how labor, resources, and capital should be efficiently applied to most effectively produce those goods and services actually wanted by the consuming public.

Hayek turned his attention to whether a socialist economy could replace a functioning free-market system.

In the opening essay to the volume, Hayek summarized the German-language debate in the 1920s over the viability of a socialist economy, including Mises’s arguments, and in the closing essay, he extended the analysis to critically analyzing the socialist planning literature in English. This was followed by an article in 1940 criticizing those who advocated a type of “market-socialism” in which the managers of state-owned enterprises would play at being entrepreneurs by adjusting what and how they produced vari-

ous goods based on selling prices and resource prices that would be set by a socialist central-planning agency.

However, it was in his essay “The Use of Knowledge in Society,” which appeared as the lead article in *American Economic Review* (September 1945), that Hayek made what has been considered to be his most penetrating argument against socialist planning. He argued that it was inherently impossible for central planners to ever know enough about everything relevant in the economy to successfully plan a society. All the knowledge in society, Hayek said, is divided, decentralized, and dispersed among all its members. Each one of us, in our own corners of the world, knows bits of all that knowledge that others do not and cannot know, appreciate, and utilize in an ever-changing environment better than each one of us working and interacting in the social system of division of labor.

If all that dispersed, decentralized, and divided knowledge is to be taken advantage of in ways that will benefit others besides the individual possessors of that knowledge, each must be left free to best apply what they know, guided by the communications network of a

market economy – the competitive price system. Prices serve as a shorthand means of people telling each other what goods they want and the value they place on them as consumers — and what goods and services they may be willing and able to produce and supply given their opportunity costs on the supply side of the market.

**All the knowledge in society,
Hayek said, is divided,
decentralized, and dispersed
among all its members.**

The diverse and multilayered forms and types of knowledge that people possess can never be fully shared with and passed on to “higher-up” central planners in all their textured nuance and nonverbal patterns that much of this knowledge takes on. It is either left to the possessors of that knowledge to use it as they think best, or it is lost and not fully utilized to the detriment to everyone else who could have gained from its successful application.

These arguments were, for the most part, directed to an audience of Hayek’s fellow academics and intellectuals he was attempting to influence in the battle of ideas over the cases for competitive capitalism

versus socialist central planning. They were not intentionally directed to the general public, who in a democracy help decide the direction of their society through the government policies and candidates for public office they support and vote for.

Writing and publishing *The Road to Serfdom*

In 1939, shortly after the Second World War began in Europe, Hayek volunteered to work for the British government on anti-Nazi propaganda to be clandestinely spread in Germany. While he had become a naturalized British subject in 1938, due to his Austrian origins, the British government turned down his request to “do his bit” for the war effort. Instead, he continued teaching at the London School of Economics, including after the school had been evacuated to Cambridge University due to the German bombings of London. Hayek decided to write a book that would emphasize the value and importance of the ideas and institutions of a liberal and free society and point out the dangers to political and economic freedom if Great Britain were to follow a socialist and central-planning agenda when the war was finally over.

The Road to Serfdom was written mostly in 1941 and 1942 and was accepted by a British publisher in 1943. What was far more difficult was finding an American publisher. Many of the major American publishing houses turned it down, saying, in effect, that it was too out-of-step with its liberal, pro-market ideas in an intellectual climate strongly in the direction of far more political paternalism. Finally, it was accepted by the University of Chicago Press through the assistance of some free-market friends. Little did the British or American publishers realize how successful the book would be, with new print runs having to be soon ordered due to the high demand for it at bookstores in both countries. (Duke University economist Bruce Caldwell, who has served as the general editor of Hayek's collected works, explains the history of the book's writing and publication in great detail in his introduction to the 2007 edition prepared as volume 2 of *The Collected Works of F. A. Hayek*.)

The socialist roots of Nazism

The underlying theme in much of the book is that any type of fairly comprehensive system of government central planning is incompatible with and a danger to a free, lib-

eral society. As part of this argument, Hayek also debunked the widely believed idea that Nazism was an ideological and political defense of a decadent and “reactionary” capitalist system that was opposed to socialism.

Socialist ideas had prepared and indoctrinated the German people to believe in and think they needed a powerful state.

In an especially insightful chapter on “The Socialist Roots of Nazism,” Hayek traced out the origins of German National Socialism to the nationalistic and strongly anti-capitalist ideas of many of the leading German intellectuals of the late nineteenth and early twentieth centuries, individuals such as Werner Sombart, who during the First World War penned a work on *Merchants and Heroes* (1915). Sombart showed contempt for the peace-loving, market-oriented “shopkeepers” of Great Britain versus the self-sacrificing German warriors who placed the collective good of their nation over the self-interested gains of the profit-seeking individual.

The socialist agenda of national health care, government social-security pension programs, regulation of business to serve the “greater

good” and the “national interest,” and the need for government ownership and/or control of essential sectors of the German economy purely on grounds of political expediency, were all socialist-based ideas blended with German nationalism that finally culminated in the triumph of Hitler’s National Socialist (Nazi) Party in 1933. The group interest over the individual, disapproval of the profit motive and peaceful self-interest, and the call for political paternalism over the lives of all the citizenry were the socialist roots and contributions to the rise of the Nazis to power. These socialist ideas had prepared and indoctrinated the German people to believe in and think they needed a powerful state and “Führer” (Leader) to bring them to political and economic salvation out of the wilderness of the Great Depression so Germany could be “great again.”

A good number of young American academics and some British academics went off to study and complete their graduate degrees at German universities in the last decades of the nineteenth century and the first decade of the twentieth. There they were imbued with the ideas of the German nationalist and socialist professors with whom they studied. Many of

these American graduate students returned to the United States and became the leaders of the American Progressive movement, calling for adopting much of the political paternalist policies they had learned while in Imperial Germany. After completing their German studies, they almost all rejected the free-market, limited-government ideas that had been the hallmark of the American political tradition for more than a hundred years. The centralizing, controlling state to regulate business and redistribute income was their new ideal for a “progressive” America.

It was this very centralization of political power and control that Hayek warned was at the heart of the danger from all forms of collectivism, whether it be National Socialism in Hitler's Germany or Marxian socialism as in Stalin's Soviet Russia or “democratic” socialism as was being called for in a postwar Great Britain once Nazi Germany had been defeated.

Rule of law, constitutions, and individual rights

A free society, Hayek said, is based on the premise and value of individual liberty and on the concept that every individual should be viewed as a distinct and unique per-

son possessing certain essential rights that neither other individuals nor government should be allowed to restrict or suppress. The rule of law under written constitutions has had as its historical purpose, Hayek argued, the restraint of governments to clearly defined duties and responsibilities, outside of which political interference in the lives of the citizenry was not to occur.

A free society, Hayek said, is based on the premise and value of individual liberty.

The purpose of government, therefore, was not to guide and direct the population according to some political plan but rather to leave each individual at liberty to design and plan his own life based on the goals and values that give meaning and purpose to his existence. In Hayek's words:

Under the rule of law, the government is prevented from stultifying individual efforts by *ad hoc* action. Within the known rules of the game, the individual is free to pursue his own personal ends and desires, certain that the powers of government will not be used deliberately to frustrate

his efforts.... Whatever form it [constitutional orders] takes, such recognized limitations of the powers of legislation imply the recognition of the inalienable rights of the individual, inviolable rights of man.

The critics of the liberal market society have frequently argued that the problem is that it has no general plan to ensure that desired and necessary “social ends” are attained. In response, Hayek insisted it is not a matter of socialist planning versus no planning under liberal capitalism but whether each individual shall be at liberty to peacefully make his own plans versus having one central plan imposed on him along with everyone else, all of whom must then conform to it and be confined within it.

Individual choice and the democracy of the marketplace

The very notion of a “plan” is that the planner has decided upon a set of goals or ends considered to be important and which have been arranged in some rank order of preference. It presumes that the planner also has an idea of what the most useful means may be to attain those desired ends in terms of their quantities and qualities. Furthermore,

the planner weighs at “at the margin” how far it is worthwhile using those means in one direction rather than some other to try to achieve some “optimally preferred” combination.

In the liberal free society, each individual makes his own plans, deciding on the means and the ends to pursue. A useful imagery is the checkout counters at supermarkets. Each shopper brings to the checkout counter a cart of goods taken off the shelves that reflects his desired ends, his chosen means, and his preferred relative amounts.

If you look at other people’s shopping carts, you may notice that some of your fellow shoppers have similar types of goods in their cart as you (bread, milk, canned corn or peas, chicken, or hamburger meat, etc.). But chances are the brands of many of the goods and the quantities of each may be noticeably different from those in your cart. That is, some people eat lots of meat, while others may like to have more fish in their diet. Some are big milk buyers (maybe because they have small children), while others purchase just enough to put a touch in their coffee or tea. You may like pork chops, while another shopper is a vegetarian; you may like butter on your bread, while the other per-

son tries not to eat too much bread and likes to spread hummus or peanut butter and jelly on it instead.

The marketplace is truly “democratic” in that it reflects and serves the wants and desires of the public.

The marketplace is truly “democratic” in that it reflects and serves the wants and desires of each consumer. It is, however, not a majoritarian democracy in which 50 percent plus one determines what everyone must have but a pluralistic democracy under which multitudes of minority wants and desires are satisfied along with those of the majority. As long as a particular segment of the population has sufficient numbers and willingness and ability to pay a price for certain things to make it economically profitable for some suppliers to bring those goods and services to market, their wants and desires are likely to be satisfied, not just the majority's wants and desires.

When I was growing up, due to government regulation of the airwaves, there were only three major national television networks (ABC, CBS, and NBC), with a small number of their local affiliates. Viewer choices were few and designed to

cater to the lowest common dominator of the population. Once the broadcasting airwaves began to be deregulated starting in the late 1970s, and cable and satellite television began to have the economic opportunities to develop with less government control and authority over them, television offerings increased into the dozens, then into the hundreds, with niche viewing markets and audiences all being satisfied at the same time.

Central planning means centralized power over people

Hayek's point was that government centralized planning requires a politically determined hierarchy of ends that all the members of “society” as a whole are made to follow. The same centralized authority determines how all the means at “society's” disposal (land, resources, labor, capital) will be allocated and applied to serve and fulfill those nationwide ends, with the central authority deciding how much of each of those “social ends” will be produced and supplied for “society as a whole.” Each individual's desired ends and use of means are replaced with the central plan imposed on all. The central plan replaces all of our personal plans. Explained Hayek:

Whoever controls all economic activity controls the means for all our ends and must therefore decide which are to be satisfied and which not.... Economic control is not merely control of a sector of human life which can be separated from the rest; it is the control of all the means for all our ends. And whoever has sole control of the means must also determine which ends are to be served, which values are to be rated higher and which lower — in short, what men should believe and strive for....

[The central planning authority] would have complete power to decide what we are to be given and on what terms. It would not only decide what commodities and services were to be available, and in what quantities; it would be able to direct their distribution between districts and groups and could, if it wished, discriminate between persons to any degree it liked....

How in a planned world “freedom of travel and migration” is to be secured when not only the means of communication and currencies are controlled but also the lo-

cation of industries planned, or how the freedom of the press is to be safeguarded when the supply of paper and all the channels of distribution are controlled by the planning authority are questions to which [the individual socialist] provides as little answer as any other planner.

“Whoever controls all economic activity controls the means for all our ends and must therefore decide which are to be satisfied.”

Government planning then and now

When in 1944 Hayek was warning of the dangers from any and all forms of collectivist central planning in *The Road to Serfdom*, Great Britain and the United States were engulfed in a world war against two of these centrally planned countries, Nazi Germany and fascist Italy, and in a de facto political and military alliance with a third, the Soviet Union. Underground communist resistance forces in European countries like Nazi-occupied France and Italy were insisting that the Marxist model should be followed when the war was over. In Great Britain, the socialist Labour Party was in a wartime coalition

government with the Tory Party under Winston Churchill as prime minister and was designing plans for nationalizing British industry and expanding the welfare state in a postwar era of central planning. The United States was in the 11th year of Franklin Roosevelt's presidency, with administrative officials and economic-policy pundits insisting that if America was to avoid a postwar economic depression, the government's planning and regulating and spending hands had to remain large and powerful.

The directing hands of government today take the form of government spending and regulation over the private sectors of economic activity.

It might be argued, that was then, and this is now. The Nazi and fascist tyrannies and systems of central planning are almost 80 years long gone. And even the Soviet system of central planning disappeared over 30 years ago when the Soviet Union ended. All that is just history now. If only that was completely true.

Few countries anywhere around the world impose the older type of comprehensive, all-encompassing system of central planning. Instead,

the directing hands of government today take the form of government spending and regulation over the private sectors of economic activity. More along the lines of a "soft," fascist-style planning.

According to the Organization for Economic Cooperation and Development (OECD), government spending absorbs huge percentages of the Gross Domestic Products (GDP) of many of the 38 member nations. Here are a few examples from the OECD's most recent data:

France	60 percent
Greece	57 percent
Austria	56 percent
Finland	56 percent
Belgium	55 percent
Italy	54 percent
Germany	51 percent
Spain	50 percent
Denmark	50 percent
Iceland	49 percent
Sweden	49 percent
U.K.	48 percent
Norway	48 percent
Netherlands	46 percent
U.S.	45 percent
Japan	45 percent
Australia	41 percent
Israel	41 percent
Switzerland	36 percent

Government planning through taxing and spending

In many of these countries, government spends close to or significantly more than 50 percent of GDP. This means that half or more of the wealth created and produced in these countries is siphoned off by the government. The use of those societies' resources, land, labor, and capital is determined by those in political power deciding — planning — how they shall spend the money (and the resources the money represents) that has been either taxed or borrowed (due to deficit spending) from the citizens of these countries.

In many of these countries, government spends close to or significantly more than 50 percent of GDP.

To this extent, the choice of ends, the selection of means, and the decisions concerning preferred combinations of desirable goods and services to be produced and used, and for what purposes, are removed from the hands of the individual members of society and shifted into the paternalistic hands of the government. The individual does not decide, given his personal circumstances, values, and judg-

ments, what type of retirement plan seems best for him, or the health-care insurance coverage that reflects his personal and family requirements given the opportunity costs of best using the total income he has earned.

The government has taken out of his hands the choice of what type of education his children should have, both in terms of curriculum and pedagogy. By subsidizing through either direct government expenditures or various types of tax breaks and write-offs, the government planners determine what industries will be fostered or hindered; what agricultural products will be favored or disfavored; and what exports will be encouraged, and which imports will be restricted. The planners decide on how town and country will be laid out and for what purposes in terms of numbers of people, location of various forms of residences, recreational facilities, commercial enterprises, and infrastructures. The taxing-and-spending planners modify and determine what individuals and groups of people will receive or not receive through redistribution of wealth.

In most countries around the world, governments subsidize the arts and sciences, use amorphous

language about “hurtful” and “hateful” words and phrases to restrict, control, and even punish the ideas that individuals express as a means of planning how we think, communicate, argue, and debate by keeping such things within linguistic corridors of the politically acceptable. Governments impose their planning preferences about who we may interact with and on what terms.

*The continuing relevance of *The Road to Serfdom**

These forms of government intervention, regulation, restriction, and redistribution are no less types of government planning than the older and more direct and explicit forms of central planning against which Hayek argued 80 years ago. They are more subtle and more fascist-like in that they do not overtly nationalize the means of production, as the Marxists did in Soviet Russia. Instead, it all remains under nominal private ownership but is “guided,” “led,” and “influenced by,” even sometimes directly controlled by the government planners.

In a 1976 foreword to a new paperback edition of *The Road to Serfdom*, Hayek said that for a long time he was a bit embarrassed by the book, since it has resulted in many

of his colleagues in the economics profession accusing him of having left his “scientific” roots as an economic theorist to become a mere political polemicist on the wrong side of history in opposing socialism. That he had followed a path that was, in a sense, beneath a real scholar. But having reread his own book after many, many years, Hayek said: “I feel no longer apologetic, but for the first time am rather proud of it.... I am now prepared unhesitatingly to recommend this early book to the general reader who wants a simple and nontechnical introduction to what I believe is still one of the most ominous questions we have to solve,” that is, the liberal, free-market society versus the command-and-control planned society.

The Road to Serfdom remains an invaluable guidebook on the dangers from all forms of collectivist planning, both 80 years after the book was published and nearly 50 years after Hayek re-endorsed it to the reading public.

Richard M. Ebeling is the BB&T Distinguished Professor of Ethics and Free Enterprise Leadership at The Citadel. He was professor of economics at Northwood University and Hillsdale College, president of the

Foundation for Economic Education, and served as vice president of academic affairs for FEE.

NEXT MONTH:

“Ludwig von Mises and the Austrian Theory of Money, Banking, and the Business Cycle, Part 1”
by Richard M. Ebeling

Next to the general idea of virtue, I know of no idea more beautiful than that of rights, and, indeed, it would be more accurate to say that the two ideas are indistinguishable. The idea of rights is none other than the idea of virtue introduced into the world of politics.

— *Alexis de Tocqueville*

Unheralded Resisters in Nazi Germany: The Edelweiss Pirates, Part 2

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by Wendy McElroy



In the Hitler Youth, as in classrooms, the goal was to produce obedient, race-conscious Germans who were willing to die for Führer and Fatherland. Hitler explained, “After four years of the Young Folk, they go on to the Hitler Youth, where we have them for another four years.... And even if they are still not complete National Socialists, they go to Labor Service and are smoothed out there for another six, seven months.... And whatever class consciousness or social status might still be left ... the Wehrmacht will take care of that.” Conformity to detailed social and cultural norms was demanded; nonconformity was punished.

Although the emphasis was on boys to be fed into the military machine, the Nazis did not exclude girls, although they did separate them. At the age of 10, every girl was eligible for the *Jungmädel*, or Young Girls. From the ages of 14 to 18, the *Bund Deutscher Mädel*, or the League of German Girls, trained girls for domestic duties and motherhood.

The Pirates’ tactics

Meanwhile, the Edelweiss Pirates loitered on street corners, congregated in parks, danced to jazz, and filled typical teenage spaces. On weekends, many went for hikes and camping trips into the countryside or visited other cities — travel that was illegal for the general public. The Pirates dared to enjoy themselves on their own terms, which was a crime. Indeed, much of the Pirates’ early resistance fell into the category of having fun. They let the air out of the tires of Hitler Youth bicycles and army vehicles or they poured sugar into gas tanks; they scrawled graffiti; they gathered Allied propaganda that fell from the sky and shoved it into mailboxes in the middle of the night.

All this fun came to the attention of authorities, especially since the Pirates often clashed with Hitler

Youth *Streifendienst* (patrols) and the Pirates often prevailed, acquiring a reputation as street-fighters. At first, however, the Nazis seemed confused about what to do with thousands of young, purebred Germans who refused to obey. The Nazis must have wondered if they were dealing with freedom fighters or juvenile delinquents, or both. Without question, however, the Nazis lashed out at Pirates they caught in the act. For example, after Gertrud Koch dropped anti-Nazi leaflets from the top of Cologne's train station, she was jailed for nine months. The Gestapo beat Koch and threw her down a flight of stairs, breaking her arm. At a bare minimum, captured Pirates were threatened, beaten, or otherwise humiliated. The Nazis' arsenal of punishment included round-ups, detentions, reform schools, labor camps, and youth concentration camps. Pirates could also face criminal trial or summary execution.

At first, the Nazis seemed confused about what to do with thousands of young, purebred Germans who refused to obey.

But it could be difficult to catch the Pirates in a crime. Walter Mayer of the Dusseldorf Pirates described

how spontaneously his group planned their actions. A member would ask, "What are we going to do next?" Then someone might respond, "You know, the Hitler Youths, they all store their equipment at such-and-such a place. Let's make it disappear." Another member would continue, "Okay, when are we going to meet?" Spontaneity tends to confound bureaucracy. Mayer also commented on the consequences of the Edelweiss Pirates' drift into more serious resistance. "People began to look for us because we went a little too drastic, we, you know we started maybe by deflating the tires, then we made the whole bicycle disappear, so it came to the point where [there were] too many complaints."

In 2011, the UK newspaper *The Independent* reported on one of the last surviving members of the resistance group and offered a glimpse into their evolving activism:

Jean Jülich tramped the hills south of Bonn with his guitar, singing at their [the Edelweiss Pirates'] secret meetings. He had lived with his grandparents from the age of seven, after seeing his communist father badly beaten by SS men and jailed for high treason. In

a deserted bomb-disposal bunker, the Navajo group of the Ehrenfeld district of Cologne supplied black market food and shelter to runaway forced labourers, concentration camp escapees, fugitive Jews and German army deserters. They attacked Hitler Youth patrols, derailed ammunition trains, catapulted bricks through the roof of a munitions factory and sabotaged machinery.

As a caveat, some Edelweiss Pirate groups were less admirable than others; some were anti-Semitic, for example. Others committed common crimes, such as burglary, which soiled their reputations as anti-Nazi resisters; of course, stealing may have been necessary for some to survive. What united the Edelweiss Pirates was their adamant anti-Nazism and the demand for personal freedom.

The evolving radicalism of the Edelweiss Pirates was expressed in their graffiti. A 1943 report from

the Dusseldorf-Grafenberg Nazi Party to the Gestapo expressed the party's frustration. "There is a suspicion that it is these youths who have been inscribing the walls of the pedestrian subway on the *Altebergstrasse* with the slogans 'Down with Hitler', 'The OKW (Military High Command) is lying', 'Medals for Murder', 'Down with Nazi Brutality' etc. However often these inscriptions are removed, within a few days new ones appear."

Wendy McElroy is an author for The Future of Freedom Foundation, a fellow of the Independent Institute, and the author of The Reasonable Woman: A Guide to Intellectual Survival (Prometheus Books, 1998).

NEXT MONTH:
**"Unheralded Resisters in
Nazi Germany: The Edelweiss
Pirates, Part 3"**
by Wendy McElroy

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