

# THE FREE MARKET

THE MONTHLY PUBLICATION OF THE MISES INSTITUTE

## Mises Explains the Drug War

LAURENCE M. VANCE

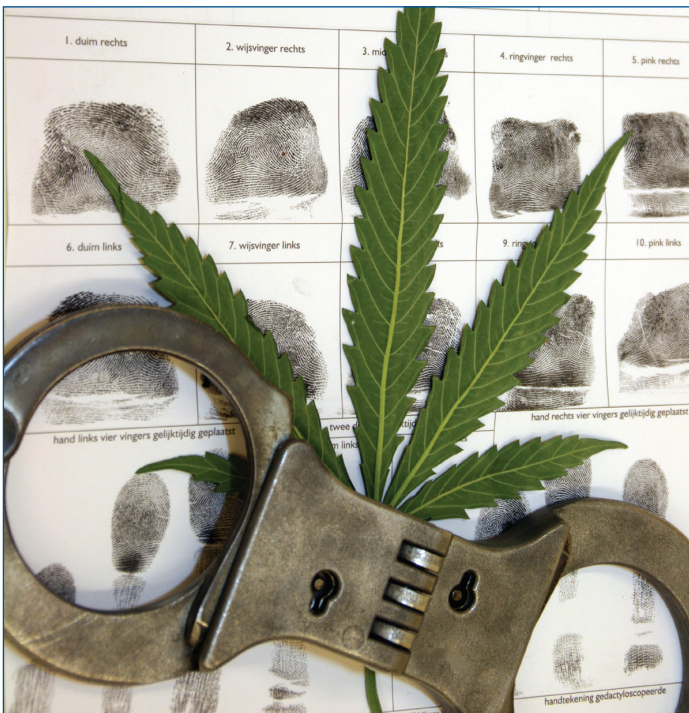
**A**ir travelers were outraged when the FAA announced that there would be flight delays because air-traffic controllers had to take furloughs as a result of sequester budget cuts. But there is another federal agency

whose budget cuts Americans should be cheering—the Drug Enforcement Administration.

According to the Office of Management and Budget's report to Congress on the effects of sequestration, the DEA will lose \$166 million from its \$2.02 billion budget. Other agencies that are part of the expansive federal drug war apparatus are getting their drug-fighting budgets cut as well.

These cuts, no matter how small they may actually end up being, are certainly a good thing since over 1.5 million Americans are arrested on drug charges every year, with almost half of those arrests just for marijuana possession.

Although 18 states have legalized medical marijuana, seven states have decriminalized the possession of certain amounts of marijuana, and Colorado and Washington have legalized marijuana for recreational use, in the majority of the 50 states, possession of even a small amount of marijuana can still result in jail time, probation terms, or fines. The federal government



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still classifies marijuana as a Schedule I controlled substance under the Controlled Substances Act, with a high potential for abuse and with no acceptable medical use.

Since the federal government has not followed its own Constitution, which nowhere authorizes the federal government to ban drugs or any other substance, it is no surprise that it has not followed the judgment of Ludwig von Mises when it comes to the drug war.

The war on drugs is a failure. It has failed to prevent drug abuse. It has failed to keep drugs out of the hands of addicts. It has failed to keep drugs away from teenagers. It has failed to reduce the demand for drugs. It has failed to stop the violence associated with drug trafficking. It has failed to help drug addicts get treatment. It has failed to have an impact on the use or availability of most drugs in the United States.

None of this means that there is necessarily anything good about illicit drugs, but as Mises explains “It is an established fact that alcoholism, cocaineism, and morphinism are deadly enemies of life, of health, and of the capacity for work and enjoyment; and a utilitarian must therefore consider them as vices.” But, as Mises contends, the fact that something is a vice is no reason for suppression by way of commercial prohibitions, “nor is it by any means evident that such intervention on the part of a government is really capable of suppressing them or that, even if this end could be attained, it might not thereby open up a Pandora’s box of other dangers, no less mischievous than alcoholism and morphinism.”

The other mischievous dangers of the drug war that have been let loose are legion. The war on drugs has clogged the judicial system, unnecessarily swelled prison populations, fostered violence, corrupted law enforcement, eroded civil liberties, destroyed financial privacy, encouraged illegal searches and seizures, ruined countless lives, wasted hundreds of billions of taxpayer dollars, hindered legitimate pain treatment, turned law-abiding people into criminals, and unreasonably inconvenienced retail shopping. The costs of drug prohibition far outweigh any possible benefits.

But that’s not all, for once the government assumes control over what one can and can’t put into his mouth, nose, or veins or regulates the circumstances under which one can lawfully introduce something into his body, there is no limit to its power and no stopping its reach. Again, as Mises makes clear “[o]pium and morphine are certainly dangerous, habit-forming drugs. But once the principle is admitted that it is the duty of government to protect the individual against his own foolishness, no serious objections can be advanced against further encroachments.”

“As soon as we surrender the principle that the state should not interfere in any questions touching on the individual’s mode of life,” Mises goes on, “we end by regulating and restricting the latter down to the smallest detail.”

Mises tells us exactly what the slippery slope of drug prohibition leads to. He asks why what is valid for morphine and cocaine should not be valid for nicotine and caffeine. Indeed: “Why should not the state generally prescribe which foods may be indulged in and which must be avoided because they are injurious?” But it gets worse, for “if one abolishes man’s freedom to determine his own consumption, one takes all freedoms away.”

**CONTINUED ON PAGE 6**

# Robert Murphy

## on Teaching at Mises Academy

*Founded in 2010, The Mises Academy is the online teaching service of the Mises Institute, and in the tradition of the Mises Seminars, it offers students of all ages direct access to top scholars through our online classes and seminars. Offering classes on topics ranging from economics to literature, the Mises Academy allows students to take classes with Mises Institute faculty from anywhere on earth.*

*Economist Robert P. Murphy, who has taught several courses for Mises Academy on microeconomics, energy economics, and Rothbard's Man, Economy, and State, recently spoke with The Free Market about teaching for Mises Academy:*



**The Free Market:** *Forbes* magazine recently suggested that institutions like the Mises Institute might become the universities of the 21st century. Do you see the Mises Academy as breaking down some of these barriers between legacy higher education and new programs like Mises Academy?

**Robert Murphy:** Oh definitely. I don't think there's any doubt that people can get a much better education through online routes, as opposed to brick-and-mortar institutions. The reason is one of simple logistics: You can be anywhere in the world and watch a top-flight instructor teach a course in exactly what you want. In contrast, if you're at a certain college, you have relatively limited choices about the instructor and the material. In a sense, the internet has to be better, because even the most engaging professors at MIT and so forth can put their physics lectures online.

Don't get me wrong, there is still something to be said for a live encounter, and it's hard to recreate the individualized attention you can get in the "Office Hours" at a traditional school. But by definition, those very attributes restrict such education to the few students who are in physical proximity to the desired instructor.

As technology advances further, and instructors become more comfortable with remote teaching, this trend will only continue. The only major stumbling block is official accreditation, but even now I know there are employers and graduate programs that give an extra look at applicants

who have a few Mises Academy courses listed on their resumes.

**TFM:** You taught standard classroom-based college courses at Hillsdale. How does teaching at Mises Academy compare?

**RM:** I don't want to ignore the friendship and rapport that can develop with "the right bunch of kids" in a traditional college setting. Especially for students whom I knew from Principles, as they worked their way up through the econ major, that was something special that cannot be reproduced easily online.

On the other hand, I really did not relish teaching a Principles of Micro class to a bunch of non-econ majors, who were only taking my class (perhaps at 8 a.m.) because they had to, for their business or accounting degree. Part of the problem was that I felt I had to teach the "standard stuff" of average cost curves and so forth, in order to make sure they graduated seeing the same things that other college grads would have seen in their econ Principles classes.

In total contrast to this type of experience, in Mises Academy classes every single student is there of his or her own choice, and in most cases is paying for it (rather than relying on parents, as with a typical college student). So there's a lot more enthusiasm on the

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# Rothbard and The Anarchists



**E**ighteen years after his death, Murray Rothbard still annoys his critics. On August 13, Paul Krugman went out of his way to attack Murray Rothbard by way of the monetarists in the *New York Times*, pointing out that Milton Friedman was “contemptuous of the Austrians.”

This followed a July 26 column by Oliver Burkeman in the U.K.’s *The Guardian*, in which Burkeman based his column on a discussion of “Rothbard’s Law” but was nonetheless sure to announce that he generally dislikes Rothbard who was “a free-market extremist.”

Rothbard received more evenhanded treatment, however, in a May 13 article on the “anarchist revival” in *The New Yorker*. The article, entitled “Paint Bombs” by Kelefa Sanneh, examines the Occupy Wall Street movement and how it has brought to prominence the anti-capitalist anarchist David Graeber. Concluding that the Occupy movement is not influential in Washington, D.C., Sanneh notes that “In fact, there is one anarchist who could be considered influential in Washington, but he wasn’t among the activists who participated in the Occupy movement—he died nearly twenty years ago. His name is Murray Rothbard...”

Sanneh goes on to explain that “Rothbard was an anarchist, but also a capitalist. ‘True anarchism will be capitalism, and true capitalism will be anarchism,’ he once said, and he sometimes referred to himself by means of a seven-syllable honorific: ‘anarcho-capitalist.’”

Sanneh compares Rothbard and Graeber, saying that “Graeber thinks that governments treat their citizens ‘like children,’ and that, when governments disappear, people will behave differently. Anarcho-capitalists, on the contrary, believe that, without government, people will behave more or less the same: we will be just as creative or greedy or competent as we are now, only freer.”

To gain some additional perspective and context on what Sanneh calls “the split personality of anarchism,” *The Free Market* asked the Mises Institute’s intellectual historian David Gordon to tell us a little about Graeber and Rothbard.

Dr. Gordon writes:

“David Graeber, an American anthropologist who teaches at Goldsmiths, University of London, is the author of the much-discussed recent book *Debt*. He is an anarchist but rejects anarcho-capitalism. Murray Rothbard does not qualify as a genuine anarchist for Graeber, because Rothbard

accepts the free market. In Graeber’s view, capitalism requires the state to maintain it. Unlike Mises and Rothbard, he does not take the free market to consist of the voluntary exchanges people make. Rothbard, following Franz Oppenheimer and Albert Jay Nock, contrasts the economic means, based on peaceful cooperation, with the political means, based on the violent extraction of resources from others. The State, in this view, is the organization of the political means.”

Graeber does not agree that if we got rid of the state, people would live under free enterprise capitalism. He follows Karl Polanyi’s contention in his book *The Great Transformation* (1944) that the free market depends on a rigid framework of laws and institutions to force people into the behavior that the capitalist system requires. In particular, Graeber thinks that capitalism is based on debt peonage and slavery and views debt cancellation favorably.

He also rejects Menger and Mises’s view that money must originate from a commodity with a non-monetary use. Graeber argues that anthropologists have failed to find societies in which barter precedes the use of money. To the contrary, he associates the origin of money with the state, and credit preceded the direct use of money in exchange. He fails to understand that Menger and Mises presented a theoretical argument, not a historical one. He also fails to note that Mises was aware of the possibility that gift exchange preceded barter.

In the absence of the state, Graeber thinks almost everybody would regard working for wages as a very undesirable choice; an anarchist economy would not consist of capitalist firms. He does not specify a precise alternative to the free market but stresses spontaneous and direct action by people. ■

**ROBERT MURPHY**  
**CONTINUED FROM PAGE 3**

part of the students, and that helps motivate me as an instructor. Furthermore, since it's not part of a government-approved curriculum, I don't feel bad in concentrating on what I think is truly important, rather than the "standard way this is taught elsewhere."

**TFM:** Is there any such thing as the "typical" Mises Academy student or has there been a lot of variety?

**RM:** It's all over the map, at least in my classes. At first I had assumed it would mostly consist of college students, but many of them actually don't have the time or money for it. I would guess that the majority of my students (I can't speak for the other Mises Academy classes) are 25 or older and have jobs, or are retired. They are there to learn the material for its own sake, not to check a box.

**TFM:** How do you choose which topics you will cover in your courses?

**RM:** Some topics have enduring popularity, like the Federal Reserve and Austrian business cycle theory, as

well as the "intro" class (which uses my textbook, *Lessons for the Young Economist*). So we periodically cycle back and offer those courses, as new people come into the Mises Academy orbit. I actually rely on Daniel Sanchez, who directly oversees the Mises Academy, to suggest new course topics, since he is more on-the-ground and knows exactly what other professors have been offering, and knows my particular areas of expertise. For example, it was completely his idea for me to teach a course on energy economics, which was my most recent Academy class.

**TFM:** What have been some of the greatest challenges in teaching through the Mises Academy?

**RM:** The hardest challenge has been broadcasting the live videos to the students. There is the occasional technical hitch, but that has mostly been solved now, especially if I can be broadcasting from a location with an ethernet connection (as opposed to, say, wifi in a hotel room). It's still a little weird to be talking to a mute computer camera, rather than lecturing in front of a live crowd and getting feedback, but once you get used to it, it's not really an issue. ■

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## Mises Going Mainstream

From European dailies *Le Monde* and *Il Giornale* to *The New York Times*, Austrian economists and the Mises Institute are increasingly topics of discussion in the mainstream media this year. On August 21, Ludwig von Mises and the Mises Institute were featured in the *The Huffington Post* with the article "The Economic Philosopher's Outcast: Mises." The article, written by Steve Mariotti, founder of the Network for Teaching Entrepreneurship, explains that "Mises, the modern day creator of the Classical Liberal movement (today also called libertarianism) destroyed the intellectual arguments of socialism by proving that it was impossible to allocate scarce resources effectively without private property and free-market prices."

Mariotti goes on to interview Mises Institute Executive Director Peter Klein who explains that "The Austrians led by Mises offer a compelling alternative explanation [to the Keynesians] in which booms and busts are caused by central-bank manipulation of interest rates in vain attempts to stimulate or stabilize the economy." Mariotti concludes that "Anyone wishing to learn more about this fascinating political philosopher should visit . . . the Mises Institute located in Auburn, Alabama [where] the world's top professional philosophers, economists, students and political scientists attend annual conferences to debate and discuss these ideas." ■



From left: Summer Fellow Wolf von Laer and Librarian Barbara Pickard, with Steve Mariotti in the Mises Institute Archives.

“Why limit the government’s benevolent providence to the protection of the individual’s body only?” Mises asks. “Is not the harm a man can inflict on his mind and soul even more disastrous than any bodily evils? Why not prevent him from reading bad books and seeing bad plays, from looking at bad paintings and statues and from hearing bad music?”

When it comes to bad habits, vices, and immoral behavior of others, in contrast to the state, which does everything by “compulsion and the application of force,” Mises considered tolerance and persuasion to be the rules.

“A free man must be able to endure it when his fellow men act and live otherwise than he considers proper,” Mises explains. “He must free himself from the habit, just as soon as something does not please him, of calling for the police.”

For Mises, there is one path to social reform, and “[h]e who wants to reform his countrymen must take recourse

to persuasion. This alone is the democratic way of bringing about changes. If a man fails in his endeavors to convince other people of the soundness of his ideas,” Mises concludes, “he should blame his own disabilities. He

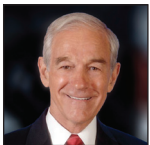
should not ask for a law, that is, for compulsion and coercion by the police.”

In a free society, it couldn’t be any other way. ■



Laurence M. Vance is an Associated Scholar of the Mises Institute and the author of *Social Insecurity and War*, *Christianity*, and *The State: Essays on the Follies of Christian Militarism*.

## Mises Scholar Updates



PAUL

**Mises Institute Distinguished Counselor Ron Paul** launched the Ron Paul Channel in August ([www.RonPaulChannel.com](http://www.RonPaulChannel.com)), a global internet-based media outlet for live and on-demand video news programming. Dr. Paul also headlined the “A Night of Clarity” conference in downtown Nashville on August 23 with his talk “My History with Austrian Economics and Fighting the Fed.”

**Judge Andrew P. Napolitano** has joined the Mises Institute as our Distinguished Scholar in Law and Jurisprudence.



HÜLSMANN

**Senior Fellow Walter Block** recently joined the Board of Directors of the Mises Institute of Canada which is organizing the Toronto Austrian Scholars Conference this year in November. The Conference will feature **former Mises Fellow David Howden** as keynote speaker.

**Mises Senior Fellow Jörg Guido Hülsmann** has released his second book this year, following up his edited volume *Theory of Money and Fiduciary Media* with the German-language *Krise der Inflationskultur* covering the political economy of finance (English translation coming in 2014). The Russian translation of Hülsmann’s biography of Mises, *The Last Knight of Liberalism*, long in the works, is now available for sale.



COCHRAN

The new edition of *The History of Economics eJournal* of the History of Economics Society is now available. The August 16 edition features new articles by **Mises Senior Fellow John Cochran** and **former Mises Fellow Per Bylund**.



BYLUND

**Senior Fellow Mark Thornton** was featured in the August 5 edition of the French Daily *Le Monde*, in which he commented on the latest round of skyscraper building in China, and what that may mean for the future of the global economy. Dr. Thornton was also featured on *Russia Today* where he discussed the nature of Bitcoins.

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Each summer, the Mises Institute's generous donors make it possible for serious students of freedom and the Austrian School to come together at the Rothbard Graduate Seminar and Mises University to learn from the world's top scholars in the Austrian tradition.

This summer was no different with June's Rothbard Graduate Seminar, sponsored by Alice J. Lillie, at which 20 highly-talented graduate students bound for academia met for a week to study Rothbard's works with some of our Senior Fellows.

The seminar was followed in July with Mises University, a much larger program for students at all knowledge levels ranging from those seeking

"It is very difficult to fully express my appreciation for your generosity in sponsoring this seminar. Your sponsorship has provided me with the opportunity to study under some of the leading Austrian scholars of our time. I assure you that I will do my very best to use all that I have learned at this seminar to carry the Austrian tradition forward."

Johnathan Brown  
Auburn University

an introduction to Austrian economics, to graduate students seeking to refine their knowledge. At Mises University this year, more than 150 students gathered from 35 states, 24 foreign countries, and 124 colleges and universities. Students participated in a rigorous all-day schedule of classes on everything from the business cycles to philosophy.

Outside of classes, students had the chance to meet with faculty, socialize with other students, and watch Tom Woods beat Walter Block at chess. Block's loss, however, did not appear to diminish his popularity with the students. ■



*Rothbard Graduate Seminar Students and Faculty*

"I cannot thank you enough for your generosity and hope to be able to repay you and future generations many times over."

Jon Thorpe  
University of Detroit Mercy



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# Economics

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