**THE ECONOMIC FREEDOM FLYER - freemarketeers.org**

A picture containing text, person, posing, suit

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One of the greatest economists of all time, Ludwig von Mises tells us:

“All present-day political issues concern problems commonly called economic. All arguments advanced in contemporary discussion of social and public affairs deal with fundamental matters of…economics…Everybody thinks of economics whether he is aware of it or not…As conditions are today, nothing can be more important to every intelligent man than economics. His own fate and that of his progeny is at stake…all reasonable men are called upon to familiarize themselves with the teachings of economics. This is, in our age, the primary civic duty. Economics deals with society's fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen."

Living things and society are self-perpetuating orders that are in continuous cycles of wealth production and consumption. Production involves the transformation or relocation of matter to create wealth, and consumption transforms/relocates wealth/matter in a way that sustains or expands living things/orders and their internal parts/orders. These continuous cycles of production and consumption require precise knowledge/information. By focusing on how information arises, spreads, and guides the biological and socio-economic orders we have a simple yet profound way to understand the living world.

The biological order is created via the well-known mechanism of 'biological evolution' with genes being like the sentences which store the information necessary to create/coordinate life/order. Mutations cause new genes and thus new information to arise which leads to a different life-form which is then 'naturally selected' as it inadvertently competes with others, with the winner reproducing more and thus passing on more copies of the better-adapted/"fitter" genes/information/design to future generations.

In the social order human brains are motivated to ***discover*** the best information with which to increase the rate at which they transform or reorder their ***private property*** to create wealth. Most of us transform our bodies in a manner that maximizes the value of the labor/services/products we ***produce*** and then trade with others/companies. From our freedom to use/transform our private property emerges the ‘freedom to trade’ it with anyone in the entire planet which inadvertently transforms mankind into a global supercomputer where people/companies are motivated to innovate and learn from each other(competitors) thus inadvertently cooperate to discover and spread superior information and subsequent order. It is our freedom as consumers to trade our life/order-sustaining wealth for the best cars, and as producers to go into the auto-manufacturing business, which motivates existing auto manufacturers(competitors) to innovate/compete/copy/learn to produce the best cars. Companies that don’t successfully compete/innovate/copy/learn to be as productive as others won’t get enough life/order-sustaining wealth/revenue from customers to pay a competitive wage, motivating employees to once again use their ‘freedom to trade’ their labor to quit and join/trade-with the increasingly better informed and thus more productive and thus higher paying companies. Just like in the Olympics we can discover the best athletes in the world due to global competition, so does having the ‘freedom to trade’ with everyone in the world allows the best ideas to compete/spread globally thus ensuring the best possible global order. Via advertising, competitors are motivated to spread the potential usefulness and superiority of their products/ideas as well as the defects/inferiority of their competitors thus accelerating the need to compete/copy/spread superior information and subsequent order. As cost-cutting ideas emerge and inevitably spread via competition leading relative prices to continuously fall, new profitable ideas easily arise and once again spread via competition in an endless cycle of knowledge generation/innovation. For example, computers were once very expensive, but once the price of making them came down enough, people easily realized that every home could have them, which gave birth to our computerized world and the Internet and all the great things that flow from it. The more wealth is produced, the more wealth has to be offered in exchange for labor as companies/orders compete against each other for the labor they need which helps explain why the economic pie grows for everyone.

How much wealth had to be consumed in order to produce a gallon of gasoline that sells in Seattle for $4? We can’t know for sure, however, we can be certain that it was less than the advertised price which on average must include the costs. The price of any item in the world lets us know that there is an order at that particular time and place that is coordinated by information that can produce the item while consuming less than the advertised price. THAT IS AMAZING! This allows wealth to be purchased and combined in a manner that ensures that the combination (like a car) can easily have a price set that properly accounts for the costs/consumption of the whole (car) by just adding the prices of the parts used to produce it (wheels, glass, robotics, labor, etc.), parts which themselves had a price set that included their costs/consumption and so on, each part/input managed/ordered by entrepreneurs/brains/CPUs with highly specialized time-and-place specific information/skill who are always using profit/loss calculation to ensure they are producing more than consuming (being profitable) thus increasing the economic pie/order, leading to never-ending conveyor belts of interlocking cycles of production/consumption, each moving/reordering matter in increasingly valuable ways (mines -> wheels -> vans -> deliveries ->….).

Thanks to the finance/banking industry people are motivated to lend their money to banks/investors so they can earn interest. By doing so they consume less than they have produced and thus increase the amount of saved/unconsumed wealth. Wealth which is then consumed by entrepreneurs/borrowers while they nourish the production of wealth at a rate greater than the prevailing interest rate. This allows and motivates pooling of large quantities of saved/unconsumed wealth to sustain the creation of large projects/buildings/factories which would have been impossible to do if people were limited to the savings/wealth of friends and family. And, very importantly! It also gives a ‘computational boost’ to society by transferring the control/use of saved wealth from minds that have inferior ideas to those of entrepreneurs/CPUs whose superior ideas can grow the economic pie quicker than prevailing interest rates. It is vitally important to realize that governments via their central banks can’t create saved wealth by creating more money. Government creation of money just transfers wealth from the private sector to the government-connected entities that get the money leaving the private sector with less wealth and more money thus a higher ratio of money per wealth and thus higher prices. For example, in 2020 the Federal Reserve created trillions dollars which were given to people and businesses during the Covid-Lockdowns so they could consume without any production leading to a shrinking of the economy and accelerating rise in prices(In 2020 real estate went up 15%).

Morals are ways of acting, they too are knowledge which also emerges and spreads via economic competition to considerable degrees. It is hard-working, tolerant, courteous people who thanks to competition inevitably motivate everyone else to be likewise. As Hayek tells us:

“Competition is, after all, always a process in which a small number makes it necessary for larger numbers to do what they do not like, be it to work harder, to change habits, or to devote a degree of attention, continuous application, or regularity to their work which without competition would not be needed.”

As millions of Italians, Britons, Germans, Cubans and others from all over the world came to America, it was ultimately the competition which grows from ‘private property’ and thus individual liberty/freedom which stripped these people of their otherwise nationalistic/ethnocentric/tribalistic identities and evolved what came to be seen as the classic American character/ethos of wanting to be seen as a reputable/honest businessman/professional who treats everyone with respect and wears a business suit as opposed to older religious/ethnocentric dress.

Thus private property and emerging ***‘competitive knowledge discovery’***, as opposed to leading to chaos, 1) is what enables and motivates the discovery and spread of superior information which continuously increases the rate at which mankind reorders a tiny fraction of the earth’s massive volume of 260 billion cubic miles into the wealth that easily feeds/clothes/expands nearly 8 billion people, 2) civilizes us 3) protects us from being coerced into doing things we don’t want to do, or losing the wealth we have traded a part of our very lives to create or acquire, and 4) is also vital for discovering THE TRUTH!

Till about the 1800s man’s mythology restricted his freedom via the coercive/restrictive/monopoly plans of his master/King/Church/etc. but as it was seen right/just that he should be free, the resulting **‘competitive knowledge discovery’** skyrocketed and so did production/innovation/prosperity per graph below.

Table

Description automatically generatedEnvision people coming together/apart as companies/orders emerge and dissolve in ever-changing conditions. Superior information arising and rippling/restructuring the social order thanks to competition. A swarm intelligence emerges as the freedom of consumers to calculate what is best nourishes the growth and spread or superior orders/companies/information, inadvertently expanding the worldwide “division of labor and information” as entire neighborhoods/cities morph themselves in specialized ways as complementary pieces of information/orders segregate themselves in distinct geographical locations like the software industry in Silicon Valley, California and manufacturing in Guangdong, southern China. As Mises reminds us “The division of labour is a fundamental principle of all forms of life.”

**SOCIALISM/COMMUNISM AND THE PUBLIC SECTOR**

The role of governments should be to set the framework/laws that maximize such freedom/‘competitive knowledge discovery’ and NOT to attempt to manage/order society because governmental/‘public sector’ bureaucracies, being COERCIVE MONOPOLIES which get their life/order-sustaining wealth through taxes/compulsion are immune to the competitive-information-spreading incentives/pressures which motivate/force private sector entities to keep up with the competition in terms of hustle, and the copying and innovation of ideas. Government information is monopolistic/competition-less information which is always bound to be inferior to private/competitive information. Hayek:

“The argument for liberty is not an argument against organization, which is one of the most powerful tools human reason can employ, but an argument against all exclusive, privileged, monopolistic organization, against the use of coercion to prevent others from doing better.”

Central/government plans can’t work if people are free to not go along with them so they inevitably require compulsion/tyranny. For example, it is a criminal act in Communist countries like North Korea and most of Cuba to start a business, in other words, to attempt a superior restructuring of society because it interferes with the plans of “the experts” who run the government. It is also a criminal act everywhere to not pay taxes that sustain public sector bureaucracies like “public education” so there is little incentive or wealth to sustain other, more desirable/superior competitors/ideas. For example, the NYC public(monopolistic) school bureaucracy consumes about $29,000 per year to “educate” a K-12 student. Refusing to pay a single dollar that goes to this bureaucracy is a criminal act. Taxes and all transfers of wealth from the private sector to the government, besides being an obvious coercive burden to the people that had to sacrifice a part of their lives to earn such wealth and now have less wealth to trade for the things they want, simply destroy the more productive/efficient private sector jobs the taxed-away spending would have sustained and replaces such productive/efficient and pie-increasing jobs for inefficient government/monopoly ones, or worse, like militarism/wars. The former Soviet Union had plenty of highly educated scientists/‘experts’ whose plans required the coercion of millions as still happens in Cuba, but they were thoroughly crushed by free Americans and their ‘competitive knowledge discovery’. Socialist regimes and government in general also face an “incentive problem.” In free societies, or the private sector, each person is incentivized to be as productive and careful as possible and keep inefficiencies/risks to a minimum since he owns/keeps the additional wealth or losses in terms of unprofitable ideas or law suits. On the other hand, the government employee or bureaucrat gets the same pay (ability to then consume) whether his department did a good job (produced a lot) or not, and is also not risking his own wealth since that comes from the taxpayers. In a free/Capitalist society a person is a criminal only if he cheats on a contract or coercively interferes with other’s property, while in a Communist/Socialist society he is a criminal if he does not go along with the coercive/monopoly plans of the “experts”

Map

Description automatically generatedA government regulation is competition-less/monopoly information that is forced upon the entire social order from the top-down via the law. In the free/private/competitive sector information moves from the bottom (individual minds/entrepreneurs/innovators) to the top/others/influencers as it is ‘tested’/refined/preferred/adapted by the comparisons to other information by billions of minds thus ensuring superior information spreads. This is bypassed by top-down regulation and all government/monopoly action which ultimately comes at the expense of wiser private/competitive action. The more the government regulates, the more it paralyzes competitive knowledge discovery. As government regulations have increased in the health care sector, turning it into a sort of island of paralyzed top-down competition-less/socialist central planning, so have costs. These increased costs have led the sector to grow from consuming just 4% of the American economic pie in 1960 to over 20% in 2021. The “Science” is just information as well, unfortunately medical science in most of the world is totally regulated/paralized by government leading to spectacular failures/tyrannies. Just like the above image and logic easily shows how coercive/monopoly information leads to economic disaster, CovidMania lockdowns and coerced vaccinations can easily be seen as Communism-like errors by comparing the countries that did not lock down to those that did and paralyzed/destroyed their economies/freedoms. Sweden and US states like Florida, and South Dakota easily proved that all coercive/monopoly government action has been the inevitable ineffective disaster that always occurs. Unfortunately, as with Communism, the economic ignorance of the masses and resulting faith in coercive monopoloy/“experts” still grips much of the world.

**WHY WE REPEATEDLY FALL FOR SOCIALISM/COMMUNISM?**

For most of human evolution man has lived in small communal tribes where things like money, finance/banking, the tradition of private property and resulting ‘competitive knowledge discovery’ did not exist. Jealousy/hatred of those that have more, especially in times of need, and the altruism that motivates us to share are intuitive, while understanding the aforementioned economic concepts is not and requires a tolerance and respect for private property which goes against out tribalistic/communist instincts. As Hayek explains:

"...man’s instincts...were not made for the kinds of surroundings, and for the numbers, in which he now lives. They were adapted to life in the small roving bands or troops in which the human race and its immediate ancestors evolved during the few million years while the biological constitution of homo sapiens was being formed.”

The growing bewildering complexity of modern cities in 1800s led to the viral spread of numerous economic fallacies. For example, competition and advertising were seen as redundant and a way for selfish/greedy businessmen to exploit and enrich themselves at the expense of workers, and monopoly control by doogooder “experts” was seen as superior/fairer. Eventually someone would describe these increasingly popular fallacies/myths in a manner that was bound to go viral and that is what happened with Karl Marx and his bite-sized 'Communist Manifesto':

"the theory of the Communists may be summed up in the single sentence: Abolition of private property"...."Abolition of the family!"

Thus the abolition of ‘competitive knowledge discovery’ and civilization itself which emerges from the tradition of ‘private property’.

**HOW MISES SAVED CIVILIZATION**

Fortunately for mankind Ludwig von Mises nearly single-handedly put the brakes on Socialist expansion when he showed the impossibility of central planning via his essay “Economic Calculation in the Socialist Commonwealth” and persuaded Austrian politicians away from Communism:

*“I knew what was at stake. Bolshevism would lead Vienna to starvation and terror within a few days. Plundering hordes would take to the streets and a second blood bath would destroy what was left of Viennese culture.”.. “The most important task I undertook…was the forestalling of a Bolshevist takeover… The fact that events did not lead to such a regime in Vienna was my success and mine alone.” –Mises (Memoirs)*

Later in 1944, Mises’ protégé 1974 Nobel Laureate in Economics F.A. Hayek would publish ‘The Road to Serfdom’ which would be read by millions of Americans and educate/inspire future champions of Capitalism like British Prime Minister Margaret Thatcher and 3 time US Presidential Candidate Ron Paul and countless others.

“If we want to avoid the destruction of Western civilization and the relapse into primitive wretchedness, we must change the mentality of our fellow citizens. We must make them realize what they owe to the much vilified "economic freedom," the system of free enterprise and capitalism...The issues of society's economic organization are every citizen's business. To master them to the best of one's ability is the duty of everyone.” – Mises