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# FUTURE OF FREEDOM

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*A man of understanding has lost nothing, if he  
has himself.*

— *Michel Eyquem de Montaigne*

# FUTURE OF FREEDOM

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<i>Using Russia to Suppress Speech at Home, Part 2</i> Jacob G. Hornberger	2
<i>Biden's Sordid Legacy: Ravaged Rights and Liberties</i> James Bovard	6
<i>The Significance of the Eighteenth Amendment</i> Laurence M. Vance	13
<i>50 Years Ago: Hayek's Nobel Lecture on "The Pretense of Knowledge"</i> Richard M. Ebeling	21
<i>Norway's Nonviolent Resistance in WWII: The Power of a Paperclip, Part 1</i> Wendy McElroy	35

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# Using Russia to Suppress Speech at Home, Part 2

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by *Jacob G. Hornberger*



In 1989, the Cold War racket suddenly and unexpectedly came to an end. That was when the national-security establishment went into the Middle East, killing vast numbers of people and wreaking untold destruction. When the inevitable retaliation came in the form of the terrorist attacks on 9/11, the national-security establishment had new official enemies to replace Russia and “godless communism” — terrorism and, to a certain extent, Islam and Muslims. U.S. propaganda falsely claimed that the attacks were motivated by hatred for America’s “freedom and values” rather than hatred for the death and destruction that the U.S. national-security state was wreaking in the Middle East.

The Pentagon, the CIA, and the NSA, however, were not ready to let go of their longtime, decades-old Cold War racket, which had proven to be so lucrative. They began using their old Cold War dinosaur NATO to begin absorbing former members of the Warsaw Pact, which would enable them to place their troops, bases, tanks, planes, and nuclear missiles ever closer to Russia’s border. While they legally had that authority, they also knew what the reaction of Russia would be, as a practical matter, to such provocative acts — the same reaction that the United States would have if Russia was doing the same things in Cuba or along the Mexican side of the U.S. border.

Thus, when NATO threatened to absorb Ukraine, which is located on Russia’s border, everyone knew what the result would be — a Russian invasion of Ukraine to prevent that from happening, especially since Russia had been telling everyone for around 25 years that that is precisely what it would do if NATO threatened to absorb Ukraine.

When the invasion took place, the official narrative coming out of Washington was that the Russian invasion was “unprovoked.” As a testament to the power of U.S. government propaganda, the U.S.

mainstream media immediately adopted the “unprovoked” mantra and has been repeating it ever since. In fact, the invasion, no matter how illegal it was under international law, was fully provoked by the U.S. national-security establishment’s NATO antics.

But that obviously is not what the U.S. national-security establishment wants the American people to hear. They want Americans to hear only the official narrative — that the Russians have, for no good reason, aggressed against Ukraine and are determined to keep going, reconquer Eastern Europe, and then Western Europe, then England, and finally the United States and the Western Hemisphere.

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**The U.S. national-security state is the greatest interferer in foreign elections in world history.**

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In other words, the Russians are coming, again! They are coming to get us. They never stopped. The end of the Cold War was just a ruse designed to get us to drop our guard. We need the national-security state more than ever to keep us safe. We have to keep the taxpayer-funded largesse flowing. We need to keep trading our liberty for the ostensible purpose of being kept “safe,” not

only from the Russians but also from the terrorists and Muslims, not to mention the Chinese, North Korean, Cuban, Vietnamese, Nicaraguan, and Venezuelan Reds.

Another perfect racket, one that keeps Americans afraid and more than willing to continue trading away their rights and liberties, ostensibly to be kept “safe.” It’s probably worth mentioning that the war the U.S. government has provoked between Russia and Ukraine has gotten us ever closer to all-out, life-destroying nuclear war between the United States and Russia. In the minds of U.S. officials, that risk is worth it in order to keep their racket going.

### Foreign-policy hypocrisy

Amidst what can only be described as a case of extreme paranoia, U.S. officials claim that Russia is trying to “influence” our presidential elections. Well, why shouldn’t they, given that they obviously have a big stake in trying to stop the U.S. national-security state from continuing its anti-Russia policies?

But there is something else to consider, at least with respect to hypocrisy — the U.S. national-security state is the greatest interferer in foreign elections in world history.

Examples include Iran in 1953, Guatemala in 1954, and Chile in 1970–1973, when the U.S. government took deadly and destructive actions to oust the democratically elected leaders of those countries and replace them with unelected pro-U.S. dictators. Or consider totalitarian or authoritarian regimes, like Cuba and Iran, where the U.S. national-security state has employed the power of assassination against foreign officials.

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**Radio Free Europe is just a U.S. government version of RT, the media outlet controlled by the Russian government.**

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Or consider U.S. government-owned propaganda outlets like Radio Free Europe that interfere with the internal affairs of Russia. In fact, the utter hypocrisy is that Radio Free Europe is just a U.S. government version of RT, the media outlet controlled by the Russian government. Why does the U.S. government, which purports to support our private-property system and oppose socialism, own a media outlet that spews U.S. propaganda inside Russia? Indeed, what moral standing does the U.S. government have to complain about Russian meddling in the U.S. politi-

cal system when that is precisely what the U.S. national-security state does in Russia and other foreign countries with Radio Free Europe?

These are the types of questions that the Pentagon, the CIA, and the NSA obviously do not want asked. They want Americans to be the good, little, obedient, compliant, supportive, and submissive child-adults that America's public (i.e., government) school system was supposed to make them. If the national-security state says, "Hate Russia," then American child-adults are supposed to hate Russia. If the national-security states says, "Accept what we are saying as true because we would never lie to you," then American child-adults are supposed to docilely accept that, too.

It's worth mentioning that there was one president who refused to go along with the U.S. national-security establishment's anti-Russia racket. That president was John F. Kennedy. He had the courage to say no and did his best to bring the anti-Russia racket to an end. He failed, but his life and death can serve as an inspiration for those of us alive today. (See FFF's book *JFK's War with the National Security Establishment: Why Kennedy Was Assassinated* by Douglas Horne.)

## Restoring freedom to America

End the anti-Russia hatred and hostility that has besieged our nation for all of our lives. End America's foreign policy of interventionism. End foreign aid to every foreign regime. Leave people free to work for whomever they want to work, to promote whatever views and positions they wish, and get paid for it — and without having to register their names, addresses, and positions with the government. Most important, dismantle the national-security state form of governmental structure and restore our nation's founding system of a limit-

ed-government republic. These are all necessary prerequisites for restoring a genuinely free society to our land.

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

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**NEXT MONTH:**  
**“Regime Change:  
JFK and Allende, Part 1”**  
*by Jacob G. Hornberger*

*The Revolution of the United States was the result of a mature and reflecting preference of freedom, and not of a vague or ill-defined craving for independence. It contracted no alliance with the turbulent passions of anarchy; but its course was marked, on the contrary, by a love of order and law.*

— Alexis de Tocqueville

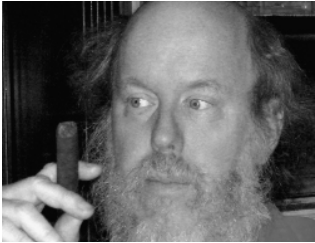
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# Biden's Sordid Legacy: Ravaged Rights and Liberties

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by James Bovard



Joe Biden's presidency ends on January 20, 2025. There will likely be a media stampede to hallow his reign and trumpet his virtues. But Biden perpetually trampled his January 20, 2021, oath to "preserve, protect and defend the Constitution of the United States."

In his 2022 State of the Union address, Biden declared, "When dictators do not pay a price for their aggression, they keep moving." And he kept moving until his own political party dumped him. Later in 2022, President Biden proclaimed that "liberty is under assault." But he was referring solely to a few court rulings of which he disapproved, not to the federal supremacy he championed for almost 50 years in the Senate and the White House.

## Biden's self-puffery and hypocrisy

The absurdity of the Biden reign was epitomized in July when he was browbeaten into ending his reelection campaign. In Biden's 11-minute speech announcing that decision, everything was sacred — including the Oval Office ("this sacred space"), "the sacred cause of this country," "the "sacred task of perfecting our Union," and the "sacred idea" of America. Biden announced that "I revere this office" — a hint that viewers should revere him, too. Biden has worshiped political power his entire life — and so it was no surprise that religiosity suffused his valedictory address.

Biden asked: "Does character in public life still matter?" That signaled that most of the coverups of his abuses and potential kickbacks will continue at least until January. No wonder Hunter Biden had a big smile as he sat just outside of the video sweep in the Oval Office. But Biden never permitted his Attorney General, Merrick Garland, to release the audiotape of Biden's bumbling interview with Special Counsel Robert Hur — perhaps the single biggest step toward Biden's expulsion from American political life.

Biden told viewers of that July spiel: "Nothing can come in the way of saving our democracy." So Dem-



ocratic Party bosses had no choice but to nullify 15 million primary ballots cast for Biden and jam a replacement candidate down the nation's throat. For years, the Democratic Party has equated vanquishing or destroying Trump with saving democracy, justifying any tactic — fair or foul — to thwart Trump. Ginning up bogus criminal charges to get Trump locked away from voters? Check. Using the FBI and other federal agencies to target anyone who is too enthusiastic about MAGA? Check.

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Perhaps Biden's biggest innovation was his doctrine that preserving democracy requires destroying freedom of speech.

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Perhaps Biden's biggest innovation was his doctrine that preserving democracy requires destroying freedom of speech. His appointees launched the Disinformation Governance Board to police Americans' criticisms of government and plenty of other topics. The Orwellian name helped torpedo that board, but that was not even the tip of the iceberg of federal abuses. A federal appeals court slammed the Biden administration for conducting an unconstitutional censorship "pressure campaign designed to coerce

social-media companies into suppressing speakers, viewpoints, and content disfavored by the government." That same court found that censors especially targeted speech by conservatives and Republicans.

For at least 15 years, Biden has relied on a two-step routine — ruthlessly vilifying his opponents and then appealing to "our better angels," a phrase recycled from Lincoln's first inaugural address. Biden lulled listeners into assuming he is personally one of those "better angels" as he flailed anyone in the way of his latest power grab. From portraying any Republican who wanted to cut domestic spending as a "terrorist" in 2011, to claiming that Mitt Romney wanted to put black people back "in chains" in the 2012 presidential campaign, to endlessly misrepresenting the 2017 violence at a Charlottesville protest, Biden out-Nixoned Nixon. The media has sainted Biden on civil rights despite his championing crime legislation in the Senate that vastly increased the number of black and Hispanic citizens sent to prison. In a 2019 piece headlined "Joe Biden and the Era of Mass Incarceration," the *New York Times* hyped Biden's favorite fix: "Lock the S.O.B.s up!"

In his final full month before being demoted to lame-duck status,

Biden made one last lunge to portray himself as a savior of the Constitution. After a Supreme Court decision blocked rigged political prosecutions of former President Trump, an outraged Biden condemned the decision. Seemingly speaking down from Mount Olympus, Biden declared that presidents “face moments where you need the wisdom to respect the limits of the power of the office of the presidency.” But then he claimed, “I know I will respect the limits of the presidential power, as I have for 3½ years.” That line obliterated all the president’s lofty pretenses.

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**Biden would have been more honest if he labeled his pitch the “No One Is Above the Law Except Me” amendment.**

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While Biden piously invoked the “rule of law” in that brief statement, he consistently behaved as if his good intentions entitled him to dictatorial power. Biden speedily followed up by proposing a “No One Is Above the Law” constitutional amendment. But Biden would have been more honest if he labeled his pitch the “No One Is Above the Law Except Me” amendment.

In the same week that Biden trumpeted his proposed amend-

ment, he announced new schemes to avoid complying with the Supreme Court ruling forbidding him from illegally and unilaterally forgiving hundreds of billions of dollars of federal student debt owed by 30 million people. Biden then openly bragged that the decision striking down his program “didn’t stop me” from canceling student-loan debt with one new scheme after another. No wonder almost half of student-loan debtors are not bothering to pay what they owe Uncle Sam.

### **A long train of abuses and usurpations**

The Biden administration presumed that federal policymakers are an elite automatically entitled to domineer other Americans. For example, Biden championed COVID vaccines as panaceas for the pandemic, promising that people who got injections would not get COVID. After vaccines massively failed to prevent COVID infections, the White House strong-armed the Food and Drug Administration to speedily bestow full approval on the Pfizer vax regardless of myocarditis problems. Biden then dictated that 100 million American adults must get those vaccines. In January 2022, the Supreme Court struck down Biden’s vaccine mandate for 84 mil-

lion employees of large private companies. The Supreme Court also struck down Biden's illegal extension of a COVID-era eviction moratorium, scoffing at the administration's attempt to justify the edict via an old law dealing with "fumigation and pest extermination." But the president's team perpetuated the COVID emergency and all the additional powers for the White House as long as possible. Team Biden even dictated that two-year-old children in Head Start must wear masks all day. But that wasn't dictatorial because children were permitted to briefly remove the masks when they ate meals.

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**The president's team perpetuated the COVID emergency and all the additional powers for the White House as long as possible.**

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Americans have long groused about TSA agents browbeating them to "show your papers" prior to groin-grabbing "enhanced pat-downs." The Biden administration solved the paperwork problem by permitting illegal aliens to board domestic flights merely by showing their arrest warrants from the Department of Homeland Security. Sen. Jim Risch (R-Idaho) growled: "If an Idahoan gets a speeding tick-

et, they can't use the ticket to board a plane, so why does the president seem to think an illegal immigrant's arrest warrant is a valid form of identification to board a plane?" TSA wizards recently launched a social media campaign to ridicule their victims, demeaning any American who does not approach a TSA checkpoint practically stripped down like a convict entering a prison shower. The failures of TSA's Whole Body Scanners are legendary, but that didn't deter Biden TSA policymakers from launching a vast facial-recognition system that even the *Washington Post* condemned.

Biden weaponized federal law at the same time he exempted himself and his appointees from the statute book. FBI agents conducted a heavily televised raid in August 2022 on Donald Trump's Mar-a-Lago home in Palm Beach, Florida, seizing 33 boxes of evidence and documents. Five months later, the Justice Department announced that Biden may have also wrongfully stored or possessed numerous classified documents in his home and offices. Trump was swiftly indicted for his alleged offenses, while Biden was effectively absolved because jurors would likely see him as an elderly man with a bad memory. Although Biden was unfit to prosecute, he re-

mained fit to possess almost boundless power over America and much of the world — at least until Democratic Party poohbahs and billionaire donors carried out a de facto coup ending his reelection campaign.

Biden is seeking to portray himself as the patron saint of the Rule of Law. The president spoke in June 2024 as if he worshipped legal procedures, but his devotion is selective.

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### The Biden White House expanded the target list for federal investigations and surveillance.

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Biden has stretched executive power far beyond reason — from his attempt to use the school-lunch program to force public schools to permit mixed-gender showers and bathrooms to his perversion of Title IX to risk crippling girls' sports. To complement those power grabs, the Biden White House continually expanded the target list for federal investigations and surveillance — including angry parents at school-board meetings and frustrated young guys supposedly prone to “involuntary celibate violent extremism.”

The FBI has illegally wiretapped more than 3 million Americans in

recent years, but the Biden administration recently torpedoed congressional efforts to curb that surveillance crime spree. The FBI has 80 agents on a task force to curb “subversive data utilized to drive a wedge between the populace and the government.” Multiple FBI offices across the nation may have secretly infiltrated church services to “identify the bad Catholics” (those who prefer traditional church services), according to FBI memos and whistleblowers. An FBI analysis justifying targeting Catholics portrayed rosaries as extremist symbols that helped justify federal targeting. The FBI aided Team Biden in portraying “white supremacy” as the nation's greatest terror threat by arresting legions of people who were guilty of “parading without a permit” during the January 6 protest at the Capitol. The FBI classified all 1,000 people arrested on charges linked to January 6 as domestic terrorists — including peaceful grandmothers. No wonder that people joke that FBI now stands for “Following Biden's Instructions.”

### Biden's horrible legacy

In a spiel last summer before Democratic Party leaders labeled him mentally unfit, Biden invoked

“the character of George Washington,” which he said “defined the presidency” with his belief that “power was limited, not absolute.” Biden claimed that “character” was the only restraint on White House power — suggesting that Americans were luckier than ever to have him in the Oval Office. Biden pirouetting as a constitutional vestal virgin is on par with Henry Kissinger winning the Nobel Peace Prize after ravaging Southeast Asia — an award that spurred Tom Lehrer to proclaim that satire was dead.

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**Biden helped turn Washington into an Impunity Democracy in which government officials pay no price for their crimes.**

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Biden did not permit his victory laps to interfere with his ongoing coverups designed to assure that Americans remained ignorant of Biden administration scandals till after Election Day. Americans did not learn the hard facts (despite a congressional investigation) about allegations on Tim Walz’s connections to the Chinese Communist Party, or the full details on the Secret Service’s failure to protect Trump, or the White House string-pulling for the federal censors muzzling countless Americans to safe-

guard the Biden administration’s reputation. And the Biden White House continued deluging Americans with phony claims of progress in Ukraine’s war against Russia while refusing to disclose almost any details on exactly how the U.S. was intervening and risking World War Three.

Rather than pound the White House for belated disclosures that could change the outcome of the election, much of the media simply continued reciting “Orange Man Bad.” If the Wizard of Oz was a contemporary political campaign story, the media would overwhelmingly side with the guy behind the curtain. Nowadays, withholding evidence is the only proof of innocence required in Washington.

At a 2023 Juneteenth celebration, Biden proclaimed that he would need a second term to “literally redeem the soul of America.” Biden missed that train. He also missed the chance to satisfy his gender-fluid supporters by publicly coming out and personally identifying as “nondictator.”

Biden helped turn Washington into an Impunity Democracy in which government officials pay no price for their crimes. Thanks in part to Biden’s efforts stretching back to the Nixon era, Americans

today are more likely to believe in witches, ghosts, and astrology than to trust the federal government. But Biden's apologists will seek to redeem his name in the history books by defining down dictator. Instead of designating a ruler who tramples the law and Constitution, "dictatorship" will only refer to presidents who publicly proclaim their plans to do bad things to good people.

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*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, his new book, Last Rights: The Death of American Liberty, and nine other books.*

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**NEXT MONTH:**  
**"Bidenflation Torpedoed  
Biden-Harris"**  
*by James Bovard*

*A pleasant natural environment is a good — a luxury good, philosophical good, a moral goody-good, a good time for all. Whatever, we want it. If we want something, we should pay for it, with our labor or our cash. We shouldn't beg it, steal it, sit around wishing for it, or euchre the government into taking it by force.*

— P. J. O'Rourke

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# The Significance of the Eighteenth Amendment

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by *Laurence M. Vance*



Every month of the year is significant for a variety of reasons: holidays, historical events, birthdays, anniversaries, etc. However, when it comes to the U.S. Constitution, two months of the year stand out. December is a significant month when it comes to two amendments to the Constitution. The Eighteenth Amendment was proposed by Congress on December 18, 1917, and the Twenty-First Amendment, which repealed the Eighteenth Amendment, was ratified and took effect on December 5, 1933. This is the only time that an amendment (eighteenth) was ever repealed and the only time that an amendment (twenty-first) was ratified by state ratifying conventions instead of state legislatures. January is also a significant

month when it comes to constitutional amendments. The Eighteenth Amendment was ratified on January 16, 1919, and took effect on January 17, 1920, a year after ratification.

## The Eighteenth Amendment

The Constitution was ratified in 1789. The amendment process is described in the first part of Article V:

The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three fourths of the several States, or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress;

Although thousands of bills have been introduced in Congress to amend the Constitution, only 33 proposed amendments have been

passed by Congress and sent to the states for ratification. Of these 33, only 27 have been ratified. Of the remaining six amendments, only two have technically failed since they had time limits for their ratification.

Congress has had the power from the very beginning of the Constitution to tax Americans. The opening statement in the Constitution under the powers of Congress in Article I, Section 8, reads:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

This was made worse by the passage of the Sixteenth Amendment in 1913 that gave Congress unlimited power to directly tax incomes: “The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.” Nothing in the Constitution, though, specifies any tax rate

or amount that has to be collected. That is all up to Congress, which is why it is the Eighteenth Amendment that is the worst constitutional amendment, not the Sixteenth.

Most constitutional amendments relate to the protection of personal rights and individual liberty and limit the power of the federal government — like the first 10 amendments, collectively called the Bill of Rights. A few amendments changed the way that the government operates. But the Eighteenth Amendment is entirely different because it was a direct assault by the federal government on individual liberty, private property, and economic freedom.

The Eighteenth Amendment instituted Prohibition:

Section 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Section 2. The Congress and the several States shall have



concurrent power to enforce this article by appropriate legislation.

Section 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.

The Eighteenth Amendment didn't ban the consumption or possession of alcohol, just its "manufacture, sale, or transportation." Nevertheless, it effectively curtailed the legal use of alcoholic beverages in the United States.

The "appropriate legislation" passed by Congress to institute Prohibition was the National Prohibition Act, also known as the Volstead Act, after its sponsor, Andrew Volstead (1860–1947), the chairman of the House Judiciary Committee from 1919 to 1923. The Volstead Act was finally passed on October 28, 1919, after Congress overrode the veto by President Woodrow Wilson the day before. It stated that "no person shall on or after the date when the eighteenth amendment to

the Constitution of the United States goes into effect, manufacture, sell, barter, transport, import, export, deliver, furnish or possess any intoxicating liquor except as authorized in this Act." It defined "intoxicating liquor" as any beverage containing more than 0.5 percent alcohol by volume, granted exceptions and exemptions for medical and religious purposes, and provided penalties for the law's violation. It also basically criminalized the possession of alcoholic beverages because anyone caught with alcohol was presumed to be in violation of the law:

After February 1, 1920, the possession of liquors by any person not legally permitted under this title to possess liquor shall be prima facie evidence that such liquor is kept for the purpose of being sold, bartered, exchanged, given away, furnished, or otherwise disposed of in violation of the Provisions of this title.

It was up to the possessor of alcohol to prove that it "was lawfully acquired, possessed, and used."

The problem with Prohibition was not just that it didn't work; created black markets; closed distill-

eries, breweries, bars, and liquor stores and eliminated jobs in a large industry; corrupted politicians; enabled organized crime to flourish; resulted in a huge loss of government tax revenue; and made criminals out of otherwise law-abiding Americans. The real problem with Prohibition was its government assault on individual liberty, private property, and economic freedom and subsequent expansion of government power.

### The Twenty-First Amendment

The Twenty-First Amendment repealed the Eighteenth Amendment. Because it ended the federal government's assault on individual liberty, private property, and economic freedom, it has to rank as one of the most important constitutional amendments. It was proposed on February 20, 1933, and ratified 288 days later on December 5, 1933. Only the Twenty-Third Amendment, which allows Washington, D.C., to have three presidential electors, and the Twenty-Sixth Amendment, which lowered the voting age to 18, were ratified in less time. Just a month later, Congress enacted the Cullen-Harrison Act. It redefined "intoxicating beverage" as one with 3.2 percent alcohol by weight (4.0 ABV), giving rise

to 3.2 beer (modern beer is about 5% ABV). The act took effect on April 7, now known as National Beer Day. It is commonly thought that the repeal of the Prohibition amendment legalized the manufacture, sale, and transportation of alcohol throughout the country, but this is not the case. Section 2 of the Twenty-First Amendment reads: "The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited." The repeal of Prohibition only took immediate effect in 18 states because of state alcohol-prohibition laws.

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**The real problem with Prohibition was its government assault on individual liberty, private property, and economic freedom.**

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The repeal of the Eighteenth Amendment did not end the state governments' assault on individual liberty, private property, and economic freedom that predated national Prohibition. Many states or parts of states went "dry" and forbade the sale of alcoholic beverages before the advent of Prohibition. In *Last Call: The Rise and Fall of Prohi-*

*bition* (2010), Daniel Okrent notes that the Twenty-First Amendment “made it harder, not easier, to get a drink” because of regulations on closing hours, age limits, and Sunday sales that were implemented by the states.

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**Alcohol is one of the most heavily regulated substances throughout the country.**

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Alcohol is one of the most heavily regulated substances throughout the country. In about half of the states, there remain to this day dry counties, cities, or towns. Topping the list is Arkansas, with 29 dry counties out of 75. Kansas and Tennessee are dry by default — counties in these states must specifically authorize alcohol sales. Over 30 states permit county or local jurisdictions to elect to go dry via a public referendum. But even in certain states and counties that permit alcohol sales, no alcoholic beverages of any kind can be sold before a certain time on Sunday, no alcohol can be sold for off-premise consumption, only beer and wine can be sold for off-premise consumption, distilled spirits can only be purchased at a liquor store, no happy hours are allowed, bars have to close at a certain time on weekends and earlier

on weekdays, and grocery stores can sell distilled spirits only in a separate store or in an attached location that has its own entrance. And of course, no business in any state can sell alcohol with getting a liquor license. Seventeen states are “Alcoholic Beverage Control” states where the state government has control over the wholesaling or retailing of some or all types of alcoholic beverages. In some states, the government even owns and operates all of the liquor stores and outlaws private liquor stores.

But even though Prohibition ended almost a hundred years ago, the federal government still restricts alcohol in several ways. It imposes an excise tax on beer, wine, hard cider, and distilled spirits. The unauthorized production of distilled spirits by individuals is a federal crime, and although one may produce beer and wine at home, only an amount up to 100 gallons per calendar year (200 gallons if two or more adults reside in the home) is allowed without having to pay federal excise tax on it, and none of it can ever be sold.

### The war on drugs

The Eighteenth Amendment is significant for another reason as well: the war on drugs. Like Prohi-

bition, the war on drugs is also an assault on individual liberty, private property, and economic freedom. However, in two respects, the war on drugs is even worse than Prohibition.

First of all, it should be remembered that the Volstead Act stated that “no person shall on or after the date when the eighteenth amendment to the Constitution of the United States goes into effect, manufacture, sell, barter, transport, import, export, deliver, furnish or possess any intoxicating liquor except as authorized in this Act.” It *did not* directly criminalize the possession or use of alcoholic beverages. The war on drugs, on the other hand, *does* directly criminalize the possession and use of drugs. Even the least potent drug, marijuana — the drug that has been legalized for medical use in 38 states and for recreational use in 24 states — is classified by the federal government as a Schedule I controlled substance under the Controlled Substances Act (CSA) with “a high potential for abuse,” “no currently accepted medical use,” and “a lack of accepted safety for use of the drug under medical supervision.” Under federal law, the possession of even a small amount of marijuana can result in fines and imprisonment.

And the Supreme Court, in the case of *Gonzales v. Raich* (2005), has ruled that the federal government has the authority to prohibit marijuana possession and use for any and all purposes. Depending on the quantity and type of the controlled substance, when certain quantity thresholds are met, a five-year mandatory minimum penalty with a maximum term of 40 years applies. Convicted murderers often serve less than 40 years.

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**The war on drugs, on the other hand, *does* directly criminalize the possession and use of drugs.**

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And second, although Prohibition was a bad thing in every respect as far as individual liberty, private property, and economic freedom are concerned, there is one thing that could at least be said about it: It was constitutional. Before the passage of the Eighteenth Amendment, the Constitution not only didn’t authorize the federal government to prohibit, control, or regulate the manufacture, sale, or transportation of intoxicating liquors, it didn’t even mention alcohol. The Volstead Act could not be passed by Congress until *after* the adoption of the Eighteenth Amendment. When the Progressives who

looked with favor on the temperance movement wanted to enlist the federal government to help them curtail Americans' use of alcohol, they realized that an amendment to the Constitution was needed. Prior to this, it was the states that prohibited, controlled, and regulated the manufacture, sale, and use of alcoholic beverages. This is because, as our fourth president James Madison explained about our federal system of government in *Federalist* No. 45, "The powers delegated by the proposed Constitution to the Federal Government, are few and defined. Those which are to remain in the State governments are numerous and indefinite."

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**The federal government's war on drugs is a tremendous and horrendous violation of the Constitution.**

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The federal government's war on drugs is a tremendous and horrendous violation of the Constitution. Not only does the Constitution not authorize the federal government to prohibit, control, or regulate the manufacture, sale, purchase, use, or transportation of drugs of any kind, it does not even mention drugs. In order for the fed-

eral government to be able to wage a war on drugs, a constitutional amendment to that effect is required. This means that conservative drug warriors who profess their admiration and allegiance to the Constitution are, in fact, among the Constitution's greatest enemies. What is it about drugs that turns constitutionalist, limited-government, free-market conservatives into puritanical, nanny-state, incorrigible drug warriors? Why were conservatives so adamant about reversing *Roe v. Wade* and returning the abortion issue to the states but remain so opposed to removing marijuana from the federal drug schedule and letting each state decide its own marijuana policy?

## Conclusion

In addition to not authorizing the federal government to have anything to do with alcohol or drugs, the Constitution nowhere authorizes the federal government to regulate, monitor, or restrict the consumption, medical, or recreational habits of Americans. It nowhere authorizes the federal government to concern itself with the nature and quantity of any substance Americans inhale, swallow, snort, inject, or otherwise ingest. It nowhere authorizes the federal gov-

ernment to intrude itself into the personal eating, drinking, or smoking habits of Americans. It nowhere authorizes the federal government to interfere with commerce between a willing buyer and a willing seller. It nowhere authorizes the federal government to restrict what Americans can grow or manufacture. It nowhere authorizes the federal government to prevent people from harming themselves with any substance, whether it be beer, wine, whiskey, marijuana, cocaine, fentanyl, raw milk, high fructose corn syrup, menthol-flavored cigarettes, vaping, bath salts, haggis, or energy drinks.

If a man owns his own body, then it follows that he should be able to consume any substance he chooses in whatever quantity he chooses no matter how addictive, dangerous, or risky it is —even if he harms his health, squanders his wealth, and alters his mind. Every American should have the freedom to consume any substance in any manner without fear of government arrest, fines, and imprisonment.

Alcohol and drugs should be treated like any other commodity. There should be no restrictions on their use, buying, selling, advertising, trafficking, packaging, or manufacturing. In a free society, it can't be any other way. Just like the Eighteenth Amendment was repealed, so all laws concerning alcohol and drugs can and should be repealed.

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**NEXT MONTH:**  
“Libertarianism and Value  
Judgments”  
*by Laurence M. Vance*

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# 50 Years Ago: Hayek's Nobel Lecture on "The Pretense of Knowledge"

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by *Richard M. Ebeling*



**F**ifty years ago, on October 9, 1974, what has become known as the Nobel Prize in Economics was announced for that year in Stockholm, Sweden. It was a joint award to Swedish economist Gunnar Myrdal (1898–1987) and Austrian economist Friedrich A. Hayek (1899–1992). Many in the economics profession would not have been particularly surprised by Myrdal being declared a recipient. After all, most of the economists awarded the economics prize up to that point had been developers of the theories or modeling tools for either government central planning or government intervention, including Jan Tinbergen, Paul Samu-

elson, Simon Kuznets, and Wassily Leontief.

While Myrdal had started as a monetary theorist in the 1920s and early 1930s, he was an active member of the Swedish Social Democrat Party for most of the 1930s and 1940s, even serving as the Minister of Commerce and Industry in a socialist government between 1945 and 1947; after leaving the government, he worked for the United Nations for 10 years. But he was most well-known for *An American Dilemma* (1944), a study of race relations in the United States. He had been a strong advocate of interventionist and welfare state policies during the interwar years, and in the post-World War II era, he proposed the extension of national welfare states to a global welfare state charged with international redistribution of income and wealth.

## **Gunnar Myrdal on planning and global redistribution**

It was not too surprising, therefore, that in Myrdal's Nobel Lecture "The Equality Issue in World Development," he called for massively increasing foreign aid from industrially developed countries in North America and Western Europe to the poorer "developing nations" in Asia, Africa, and Latin America. He

chastised the giving of such aid on the basis of the "national interests" of the giving governments. Instead, governments in the West should fight poverty in these other parts of the world as an altruistic moral "responsibility" to assure everyone's right "to be free from hunger and malnutrition."

Since governments have no money or goods to redistribute other than what they tax from their own citizens, the implication was for a compulsory moral responsibility for income earners in the West to reduce their standards of living for the benefit of others. In fact, Myrdal called for bringing down the "lavish food consumption" of people in the West. At a minimum, "the average American" should "reduce his consumption of beef, pork and poultry by 10 percent." Thus, it was not only on the basis of altruism; Myrdal said it would be good for Americans to reduce their consumption of such meats for their own health reasons. So government-imposed compulsory sacrifice of some of your own standard of living ended up being for your own good!

Standards and qualities of life should continue to improve in the West, said Myrdal, but "It should be directed differently, and in a

planned way, to serve our real interest in a better way.... Such planning could help us be more successful in solving the internal equality problems and would at the same time provide a much larger aid to development in underdeveloped countries." A legitimate task for economists, in Myrdal's view, was to draw inferences and policy implications "from the value premises of what is in people's true interests." Only by "radical changes in the consumption patterns in the rich countries" could we bring about "a new world economic order."

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**Myrdal called for bringing down the "lavish food consumption" of people in the West.**

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What the world needed, Myrdal declared, was "rational national planning for curtailment of consumption and production for home consumption, of such commodities that are less necessary and often even harmful for health and happiness, which would also help to ... release so many resources for egalitarian reforms within countries and between countries." Governments had to break people's misguided "consumption habits," and to do it "in their own interest."

Here was the arrogance and hu-



bris of the social engineer, the political paternalist, the central planner who knows better what is good for you and, indeed, everyone else around the entire globe. Myrdal presumed to know how much you should eat and what types of food — for your own good. He knew who needed and desired what, taking just the right amounts from the Peters in the West so the political paternalists in government could transfer it to the Pauls in other parts of the world.

**Many economists asked: “Who is Hayek?”**

What a stark contrast was Myrdal’s corecipient of the Nobel Prize in 1974 in terms of both notoriety and policy perspectives. Fifty years ago, many economists and policy pundits wondered, “Who is Friedrich A. Hayek?” Some macroeconomists may have vaguely recalled the name as someone who in the 1930s had been a business cycle theorist before John Maynard Keynes had given the world his revolutionary “new economics” of activist fiscal and monetary policies to overcome the economic depressions caused by the supposed inherent instabilities of “capitalism.”

Others may have remembered that during the Second World War,

Hayek had written *The Road to Serfdom* (1944), a book that many mainstream economists likely considered to be an “extremist” polemic against wise government policies out of an unreasonable fear of “socialism,” assuming they even knew anything about the content of Hayek’s book. Other than that, Hayek was off the radar screen of virtually the entire economics profession.

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**Hayek had shifted his interests and most of his writings to the political and social philosophy of (classical) liberalism.**

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After the Second World War, he had shifted his interests and most of his writings to the political and social philosophy of (classical) liberalism concerning the meaning of liberty and the institutions most likely to sustain and cultivate a free and prosperous society. In the eyes of many of those who might have known about these later works, he was (as one critic said) a “dinosaur” from a long-gone era of free-market and limited-government ideas and policies.

For some of us in October 1974 who were already deeply interested in Austrian economics and devoted to the classical liberal ideal of per-

sonal and economic liberty and freedom of association both inside and outside of the marketplace, Hayek receiving the Nobel Prize was an unexpected and exhilarating surprise. None of my undergraduate economics professors at California State University, Sacramento, could understand my excitement. Of course, they were all textbook Keynesians or Stalinist Marxists, so it was not too surprising that none of them shared my excitement.

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### Hayek receiving the Nobel Prize was an unexpected and exhilarating surprise.

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The selection of Myrdal for the Nobel Prize they could understand since he was a Keynesian and a socialist and therefore "obviously" deserving of the honor. But Hayek? He wasn't even a professional economist anymore, and his free-market philosophy was "clearly" beyond the pale of respectability or seriousness. My professors shook their heads in disbelief and frustration at my enthusiasm. How could they have failed so miserably in their classes in getting me to see the collectivist and interventionist truth? They just put me down as a "lost cause."

### Hayek and Keynes in the 1930s

In fact, Hayek was one of the most profound and original economists and social philosophers of his time. Born in Vienna in the old Austro-Hungarian Empire, he fought in World War I, earned two doctoral degrees at the University of Vienna (law and political science), and with the assistance of his mentor, Ludwig von Mises, became the first director of the Austrian Institute for Business Cycle Research in 1927, at the age of 28.

Hayek burst onto the international scene through a series of lectures he delivered at the London School of Economics in January 1931 that were shortly after published as *Prices and Production*, with an English translation of his 1929 book, *Monetary Theory and the Trade Cycle*, appearing in 1933. He was offered a visiting position at the LSE that year, which later became a permanent one that he held until 1949, when he accepted an appointment at the University of Chicago with the Committee on Social Thought. He later held a position at the University of Freiburg, Germany, with a short period of time at the University of Salzburg, as well.

During much of the 1930s, Hayek was considered the leading critic and rival of John Maynard

Keynes. As British economist John R. Hicks (who also was a Nobel Prize winner) explained in “The Hayek Story” (1967):

It is hardly remembered that there was a time when the new theories of Hayek were the principle rival of the new theories of Keynes. Which was right, Keynes or Hayek? There are many still living teachers of economics, and practical economists, who have passed through a time when they had to make up their minds on that question; and there are many of them (including the present writer) who took quite a time to make up their minds.

Keynes’s *Treatise on Money* (1930) had generated many critical reviews, but none was as devastating as Hayek’s two-part review essay in the pages of *Economica* in 1931–1932, which led Keynes to set his book aside and spend the next several years writing instead a new work that resulted in the Keynesian Revolution and modern macroeconomics, *The General Theory of Employment, Interest, and Money* (1936). During those same years, Hayek worked on revising, amplify-

ing, and improving his own theory of money and the business cycle in a series of articles and essays that culminated in *The Pure Theory of Capital* (1941).

Hayek had offered his version of the Austrian theory of the business cycle, which had been first developed by Ludwig von Mises before the First World War and then in the 1920s. Inflation and depressions that accompanied the booms and busts of the business cycle were not inherent in the workings of the market economy. They were the result of central bank manipulation of the supply of money and credit and interest rates that brought about an imbalance between savings and investment, generating misallocations of resources and labor between the consumer and investment goods sectors of the economy. When the boom became the bust, the discovered malinvestments of capital and the misdirection of labor among sectors of the economy required a rebalancing of supplies and demands and the structure of relative wages and prices for a return to a sustainable full employment.

But by the war years, in the general interventionist climate of the time, Keynes’s ideas had captured the mind of a growing number of

economists and policymakers. Prolonged periods of high unemployment were due to "irrationalities" in private-sector investment decisions that would persist, Keynes said, unless governments used fiscal and monetary policies to manipulate aggregate demand for output as a whole through deficit spending. Active government spending and taxing policies were the key to restore and maintain full employment. By the end of the 1940s, Keynes's ideas triumphed in the economics profession, and Hayek's ideas on money and the business cycle were buried in what one economist called the "Keynesian Avalanche."

### Hayek on prices and planning

At the same time, Hayek's interests began to shift in another direction in the late 1930s and 1940s. The growing appeal of socialism and central planning in place of competitive market capitalism threatened both freedom and prosperity, in Hayek's view. He edited a collection of essays on *Collectivist Economic Planning* (1935) that included an English translation of Mises's important 1920 essay on "Economic Calculation in the Social Commonwealth," in which Mises argued that socialist central

planning, by doing away with markets and prices, removed the only viable institutional tools for rational economic decision-making.

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**Mises argued that by doing away with markets and prices, central planning removed the only viable institutional tools for rational economic decision-making.**

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Hayek picked up on this theme in his opening and closing chapters to the volume. But it was in a series of essays, "Economics and Knowledge" (1937), "Socialist Calculation: The Competitive 'Solution,'" (1940), "The Use of Knowledge in Society" (1945), and "The Meaning of Competition" (1948) that Hayek developed and formulated his signature critique of government central planning. In the economist's imaginary world of "perfect competition," it is assumed that all market participants possess all the relevant knowledge of supply and demand conditions so errors and mistakes cannot occur, so to assure a condition of full and efficient economic equilibrium. But in the real world, Hayek reminded people, human knowledge is limited and dispersed among all the minds of all the members of the society. In addition, the real world is always open to un-

expected change to which the participants in the market system of division of labor must constantly adapt and adjust to, to successfully assure fulfillment of their respective plans as consumers and producers.

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**Market-based competitive prices serve as the communications system to convey information to each and every member of the economic system.**

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Market-based competitive prices serve as the communications system to convey information to each and every member of the economic system about existing and changing supply and demand conditions. People do not have to know all the reasons why and for what purposes other people may want various consumer goods or the desire to utilize various factors of production (labor, land, capital) on the part of businessmen. Prices provide the needed and essential information that there is a demand for a product or service and what consumers would be willing to pay for it. Prices also tell us that there are uses for labor, land, and capital by others on the supply-side of the market, and they reveal what value they place upon them in the form of factor prices that guide businessmen and

entrepreneurs in hiring and buying those inputs in the combinations that will minimize the costs of using them.

The resulting allocation of scarce resources among competing uses and the production and supplying of desired goods to interested consumers all occur without central direction or compulsory command. Indeed, essential to Hayek's argument was the insight that it is impossible for any one or group of central planners to effectively obtain and utilize all that dispersed and decentralized knowledge existing in the minds of billions of people on the planet. It is far better to allow each individual to use his own knowledge as he sees fit to respond to the constantly changing circumstances of a dynamic world, with everyone's individual actions coordinated through the prices of the marketplace.

*The Road to Serfdom*, published in the midst of Hayek's other writings, was meant to bring out these inescapable consequences from centralized government control and direction of all economic activities under comprehensive socialist planning, including the threats to human liberty. In pursuit of "the Plan," the actions of all individuals would have to be subordi-

nated to what the government commanded. At the same time, with government ownership and control of all the means of production, all aspects of life would be dependent on the decisions and actions of government.

There was the danger of suppression of personal and civil liberties in a world in which government planning determined which books to be published, art to be created, movies to be made, places allowed for worship, or any other intellectual activities. The government would be the single employer, the single provider of housing and goods of all kinds, the arbiter of life opportunities and their outcomes. Hence, central planning is an economic system that would reduce people to a form of serfdom under a new type of "lord of the manor," that being the monopoly master known as government. (See my article, "The 80th Anniversary of F. A. Hayek's *The Road to Serfdom*," in *Future of Freedom*, February 2024.)

### Hayek's shift to the political and social philosophy of freedom

In the postwar period, Hayek shifted his interests and writing to the political philosophy and institutional requisites for the free society. His book, *The Counter-Revolution*

*of Science* (1952), challenged the presumption that human society could be understood, controlled, and transformed through the same scientific methods that had been developed in natural sciences such as physics and chemistry. Instead, Hayek argued there is a realm to the human world that is not present in the world of the natural sciences, that being the "subjective" world of mind, meaning, and human actions with their intended and unintended consequences. It was a wrong path to think that there was a "scientific method" that if effectively applied to the social world would enable the successful redesigning and directing of society into any forms the social engineer considered was better than the "spontaneous order" generated by the multitudes of individual actions and interactions inside and outside of the marketplace.

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**Central planning is an economic system that would reduce people to a form of serfdom under the master known as government.**

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Hayek devoted most of the 1950s to writing *The Constitution of Liberty* (1960). In my view, part one of the book offers one of the most subtle arguments for the free society. Freedom is important not be-

cause of what we know, but because of what we do not know. We should want and respect the individual freedom of others precisely because we do not possess the knowledge they have. Nor can we ever fully or effectively anticipate all that might be forthcoming that benefits us and multitudes of others when each individual is at liberty to pursue his own ends using his own knowledge in his own way as he sees best. We should value human liberty precisely because of the unknown things that a free mind might discover. To the extent this is prevented or hampered by government planning and regulation, all of humanity loses something that a free mind might have imagined and tried and shared in some way with the rest of us.

It is why later in the 1960s, Hayek delivered a talk on “Competition as a Discovery Procedure” (1968). It is not only that we do not what others may be able to do that benefits themselves and others in the market process. Each of us also can never really know what we might be able to do and how unless we have the liberty and the opportunity to try. In other words, none of us knows our own potential and how we might act in certain situations unless we have the freedom

and the incentives to find out. Only the freedom of the market economy most effectively offers the arena of human association and cooperation where this can be discovered.

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**Freedom is important not because of what we know, but because of what we do not know.**

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His last major work, the three-volume *Law, Legislation, and Liberty* (1973; 1976; 1979) began to be published shortly before and then after Hayek was awarded the Nobel Prize in Economics. In it, he compares and contrasts the notions of planned order versus unplanned spontaneous orders; demonstrates the meaningless though no less politically dangerous idea of “social justice”; and offers a series of constitutional reforms he believed would more effectively secure a free society by limiting the powers of government.

**Hayek’s Nobel lecture on “The Pretense of Knowledge”**

Given the direction Hayek’s thinking had taken for the more than 40 years before winning the Nobel Prize, the theme of his Nobel Lecture was, “The Pretense of Knowledge,” delivered on December 11, 1974, at the Stockholm

School of Economics. Nothing could have been in starker contrast to what Gunnar Myrdal argued in his Nobel Lecture.

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### Hayek accused his fellow economists of having made a mess of things.

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At the time Hayek delivered this lecture, many leading countries in the West were experiencing high price inflation and accompanying rising unemployment, what was labelled, "stagflation." Having just received the highest honor a member of the economics profession could be awarded, Hayek accused his fellow economists of having made a mess of things. The stagflation through which many of those countries was passing was due to the dominant economic theory of the prior 30 years — Keynesian economics.

It seemed so simple. If there is significant unemployment in the society, it must be due to an insufficiency of total, or "aggregate," demand for output in general at prices high enough that would make it profitable for private enterprises to cover the costs of employing all those desiring to work at prevailing wages. Any "gap" between sufficient aggregate demand to assure "full

employment" and actual aggregate demand with less than full employment could (and should) be filled with government deficit spending and monetary expansion to bring those unnecessarily unemployed back onto the employment rolls.

The quantitative key to determining all this was to measure total revenues earned by all enterprises at the existing average level of prices in the economy in comparison to what total costs would be if there were full employment at the existing average wage level. If total aggregate revenues are less than the amount necessary to fully employ all workers at that average wage level, the difference indicates the amount of government-induced additional aggregate spending required to reach the desired full employment target.

This both simplistically and superficially created the impression of scientifically quantitative exactitude, Hayek said. By focusing on measurable magnitudes — the price and wage levels in general; aggregate total revenues and total costs at the existing level of aggregate employment versus a measurable targeted level of full employment — the macroeconomy seemed open to fairly precise control and design. One version of this, espe-



cially popular in the 1960s and 1970s, was the Phillips Curve, often expressed as a presumed trade-off between price inflation and the level of unemployment. If a targeted lower rate of price inflation, then a higher rate of unemployment, and vice versa. Government policymakers just had to decide at which point along the price inflation–unemployment curve was best to plan and implement where the macroeconomy should be.

### Macroeconomics' false theory of unemployment

In Hayek's view, these macroaggregates hid from view all the real microeconomic factors and relationships at work beneath the macro-surface:

The correct explanation [of unemployment] appears to me to be the existence of discrepancies between the distribution of demand among the different goods and services and the allocation of labor and other resources among the production of these outputs. We possess a fairly good 'qualitative' knowledge of the forces by which a correspondence between demand and supply in the different sectors of the

economic system is brought about, of the conditions under which it will be achieved, and of the factors likely to prevent such adjustment....

We have indeed, good reason to believe that unemployment indicates that the structure of *relative* prices and wages has been distorted (usually by monopolistic or government price-fixing), and that to restore equality between the demand for and the supply of labor in all sectors changes of relative prices and wages and some transfers of labor will be necessary.

Rather than a trade-off between a rate of price inflation versus a rate of unemployment, Hayek argued that prior inflationary policies were the cause of significant unemployment later on. Hayek emphasized a theme he had been focusing on since his monetary writings in the 1920s and 1930s: the non-neutrality of money. Changes in the supply of money and credit do not impact and effect prices and wages at the same time or to the same degree. Changes in the supply of money are necessarily "injected" into the market economy at some particular point, and from there proceed to

influence other prices and wages and the profitability of producing different types of goods with certain combinations of inputs — capital, labor, and resources.

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**The injection of new money affects some prices and wages before others.**

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As Hayek once expressed it, think of a pebble dropped into a pond of water. From the epicenter from which the pebble disturbs the surface, ripples are sent out throughout the rest of the pond in a particular temporal sequence until the entire pond's surface has been affected. The injection of new money affects some prices and wages before others, influences the profitability of producing some goods rather than others, and brings about resulting reallocations of labor and capital that will only be sustainable for as long as the monetary-induced patterns of relative prices, wages, production and resource uses are maintained. This requires a continuing expansion of the money supply and, over time, most likely an accelerating rate to preserve the artificially created structure of relative prices and wages as prices in general are rising period after period.

When the monetary inflation is

either halted or even slowed down, the price, wage, and production patterns generated by the monetary expansion will potentially start to fall apart, like a house of cards. Once this begins to happen, it is discovered that prices and wages and production and resource uses must adjust and rebalance to a more sustainable pattern in a noninflationary setting. Thus, it is the misdirection of labor and other resources during the inflation that sets the stage for a nearly inescapable period of higher unemployment when the reallocation of labor must occur to reflect the postinflationary patterns of market demands and relative prices and wages. Hence, there is no trade-off between price inflation and unemployment: only periods of higher unemployment following an inflationary boom to correct for the errors and mistakes fostered during the monetary inflation.

**Complex phenomena and the nonquantifiable**

The reason this was not more clearly understood, Hayek argued, was the methodological prejudices of focusing on the quantifiable and the measurable as the only true or real facts and "data" of the market. The problem, Hayek insisted, is that

economics, like social processes in general, are made up of “complex phenomena,” that is, multicausal and intricately interconnected relationships between multitudes of individual human beings in the social system of division of labor, the full details and facts about which it is inherently impossible for the economist to fully come to know and integrate into his analyses. This is especially the case not only due to the detailed “facts” of the market constantly experiencing change for one reason or another but because they also ultimately rest on the states of mind of all the market participants, which are not open to direct measurement or quantification.

Thus, the most the economist can do is make primarily qualitative “pattern predictions” of how markets work and why. He can understand and explain how and why observed discrepancies between supplies and demands suggest that prices and wages may be out of balance, and in what directions they need to move to reestablish balance in the market. But it is basically beyond his ability to measure and know by how much all such prices and wages need to change and readjust to restore market coordination, since it is only through changes in

the actions and pricing decisions of market participants that the answers to these questions will be discovered. That is, it is only through the discovery procedure of market competition that the answers can be found. Hayek stated:

There may thus well exist better ‘scientific’ evidence for a false theory, which will be accepted because it appears as more [quantitatively] ‘scientific,’ than for a valid explanation, which is rejected because there is no sufficient quantitative evidence for it.... I must confess that I prefer true but imperfect knowledge, even if it leaves much underdetermined and unpredictable, to a pretense of exact knowledge that is likely to be false. The credit gained for seemingly simple but false theories by their apparent conformity with recognized scientific standards may, as the present instance shows, have grave consequences....

Indeed, in the case discussed, the very measures which the dominant ‘macro-economic’ theory has recommended as a remedy for unemployment, namely the

increase of aggregate demand, has become a cause of a very extensive misallocation of resources which is likely to make later large-scale unemployment inevitable."

Herein was that general "pretense of knowledge" on the part of far too many economists and other social scientists in their belief that they could ever master, manage, and manipulate all the unknowable facts of the social world — the intentions, interpretations, and interconnected ever-changing actions of multitudes of human beings — to remake and redesign society in any desired pattern considered more "socially just" and economically "optimal." This path, Hayek warned, too easily leads to "charlatanism or

worse." It is a lesson to learn and a threat to avoid today no less than when F. A. Hayek delivered his Nobel Lecture 50 years ago.

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**NEXT MONTH:**  
**"Political Paternalism, Not  
Capitalism, Brings Poverty  
and Privilege"**  
*by Richard M. Ebeling*

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# Norway's Nonviolent Resistance in WWII: The Power of a Paperclip, Part 1

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by Wendy McElroy



The 1942 Norsk (Norwegian) teachers' resistance is one of the most successful campaigns of nonviolent defiance waged against the Nazis during World War II. About 12,000 to 14,000 strong, the teachers acted with unusual cohesion and courage. But the movement was not remarkable primarily for the extreme heroism it displayed; many resistance movements of the time showed equal courage. The teachers' resistance is incredible because the resisters were average people who did not aspire to heroism. These ordinary people were simply unwilling to comply with unjust laws, especially when the laws damaged children. Without violence or

expressions of hatred, a large and influential segment of society said "no" to cooperating with evil. The teachers' resistance shows what can happen when average people disobey rather than violate their consciences.

## The resistance begins

The Nazis and their collaborators took all resistance seriously, of course, including nonviolence. It did not matter if the resistance was expressed in minor ways. For example, after pins and badges with national symbols were banned, Norwegians on the street and students in classrooms wore paperclips in their lapels or linked together as jewelry; the paperclips signified the unity of Norwegians against Nazism. Wearing a paperclip was soon outlawed, and teachers were ordered to search their students for the pieces of criminally bent metal. One of the resistance leaders, a schoolteacher named Haakon Holmboe, later explained, "What was done often seemed ridiculous, but it had the effect of uniting all the opposition forces." Eventually, the Nazi backlash that started over such small matters as a paperclip would lead to the death of schoolteachers.

Norway had wanted to remain officially neutral during World War

II as they had done during World War I. The public feeling was anti-German, but Norway was also self-consciously peaceful, with a strong pacifist presence through popular organizations such as Folkereisinging mot krig — the Norwegian section of War Resisters' International. Indeed, Norway still prides itself as being “the peace nation” that bestows a Nobel Peace Prize every year.

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**Germany needed Norway's ice-free harbors to protect such shipping and to exert its control over the North Atlantic.**

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Geography made Norway's invasion inevitable, however. The British and French had mined the Norwegian coast to disrupt iron ore shipments from Sweden that were vital to the German war effort. Germany needed Norway's ice-free harbors to protect such shipping and to exert its control over the North Atlantic. On April 9, 1940, Germany invaded. Norway gave a conventional military response, assisted by the British and French. But the outcome was a foregone conclusion. Overwhelmed, Norway surrendered on June 10, and Germany's five-year occupation began. Nazi envoys and their collaborators didn't speak of occupation, of

course. The German army was there to protect Norway's neutrality against British-Franco aggression, they explained. The explanation failed to draw Norwegian applause or gratitude.

### The rise of Quisling

After a few missteps on his part, the Nazi-puppet Vidkun Quisling became the face of power in Norway. Quisling was a Norwegian politician who had formed a fascist party called Nasjonal Samling (National Gathering) in 1933. A devout Nazi, Quisling had met with Hitler personally and gained *Dur Führer's* official support. Quisling wasn't the Germans' first choice, however. They had hoped to capture King Haakon VII and the Norwegian parliament in order to give the occupation a patina of legitimacy; then, the Germans could replace the government with their own men. The king and the parliament foiled this plan by escaping to London, where they formed a government-in-exile. Next, the ship carrying the Nazi's chosen replacement government sank en route. Quisling became the best alternative still standing.

The best for Germany, that is. The Norwegian people viewed Quisling as a traitor and a German mouthpiece. The depth of public

anger toward him can be judged by the fact that in 1945, the “peace nation” sentenced him to death by firing squad for high treason. Since WWII, the word “Quisling” has been a synonym for “a traitor who collaborates with the enemy.”

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**Most Norwegians didn't want to obey the Germans or Quisling, but they were not prepared for an occupation.**

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Most Norwegians didn't want to obey the Germans or Quisling, but they were not psychologically or otherwise prepared for an occupation. They probably hoped for life to continue on as it had been before. “In the summer of 1940,” Holmboe recalled, “there was no feeling of ‘Now we are going to resist.’” In the autumn of 1940, however, Quisling demanded that government employees sign an oath of loyalty to his regime. For the people who refused, violence was used as persuasion; this created even more resistance.

Some Norwegians resisted by taking up arms, but most dismissed violence as impractical due to Germany's massive military advantage. Illegal newspapers multiplied. But how else could they resist? As Holmboe explained, Norwegians confronted a classic problem of

pacifism: There “is a burglar on your door and you have to fight him.” But how? “Nowhere ... did the idea of non-violent resistance come in,” Holmboe continued. “Instead of an idea, it developed as ... a way to do something. I don't think we realised the theoretical point at all. We just felt that something must be done, and we must do it.”

Meanwhile, Quisling began to implement his ideal of a Mussolini-style corporate state. The system is characterized by state officials managing the economy by organizing society into large interest groups or “corporations” under state control. As a pilot project and a blueprint for imposing corporatism, Quisling chose one of Norway's most established and esteemed interest groups — schoolteachers.

### Teachers and students fight back

Quisling's corporatism started with small steps at first. His portrait was hung in every school, for example, but even these small measures were deeply resented and largely rejected. When a Nasjonal Samling Youth Front emerged, many students refused to “join” the mandatory organization that was modeled after the Hitler Youth in Germany. This was part of a larger refusal by most Norwegian youth to cooperate

with authorities. Instead, young people wore covertly nationalist symbols and made gestures to show support for the King of Norway; they turned their backs as German soldiers walked by; when school inspectors entered a classroom, students burst into patriotic song. The authorities pushed back; when Oslo high school students refused to join the Nazi Youth Front, Nazis beat teachers and teenagers alike. Beatings, arrests, and bribes did not work, however, and the Nazis gave up trying to enforce membership.

In June 1941, the established teachers' union was eliminated due to the mass resignations that followed a Nazi attempt to assume control. Through illegal meetings, a group of teachers drafted a list of four points upon which Norway's teachers were admonished to stand firm. In his pamphlet "Tyranny Could Not Quell Them: How Norway's Teachers Defeated Quisling and What it Means for Unarmed Defence Today," Gene Sharp, an American political scientist and a global leader in the movement for nonviolent action and resistance, described these points of resistance:

- (1) Any demand for the teachers to become members of Quisling's party, the Nasjonal

Samling;

- (2) Any attempt to introduce Nasjonal Samling propaganda in the schools;

- (3) Any order from outside the school authorities;

- (4) Any collaboration with the Nasjonal Samling youth movement.

During December 1941 and January 1942, the list circulated among Norway's teachers. Its spirit was captured by what became known as the Teachers' Pledge to Students:

I will not call upon you to do anything which I regard as wrong. Nor will I teach you anything I regard as not conforming with the truth. I will, as I have done heretofore, let my conscience be my guide, and I am confident that I shall then be in step with the great majority of people who have entrusted to me the duties of an educator.

By early February 1942, Quisling went full throttle on converting the school system into an education factory for fascism. Teachers must pledge fealty to German occupiers and teach Nazi values to students.



Quisling declared all teachers to be members of a new national teachers' organization that was under the leadership of the Hirden (the Hird). A Norwegian version of the Gestapo, this uniformed paramilitary cracked down violently on dissidents. The Hird was notorious for prisoners who suddenly died in its custody, for example.

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**An estimated 90 percent of Norway's teachers refused to join the mandatory new union.**

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On February 11 and 12, 1942, resistance leaders met secretly in Oslo. Sharp gave a sense of the meeting's atmosphere. The leaders "saw Quisling's step as the moment they had been waiting for and [they] shared the view of the teachers: if they accepted this beginning, there would be no clear later point of resistance. They would finally have to accept the logical consequences of the first step." The resistance focused on the teachers, undoubtedly because Quisling was also doing so.

Months earlier, Holmboe became the general resistance contact for a large rural district in eastern Norway, with Hamar as its center; Hamar was a small town about 130 kilometers north of Oslo and

Holmboe's home. His job was to select a reliable representative from different professional groups in the district, none of whom knew each other's role; if anyone was caught and tortured, this ignorance would limit the damage inflicted. Holmboe was also responsible for teachers in his district.

He described the ingenuity with which resistance leaders in Oslo spread instructions to outer regions. "A friend telephoned me one afternoon," Holmboe explained, "and asked me to meet him at the railway station. There he gave me a small box of matches." The box contained a statement in response to the demand that teachers join the new organization established by Quisling. Holmboe continued, "My job was to circulate it secretly among the teachers in my district. That was all I knew. I didn't know who the 'leaders' were who met in Oslo." After handing him the match box, Holmboe's friend boarded another train and left. The statement read:

According to what the Leader of the new teachers' organization has said, membership in this organisation will mean an obligation for me to assist in such [fascist] education, and also would force me to do oth-

er acts which are in conflict with the obligations of my profession. I find that I must declare that I cannot regard myself as a member of the new teachers' organisation.

The teachers were to duplicate this statement in individual letters addressed to the Education Department. They were to sign their own names and include real addresses. All letters were to be posted personally on the same day: February 20, 1942. The teachers knew the extreme danger of expressing even passive resistance, and many were bookish people, not warriors. In his booklet "Tyranny Could Not Quell Them," Sharp wrote about a teacher who was isolated in the mountains. Before posting his letter, the nervous man "telephoned long distance to Mr. Holmboe to be sure that everyone else was really carrying out the plan — despite the probability that the telephone was tapped."

An estimated 8,000 to 10,000 teachers wrote to the Education Department. "If there had been even as many as 4,000 or 5,000," Holmboe declared, "we should have regarded the action as a success." As it happened, it was "very, very moving to see the reaction." He explained the high response rate. "It

was a matter of conscience. We just couldn't do those things [ordered by Quisling]. We could not have looked into the faces of family and friends if we had not made this protest." An estimated 90 percent of Norway's teachers refused to join the mandatory new union.

On February 25, Quisling closed all schools for a month, claiming that a "fuel crisis" did not permit the buildings to be heated. Closing the wood-heated buildings in forested Norway made little sense. People demanded to know the real reason their children were at home. Ironically, the school closures were instrumental in making the entire nation aware of the teachers' resistance, which had received no coverage in the official media.

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*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).*

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**NEXT MONTH:**  
**"Norway's Nonviolent  
Resistance in WWII: The  
Power of a Paperclip, Part 2"**  
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