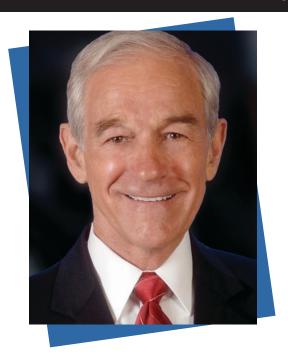
# FREE MARKET

THE MONTHLY PUBLICATION OF THE MISES INSTITUTE



# Ron Paul on The School Revolution

Ron Paul, Distinguished Counselor to the Mises Institute, recently released his new book The School Revolution: A New Answer for Our Broken Education System. Dr. Paul spoke with us about his new book and how decentralization, competition, and online instruction are revolutionizing education.

**The Free Market:** Your books in the past have tended to address issues such as hard money, private property, and central banking. Why are you now looking at education?

Ron Paul: People during the presidential campaigns spoke of a Ron Paul Revolution. But without a revolution in education, there can be no Revolution. If people get to learn about the freedom philosophy only in caricature, if at all, and they never get exposed to the Austrian economists, it will be difficult to impossible to sustain our present momentum over the long term.

Don't misunderstand me: I am thrilled at our progress and more optimistic than I have ever been. But as for the long term, I am concerned all this excitement could fizzle if the infrastructure doesn't exist to keep it going. And that means we can't ignore education.

**TFM:** How would you describe your own education? How has the state changed the way that we are educated now compared to then?

**RP:** I was fairly happy with my education. I went to a public school, yes, but in fairness it was about as good as a government institution can be: we had full local control, no fashionable but silly pedagogy was forced on us, and the students came from solid family backgrounds. We had our troublemakers, but really none of the pathologies we encounter so often today.

**TFM:** You mention Leonard Read more than once in your book. How has he shaped your views of education and freedom?

**RP:** From Leonard Read, whom I greatly admired, I took a commitment to educating the public in the principles of liberty at every opportunity. Leonard couldn't have imagined the opportunities we'd

#### IN THIS ISSUE



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have today—with the Internet, homeschooling, and the extraordinary combination of the Internet and homeschooling.

**TFM**: Are online resources for education making it easier for people to educate themselves and others?

**RP:** That's putting it mildly! Having the great works of the great thinkers of our tradition, plus articles, speeches, books, and materials of all kinds at our fingertips, simply astonishes me. Even without an organized curriculum to guide someone, anyone who craves knowledge will find it. That's how so many people wind up discovering the Mises Institute, isn't it?

I'm managing a lot of projects these days. In some ways I'm busier than I was when I was in Congress. But what could be more important than handing on the great, life-changing ideas of liberty to future generations, and giving these students the educations you and I could only have dreamed of getting?

The curriculum I've designed (RonPaulCurriculum.com), and which I refer to in the book, is more than just history and economics, though. It's math and the sciences, it's literature, it's writing, it's public speaking, it's learning how to start your own business, and above all, it's learning how to learn. All of these are skills that will serve a young person well. If a substantial number of libertarian young people have these skills, I believe things begin to change.

**TFM:** How can competition in education provide a better experience for students?

**RP:** The same way competition in anything provides a better experience for consumers. Competition in education is going to be especially fierce. If the government's schools are spending \$10,000 to \$15,000 per student annually, and I can get students a better education for, say \$750, how does their business model survive? Inertia, to be sure, but with state and local budgets under increasing strain, how does business as usual persist in education for much longer?

**TFM:** You clearly take a positive view of homeschooling in the book. But when it comes time to go to college, won't students need some kind of formal certification from an accredited school?

**RP:** These days, with homeschooling more and more mainstream, and with the academic skills of so many homeschooled students no longer seriously in question, colleges are less strict about this. Someone with strong standardized test scores, or who gets college credit via CLEP exams, has proven the merits both of his curriculum and of himself. My own homeschool curriculum, the *Ron Paul Curriculum*, makes passing the CLEP exams a priority. This is a feather in the student's academic cap, and it's a ton of money in the parents' wallets when a student can skip courses, or even whole grades.

**TFM:** Even with all the growth in homeschooling, the vast majority of students still go to public schools. So is it possible to make a difference with so many still receiving conventional, state-directed education?

**RP:** We don't need to convince everyone. Most people take no interest in the issues that drive you and me. We need to persuade a dedicated minority. We need to reach the intellectual leaders of tomorrow from our ranks. If even five percent of the American public were truly conversant with the great thinkers and classics of the freedom philosophy, it would be a very, very different situation.

Remember, too, that the transmission of news and information is becoming decentralized. One no longer has to be part of the media establishment in order to get a hearing and even a following. I am

**CONTINUED ON PAGE 6** 



### Guardians of the Warfare State



T. HUNT TOOLEY

n analysis of the U.S. Secretaries of War and Defense (the name was changed from Secretary of War to Secretary of Defense in 1947) gives us some insight into the nature of the relationships within the "military-industrial complex." Though these Secretaries are not the *only* gatekeepers of the warfare-welfare state (and perhaps not even the most important ones), they *do* perform a crucial function in coordinating the collectivist, rent-seeking corporate entities with the political parties and their largely social-democratic agendas.

Of 41 Secretaryships since 1900, we are looking at 39 individuals, two having served twice under two separate Presidents. These 39 Secretaries came from 19 states only. The overwhelming majority were from the Atlantic seaboard. Strikingly, 41 percent of these Secretaries of defense and war came from just three states: New York, Pennsylvania, and Ohio. Casting our net a bit wider geographically catches two thirds of the Secretaries. These three states were populous ones, to be sure, but for the whole period, their average percentage of US population would be something under 20 percent. Furthermore, very few came from the great cities. The Secretaries from New York were far more likely to come from Clinton (Elihu Root) or Glen Falls (Robert Patterson) than New York City. These were mostly small-town kids from western Pennsylvania, upstate New York, and adjoining districts.

Perhaps less surprisingly, 52 percent attended Ivy League institutions (some of them only the professional schools at the Ivies). Of the Ivy Leaguers, eleven were Republican Secretaries, ten Democrat. Yet in spite of the elite educational connections, most of the Secretaries came from middle-class and in several cases distinctly lower middle-class backgrounds. Not all, of course. Robert Lovett (under Truman) was a scion of Union Pacific money (hence related to a couple of banking empires). Elliott Richardson (under Nixon) was from a blue-blooded family of Boston Brahmins. William Howard Taft (under Theodore Roosevelt) was from the powerful Ohio Taft family of Cincinnati. Their bios show that, at least in broad summary, even the most atypical of the 39 do not stray too far from the following portrait, a kind of ideal-type of War Secretary.

Our model Secretary of War or Defense is an individual from western Pennsylvania. He comes from a sturdy middle-class background which enables this bright, hard-working kid to to get an Ivy League education, most likely at Yale. He writes or edits one of the college publications. Since our man is at Yale, he is sought out by a secret society, and he gets into, say, Skull and Bones (the most frequently occurring, though some others are represented), rubbing shoulders there with the elite families and fortunes. If there is a war on after college, our man will serve a short stint in the military. He will then study law at Harvard, working afterward for a law firm or an investment bank. Making his way into state or national politics, he will serve in a number of positions.

**CONTINUED ON PAGE 5** 

#### Mises Scholar and Alumni Updates



**RON PAUL** 



and ASSOCIATED SCHOLARS PHILIPP BAGUS and THORSTEN POLLEIT in September published a new German-language book, *Ludwig von Mises: Leben und Werk für Einsteiger* (*Ludwig von Mises: An Introduction to His Life and Work*).





**HUNTER LEWIS**, the Mises Institute's 2012 Henry Hazlitt Lecturer, published two new books with AC2 Books in September: *Crony Capitalism in America: 2008–2012* and *Free Prices Now!* 

**SENIOR FELLOW ROBERT HIGGS** retired from his position as longtime senior editor of the scholarly journal *The Independent Review.* 

**SENIOR FELLOW RALPH RAICO**'s 1994 paper "The Theory of Economic Development and the European Miracle," will be translated into German and French for a new scholarly book to be released in Europe in early 2014.

ASSOCIATED SCHOLARS DAVID HOWDEN and MATEUSZ MACHAJ spoke at the 2013 Summer Conference (September 13–15) of the Mises Institute of Poland. 2013's Summer conference was conducted in English on the topic "The Economics of the Eurozone." Also presenting at the conference were former MISES FELLOWS NIKOLAY GERTCHEV, DAVID SANZ BAS, MATEUSZ BENEDYK, STANISŁAW KWIATKOWSKI, and JAKUB BOZYDAR WISNIEWSKI.

**ASSOCIATED SCHOLAR AND MISES UNIVERSITY ALUMNUS BENJAMIN POWELL** has been appointed director of the Free Market Institute at Texas Tech University which provides fellowships for economics Ph.D. students. Professor Powell is also teaching a course titled "Austrian Economics" at TTU for both graduate and undergraduate students.

**FORMER MISES FELLOW MATTHEW MCCAFFREY** was awarded a Ph.D. in economics from the University of Angers in France, and he has been appointed to a postdoctoral fellowship at the University of Illinois at Springfield.

**ASSOCIATED SCHOLAR DONALD BELLANTE** presented on "The Future of the Free Market in the U.S. and Europe" earlier this year to the John Locke Initiative, an interdisciplinary organization at the University of Florida.

**ASSOCIATED SCHOLAR STEVE HANKE** has been named a member of the Supervisory Board of Advanced Metallurgical Group N.V., in Amsterdam, and his article "Hot Money, Cold Credit" appeared in the June 2013 issue of *Globe Asia*.

**FORMER MISES FELLOW CHRISTOPHER OPPERMANN** graduated from Harvard University in May with a Bachelor's degree in Social Studies. Congratulations, Chris!



HANS-HERMANN HOPPE



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ROBER'



RALPH BAICO



MATTHEW MCCAFFRE



CHRISTOPHER OPPERMANN

#### GUARDIANS OF THE WARFARE STATE CONTINUED FROM PAGE 3

Our ideal man and they are all males would definitely be in

the Council on Foreign Relations (after 1922). After having served for three or four years as Secretary of War or Defense, our man will go back to "business," almost certainly investment banking. (This is true in nearly every case, even for those who were not bankers before.) He would also maintain extensive board memberships, consultative positions, and other connections to the arms industry. And he would be connected with the worlds of both government task forces and the great tax-free foundations (Ford Foundation, Rand, etc.) and maintain close connections to Lehman Brothers, Morgan, Jacob Schiff, and Goldman Sachs.

Now, let me say that there are plenty of incidental variations in the pool. Interesting ones at that. One Secretary of War had two descendants (grandson and great grand-daughter) who would be nominated for Academy awards (George Dern, one of FDR's war Secretaries). One Secretary of Defense served twice and in between joined big pharma and successfully gained the FDA approval of Aspartame (Rumsfeld). One Secretary of War established the Davis Cup in tennis (Davis). Two Secretaries had previously been college roommates (Rumsfeld and Carlucci). And of one of Roosevelt's War Secretaries was a strict non-interventionist (Woodring)!

As mentioned, only a few of the Secretaries came from old money and privilege: in general, these men are not the shadowy banker puppet masters nor the vicious capitalists of imagination, but rather the sons of farmers, small-town attorneys, and school teachers whose ambition took them to positions of influence. Indeed, some exercised enormous influence on policy: think Stimson, McNamara, and Rumsfeld, for example. Some much less. There were no real Metternichs or Richelieus among them, no "coachmen of Europe" so to speak. Rather, they were high functionaries of the warfare-welfare state. And, it must be said, hardworking, intelligent, and capable individuals.

All this hard work was applied to procuring materials for war, getting them from the preferred sources, shaping the American defense organization so as to carry out the military plans of the President and his advisors. Maybe even ensuring that the destruction inflicted would be such that the reconstruction would yield profit to favored sectors

and companies later on. These Secretaries certainly provide one of the secured connections between politics and the upper-level decision-making levels of "wise men."

I am suggesting that this specific profile may be crucial to the political process of brokering deals between the parties, the administration, high finance, the military, and arms manufacturing—in essence the military industrial complex. The modern imperium, no less than the state of the Sun King, needs highly skilled managers of even temperament and total loyalty. The "democracy" of today—part theater, part therapy, part oligarchy—might serve up oddballs and originals as Secretaries of State, Senators, and Presidents. But the Defense Secretaries, crucial machinery of the perpetual warfare state, are finely-honed parts of a specific make.

Parenthetically, and without attributing special significance, I observe a tendency to partisan difference in style among our defense ministers. The Democratic Party has tended to choose a few more out-of-sync Secretaries than the Republican Party. Also, a few more Democratic Secretaries came from outside the Bermuda Triangle (of New York, Pennsylvania, and Ohio) of War Secretaries.

On the other hand, it is likewise true that Defense is the cabinet position that probably most frequently crosses party lines, as in the case of Secretary Hagel. Clearly, at times, these guardians are simply interchangeable.

Both political parties have of course acted as fronts for the state elite, for the system of the warfare-welfare state. The appearance of tension between the parties in matters of war-making has been theater in many ways, though many participants are, no doubt, true believers. Yet these ideas have to be conveyed against the backdrop of actual aggressive warlike activity by both parties when in power.

The indispensable interface between parties, business, and elites is guarded by a special class of loyalists, usually extremely bright individuals of modest family and social status, chosen by the state elite to do this work, and later rewarded accordingly. When we look at these men and these functions, it is hard to imagine how it could be otherwise.

T. Hunt Tooley is Professor of History and chair of the history department at Austin College. He is the author of *The Western Front: Battleground and Home Front in the First World War* and other writings on modern history.

#### RON PAUL CONTINUED FROM PAGE 2

looking to train the coming generations of libertarians to take up this role. That way, we can have an influence out of proportion to our numbers.

One last thing, if I may: I think many parents who like the idea of homeschooling lack the confidence to do it. That's an understandable fear. Few parents feel comfortable with the

idea of answering their children's questions about calculus and physics. I explain in *The School Revolution* why this problem need not be insuperable. Parents can get their children a top-notch education without themselves having to do much teaching in the upper grades, or hire expensive tutors.

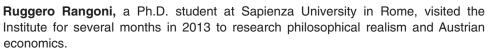
We are living through a period of rapid change, in so many areas of life. The mode of education may be the most important of these changes. We need to be ahead of the curve. That's why I wrote this book.





**ROBERT MURPHY** 

Economist and **Associated Scholar Robert Murphy** was conducting research at the Mises Institute in early September. According to Dr. Murphy, he is "working on a book that will relay the most important insights from *Human Action* in a form that college students can readily absorb. The goal is to produce a text that could be assigned in upper level undergraduate economics courses, where *Human Action* itself might be too intimidating."





**RUGGERO RANGONI** 



FRANK DAUMANN

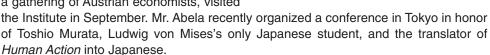
Mises Institute Associated Scholar Frank Daumann of the University of Jena in Germany, known for his work on the economics of sport, visited the Mises Institute campus in September to continue his research. He hopes to return in March to present a paper at the Austrian Economics Research Conference.

**Molly Sechrest** of Texas and **Steve Moses** of Washington stopped by the Institute recently during a business tour for the Center for Long-Term Care Reform.



MARK THORNTON

Marc Abela of the Tokyo Tea Party and organizer of the Mises Meetings in Japan, a gathering of Austrian economists, visited



**Peter Klein and Mark Thornton** filmed the first installments of *The Mises View*, a new video series at Mises.org examining timely issues related to the economy, booms and busts, government intervention, and more.



MOLLY SECHREST AND STEVE MOSES

### **COMING EVENTS**

Register online at mises.org or by phone at 800.636.4737.

November 8	HOW DOES AN ECONOMY	GROW? A SEMINAR	FOR HIGH SCHOOL	STUDENTS
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January 18, 2014 SOUTHWEST REGIONAL MISES CIRCLE IN HOUSTON (Sponsored by Christopher P.

Condon, Terence Murphree, and T.J. & Ida Goss)

March 20–22, 2014 AUSTRIAN ECONOMICS RESEARCH CONFERENCE • Mises Institute

June 9–14, 2014 ROTHBARD GRADUATE SEMINAR (Sponsored by Alice J. Lillie) • Mises Institute

July 20–26, 2014 MISES UNIVERSITY • Mises Institute

#### Upcoming Mises Academy Online Courses. Register at http://academy.mises.org

October 17 – November 27 Basics of Economics: Action and Exchange

Instructor: Robert P. Murphy

November 8 How Does an Economy Grow? A Seminar for High School and College Students

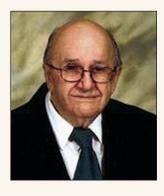
(Sponsored by an Anonymous Donor) Instructors: Mark Thornton, Peter Klein, and

**Daniel Sanchez** 

#### IN MEMORIAM

We mourn the passing, but celebrate the lives and achievements, of these champions of liberty. Their far-sighted concern for the future of freedom will always inspire us:

**Mr. John B. Atherholt,** Charter Member of the Mises Institute, husband, father, aviation expert, and entrepreneur, passed away on September 3 at the age of 94.



**Mr. Lester W. "Junior" Cleland,** Mises Institute Member since 1987, husband, father, and farmer, passed away on March 13 at the age of 85.

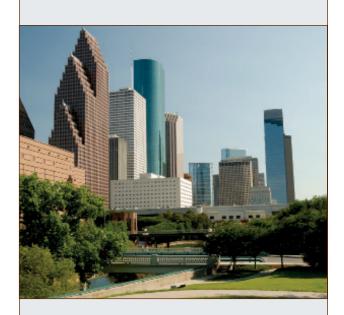
**Mr. Charley Reese,** syndicated columnist, journalist, and contributor to Mises Daily, passed away on May 21 at the age of 76.



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**January 18, 2014** 



See Mises.org/Events or call 334.321.2100 for details.

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