

the Austrian

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**The
Free Market
Medical
Revolution**
with Dr. G. Keith Smith

**Political
Freedom
vs. Personal
Freedom**
with Stephan Livera





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From the Publisher

Jeff Deist

The citizen must not be so narrowly circumscribed in his activities that, if he thinks differently from those in power, his only choice is either to perish or to destroy the machinery of state.

—Ludwig von Mises,
Liberalism

Even amidst plenty of bad news, quiet revolutions happen all around us.

No American industry is more ripe for disruption than medicine. Americans are addled; sick, overweight, mentally unwell, and dependent on too many prescription drugs. The business of “healthcare” is dominated by government—Medicare—and “private” insurance company middlemen, and it is in big trouble. Premiums and out-of-pocket costs now average \$23,000 per year for a family of four. And the most expensive group of insureds, those over age sixty-five, are set to double in number by 2050.

For decades we have been told healthcare is a right, and not subject to the laws of economics. Rising prices, complexity, and insurance capture—caused by state intervention—are claimed to represent market failure. Single payer government schemes are offered as the solution, even as those systems fail disastrously in places like Canada and the UK.

Happily, the market is a powerful force and always finds a way. Heroes like Dr. G. Keith Smith of the Surgery Center of Oklahoma, along with a growing number of direct primary care doctors, are eliminating the middleman and bringing cash prices back to medicine. Where third parties destroyed market discipline and interfered with the doctor-patient relationship, the growing number of cash practices reassert both. My interview with Dr. Smith gives us a look inside this medical revolution and will leave you optimistic for the future.

What does that future look like? We cannot know exactly, but we already have the model from a time when American medicine was the envy of the world:

1. Patients pay cash for basic services. This might mean Walmart clinics for some people or exclusive concierge services at home for others, but either way, direct cash prices impose the coherent allocation of resources.

2. Insurance covers only insurable events. Serious illnesses or accidents are covered by catastrophic insurance, with high deductibles and priced according to the buyer’s actuarial reality (age, health, and habits).

3. Charitable doctors and hospitals care for the truly poor and indigent.

That simple formula is all it takes to align incentives and bring all the price competition and capital needed to revolutionize medicine. Dr. Smith and others are the entrepreneurs leading the way.


Like medicine, conservatism faces its own upheavals. Never-Trump neoconservatives and their fading outlets like *National Review*—call them Conservatism Inc.—are at war with a “postliberal” populist Right personified by figures like Steve Bannon. This schism has prompted several new books attempting to define conservatism for the twenty-first century, by authors like Yoram Hazony, Patrick Deneen, David French, and Matthew Continetti.

Fortunately, we have David Gordon to review them!

Continetti is the most recent entrant, with his new book *The Right: The Hundred-Year War for American Conservatism*. Cutting his teeth at the now defunct *Weekly Standard* before migrating his war cheerleading over to a comfortable sinecure at the American Enterprise (sic) Institute, he is firmly on the establishment neoconservative side of this divide. In fact, Continetti’s book makes more sense if readers consider him a progressive at his core—which is to say grandiose in his worldview and warped in his perception of what the American state can, and should, accomplish. This grandiosity apparently spills over into his perception of his own skills, as very few living writers are equipped to write an overarching history of conservatism in the US. Continetti is not one of them.

If any single issue animates Continetti’s work, it is his unflagging support for war in service of American hegemony. He gets Ludwig von Mises and the socialist calculation problem wrong, which is to say he gets the essential choice between capitalism and socialism wrong. Unsurprisingly, the ardent cold warrior Continetti dislikes Ron Paul and Murray Rothbard, viewing them as enemies whose views were correctly tossed out during the Buckleyite purges.

I won’t spoil David’s great review, but in sum, Continetti writes with an authority he does not possess and a certitude he has not earned. Continetti is simply another self-serving neocon who wants to rewrite the history of American conservatism on terms favorable to his camp.

As always, thank you for your support for the Mises Institute and its mission. 

Jeff Deist is president of the Mises Institute.

The Free Market Medical Revolution



Dr. G. Keith Smith is a board-certified anesthesiologist in private practice since 1990. In 1997, he cofounded the Surgery Center of Oklahoma, an outpatient surgery center in Oklahoma City. Dr. Smith serves as the medical director, CEO, and managing partner of the SCO while maintaining an active anesthesia practice. He is also cofounder of the Free Market Medical Association. Dr. Smith has made

appearances on the *John Stossel Show*, CNBC, *Huffington Post*, *The O'Reilly Factor*, *Capital Account with Lauren Lyster*, and the Ron Paul Channel. The *New York Times*, ABC News, *Forbes*, and many other outlets have written articles featuring Dr. Smith's revolutionary approach to the pricing of healthcare and uncompromising free market principles. He is also a Member of the Mises Institute's Chairman's Silver Club.

 @SurgeryCenterOK surgerycenterok.com

Jeff Deist: Welcome, Dr. Smith. I know you are a University of Oklahoma alum and your surgery center is in Oklahoma City. Are you an Oklahoma native?

Keith Smith: Yes, I am. I was born in Tulsa and lived in the Southeast corner, in the Southwest corner, and ended up right in the middle.

JD: Do you think being a Midwesterner informed your worldview or your medical career?

KS: I think so. Part of the reason I've remained in this area is it's always been my impression that the ratio of people to doctors in this part of the country is higher.

JD: We know each other through your involvement with the Mises Institute, and I've spoken to your organization, the Free Market Medical Association (FMMA). You understand me when I ask this loaded question: Medicine in the United States is in big trouble, isn't it?

KS: Yes. As an eternal optimist, I would say that big medicine is in big trouble. The system is dysfunctional, but people are waking up. There are alternatives out there that are free market, and people are becoming aware that they exist, that they work. With this awareness, it becomes real tough for the big monsters—that is, the cartel that controls the strings with their pal, Uncle Sam—to continue driving the getaway car in this heist.

JD: I hate hearing the term “system” to describe medicine! Nobody talks about the American shoe leather system or the Doritos distribution system. Somehow, we're able to get all these other goods and services without a “system.”

KS: It's a system because we in this country look at people as a collective and as groups. And anytime we look at people from a medical perspective as groups or a system, that begs for a central, system solution, and that's part of the problem.

JD: How did the United States go from having doctors and facilities envied by the world to this third-party nightmare we have today?

KS: I think it happened in the early sixties, when the federal government decided to inflict this monster they called Medicare on us in 1965. It's no coincidence that this happened right after Harry Truman's Hill-Burton Act in 1946, which populated the entire country with hospitals in almost every county, whether there was a market for them or not. Those hospitals did not want to deal directly with patients to receive payment, so the federal government created this trough that hospitals could plug into to be paid directly. I believe Medicare followed the appearance of all these government hospitals to ensure that they would all be paid. That was disruptive of what was otherwise a functioning marketplace.

Physicians in the early days objected to this, but the federal government knew that they could buy the support of the physicians by agreeing to pay 100 percent of whatever they billed. Thus, physician charges, no surprise, soared, and physicians were making a lot of money for many years under the Medicare system. Eventually all the objections to it broke down except in very small enclaves of real, true-blue free marketeers, like the members of the Association of American Physicians and Surgeons. Medicare popularized the idea of third-party payment. It increased the wages, the payments to physicians and hospitals for services they provided. That probably was the most pivotal and disruptive move and what brought us this third-party monster that we have now.

JD: So, the federal government was the original third party. How did the ostensibly private third-party insurers, big HMOs and PPOs, for example, become so involved?

KS: It grew quickly in the early 1990s as the Medicare trust fund, whatever that is, began to see that they were running out of money and the current contributions taken from people to support it didn't begin to satisfy what was going out the door. Medicare then started draconian price cuts. As an anesthesiologist, I was paid \$1,100 when I started practice in 1990 for the service I provided in open heart surgery on a Medicare beneficiary. In 1992, President George Bush inflicted the resource-based

relative value scale on the Medicare system and on physicians, and the payment I then received for that same procedure was \$550. These folks from Harvard decided that they could assign a price to every physician service that was supplied. A year later they came in with round 2, and the last payment I received for a six-hour open heart surgery was \$285 for the anesthesia component.

JD: Wow.

KS: So, I quit. I quit filing claims. I don't mind being charitable, but not at gunpoint. I quit participating in the Medicare system. I took care of Medicare patients, but I quit filing claims. When that happened, it caused a lot of fear across the medical community, and some physicians became attracted to non-Medicare payment sources. That worked for a little bit, but then non-Medicare payment sources, whether it was Blue, Untied, Cigna, Aetna, Humana, whoever it was, realized that they could continue to charge high premiums but use the Medicare fee schedule as a benchmark and pay for medical services at a lower rate, therefore increasing their profitability and their power. That was sort of a marriage where this public-private mess got started, and that's still where it is now.

JD: And then, of course, Obamacare comes along and literally mandates so-called health insurance for the public. It creates these exchanges and everyone starts talking about the healthcare "marketplace," but the exchanges represent anything but. You are required to have insurance under pain of penalty, and that insurance is not priced according to your actuarial risk. It must cover things like pregnancy or alcohol abuse. You're not allowed to have a bare-bones catastrophic policy. Some marketplace!

KS: It's actually worse than that. They pulled the big companies in to secure their support and had to give them concessions. One was called the medical loss ratio that allowed the bureaucrats and the politicians to use a heavy-handed approach with the insurance carriers and dictated that no more than 30 percent of their revenue could be used for administrative purposes. So that meant all of the insurance companies, except for the giant ones, closed their doors. It was a consolidation and it was intentional. Now there are only four: Blue, United, Cigna, Aetna,

and they all had a hand in seeing with that regulation that only the most giant players could endure.

Obamacare also banned the construction or expansion of physician-owned hospitals. That was necessary to gain the support of the American Hospital Association. The administration also recognized Big Pharma's profits were going to come increasingly from new biologic drugs, and as more and more pharmaceuticals went generic, there was less profit for Big Pharma. To secure the support of Big Pharma, they promised a ban on foreign competition in biologic drugs, and a week after they made this promise, the FDA declared foreign biologic drugs unsafe. There were all sorts of shenanigans like that. It was anything but a marketplace. It's very devious to call it a marketplace.

Ironically, Obamacare was great for the Surgery Center of Oklahoma because in another big favor to the insurance companies, the federal government allowed deductibles to go sky high. So, the prices we had listed online were increasingly cheaper than people's deductibles. Obamacare actually drove patients to the Surgery Center of Oklahoma because they became shoppers. They had sticker shock. They were spending their own money to buy the service that they needed and that we provided. It was very ironic that people found out, like the Canadians, the only single payer they could count on, really, was themselves.

JD: In Mises Institute circles we talk about the "financialization" of the economy, referring to how central banking has brought about low interest rates, encouraged mergers and acquisitions activity, encouraged malinvestment, and created a lot of leverage and other distortions in the economy. Insurance for everyday basic services seems to have "medicalized" the country. Many people are sick and addled, using dialysis and taking ten prescriptions.

I was in Pennsylvania recently and saw a billboard touting the largest employer in the state. It's not a steel company. No, the biggest employer in the state of Pennsylvania is the University of Pittsburgh Medical Center. And it really struck me as artificial.

KS: It's on both sides. The presence of the third-party payment system, it makes the buyer, the consumer,

the patient, more inclined to enter the system if the barriers are low. The presence of a third-party payment drives utilization beyond what it should be. It also invites the unscrupulous on the seller's side. It was no mistake that when the federal government assigned pricing through the resource-based relative value scale, they got everything wrong and the prices that were too low resulted in shortages in those services and the prices that were too high caused an abundance. Some of the services that were grossly overpaid were in abundance. Suddenly there were residents deciding, I want to go into that field because Medicare pays through the nose for that stuff. The financialization affects both sides. It invites and incentivizes unscrupulous behavior on the seller-physician-hospital side, but it also drives utilization on the patient-consumer side. It's like Ambrose Bierce said: accountability is the mother of caution. There may indeed be some unhealthy habits that people have undertaken that they might not if they thought "I'm going to have to pay for acting like this."

JD: Let's talk about your story. You go through medical school and residency in the late 1980s. Some of the doctors training you at that time (older doctors in their fifties, sixties, and seventies) would have cut their teeth when the country still had an excellent cash system in America. Those days were not so long ago.

KS: I was fortunate to be around some of those physicians, and so I knew it was possible for there to be a real market. My great-uncle Walter was the only physician in a town in southwest Oklahoma. Walter Bayes was a great man. He was the guy that got on his horse in the middle of the night, in the winter, went to someone's home and delivered a baby or saw to the sick. He was a very wealthy man, and he charged very, very little but he did very, very well. He was in a cash market, but sometimes it was pigs and chickens. He was beloved. People in the town of Chickasha still call their hospital—the old timers call it Bayes Hospital because the first hospital in town was the bottom story of his house. He lived in the top story. So, I knew, in spite of much of what I was taught and learned in medical school, in residency, that there could be a market. I was market leaning when I finished my training, and that made it all the more painful to realize once I got out and into practice that

I was really aiding and abetting a robbery, a real crime. I was an accomplice, and I was helping hospitals rob patients that came through the doors and had surgery in which I participated.

JD: He was your great-uncle?

KS: He was my great-uncle. My brother's also a physician, and he has a special room in his office that displays Dr. Bayes's exam table and his tools and books, and it's kind of a museum room. It's very cool.

JD: What was your first job, then, out of medical school and residency?

KS: My first job out of residency and fellowship was here in Oklahoma City. In 1990, I joined an anesthesia group that serviced three hospitals. I was focused primarily on cardiac anesthesia and pediatric anesthesia. I might do a cardiac procedure or a vascular procedure at four or five different hospitals in one day. I was very busy and traveled all over town.

I was self-employed in my first real job. I never received any kind of salary. I never received any kind of income support. When I came to Oklahoma City, I joined this group, and what that meant was I was someone on the list, that when surgeons called our group, I was available. I was one of the anesthesiologists that was available, and all of the people that were part of this anesthesia group were all friendly competitors. If a surgeon liked me better, then he would ask for me on Tuesday instead of anybody else in our group. I borrowed money to buy the anesthesia machine, borrowed living expenses, and went to work and worked as hard as I could. I was scared to death of not being busy enough. I was scared of the debt that I'd incurred. We lived very modestly, and I was out of debt within six months. I paid off all the debts. I provided good service to the surgeons I worked with, and I was very popular with them and got very, very busy and very, very successful.

JD: Did you already have a wife and children at this point?

KS: Yes, I had a wife, a child, and one on the way, so I had reason to be a bit anxious. I wanted to be successful. I had real responsibilities. I was trained

very, very well. I did my anesthesia training at the University of Arkansas and was fortunate, very fortunate, to meet people who were true mentors, some of which had been in private practice and were at the end of their career and just decided that they wanted to teach. When I arrived in Oklahoma City, I hit the ground running, very well trained, very confident, and loved what I did. I still have a full-time anesthesia practice, and I love it, particularly the pediatric part.

JD: Do you worry that young people in med school today don't have those kinds of mentors?

KS: I do, and for that reason, I'm supporting the Benjamin Rush Institute chapter at the University of Oklahoma. I was contacted by a medical student whose husband is an Austrian economist. She's a second-year medical student, and she wanted to know if I would help her establish a Benjamin Rush Institute chapter at OU. For your readers who are not familiar with it, it is the institute that helps medical students think about practice in a free market—in other words, not to be employees.

We had our first meeting, and I provided all the pizza and beer they could eat and drink, and we had twenty-five medical students show up, which is about a sixth of their class. The next meeting was even bigger. I brought bankers in, and I had the bankers talk to these



Dr. G. Keith Smith and his partner, Dr. Steve Lantier.

medical students about why they should rent their soul to a bank, because they can get it back, instead of selling it to a hospital as an employee, where they can't get it back as easily. I've had physicians come in who were employees who broke away and can tell them, "You know, as an employee, it's not what it's cracked up to be, it's really awful, and now that I've broken away, I not only love my practice, but I regret that I ever was an employee." I'm bringing speakers in to help these students understand that there is another way and it's a more ethical and honest way, and it's a more patient-centered, patient-focused way, and they should live and die by the market discipline, just like every other business. They shouldn't have a full waiting room just because they're signed up on some third-party PPO plan. They should be busy because they're really good at what they do, and if they're not really good, they ought to find something else to do.

That's the way the market works in every other industry, and that's part of the problem. What we see in this country is not a failure of the free market. That's not the system we have. The system we have is a disaster because the free market is not at work. Everywhere it is at work, you see prices fall and you see quality soar. I'm happy that I am living to see this healthy resurgence of market principles in this industry. I think that this cheaper and better approach is impossible to argue with, and I think we'll just see it spread.

JD: We hear about the medical school debt some of these young doctors have. They can't buy equipment or afford malpractice insurance. Their expectation is to be an employee of some big organization like Kaiser. That's so unlike your great-uncle's experience.

KS: That was part of why I was so excited to connect with medical students, because the people who have backbreaking debt are the residents. By the time someone gets to residency, they may be too far gone, either financially or ideologically.

JD: Terrible.

KS: I was very excited to connect with the medical students because they're not too far gone, either financially or ideologically. You just had to be there to see it, the dropped jaws and the wide-open eyes

of these medical students when a banker tells them, "I want to help you, I want you to be my customer, and I will do a good job and I will treat you right because I want you to be my customer long term, whenever you have other financial needs." And the idea that yes, there is capital out there that I can access without selling my soul. I think that a lot of the folks in medical training who are further along are so down deep in a hole that this sort of a message is less appealing to them. That's why I was excited to get to them early.

JD: You need to do a barnstorming tour of undergraduate schools and deliver a speech called "Before You Go to Medical School"! So, pretty early on in your career you conceived of breaking away and starting the surgery center?

KS: After I dropped out of Medicare and stopped filing claims in 1993, I realized that I was part of a profession that was not governed by market principles, and that started to bother me. I saw the care that patients were rendered in the hospital dwindling, and I didn't want to be a part of that. The quality of the care and the cost of the care were not favorable to the people receiving and buying the care. I knew the only way as an anesthesiologist that I could ever be a part of a more market-based, more patient-focused practice was to own and control the institution, the facility. It's not the physician charges, typically, that bankrupt patients. It's the hospital charges that are so difficult for patients. It wasn't always that way.

In 1993, I was aware of a surgery center that was in trouble, and I made several overtures, to buy it and they were all unsuccessful. There was talk amongst many physicians in the Oklahoma City area who were disgruntled with what they were able to collect for services rendered and how the hospitals were mistreating their patients medically and financially. I started talking and gathering people together with the idea of building a facility. We had about eighty surgeons originally involved, but it was like herding cats, and they started to splinter off and do their own thing. This turned out to be a good thing because some of what these individuals did worked better and was more efficient in a small group rather than part of a larger group. Everything sort of fell apart after awhile.

I wound up on a hunting trip by pure accident and in the lodge met the two people that I needed to talk to about this failing facility. When I told them I wanted it, they jumped at the offer because they needed to unload it. And so, Steve Lantier, my partner in crime and anesthesiologist, and I bought it, and the Surgery Center of Oklahoma was born on May 28, 1997, twenty-five years ago. We bought everyone out and had 100 percent control. It was almost five years from the time I thought “I’ve got to get out of here and control my own place” to getting it done. We were wildly successful very early on, so successful we decided to build our own place, and that’s the facility we occupy now.

JD: I’ve heard you tell a story about when you got that first call regarding a procedure and you didn’t know what the hell to charge.

KS: That’s right. We bought this place with the idea that we would provide the highest-quality care at a reasonable price, that patients would always know what they were going to pay us, and that we would never take a dime of money from the government.

A week after we opened, a young woman called and wanted to know how much we would charge her to have her breast mass removed. I had no idea. I put her on hold and called the surgeon and asked him how much he wanted, and of course, he didn’t know. I pressed him and he said \$500. I said, “That’s great,” and hung up on him before he changed his mind. I knew the procedure would take about twenty or thirty minutes, and as an anesthesiologist, I bill for my time. I kind of had the number in mind for what the surgery center should charge in order to be profitable. Then I realized she would want to know if she had cancer. So, I called a pathologist friend and asked him how much he wanted to examine the specimen. He didn’t know, and he finally said \$28. I added it all up, while she was still on hold, and I said it would be \$1,900, and she said, “For what?” I said, “Well, for everything.” She then told me the so-called not-for-profit hospital down the street wanted \$19,000, and that was just for the facility.

After the surgery, we sharpened our pencil and looked at everything and realized we made a profit. Since that time, we have found, pretty much, we are 80 or 90 percent cheaper, most of the time, than those who

claim to not make a profit at these big institutions, big hospitals. Still we don’t make a lot of money. We have a good marginal profit, but it’s not a grand slam, and we’re very, very happy to run our facility in that way. I’ve had phone conversations with countless patients from foreign countries, in all fifty states, just like that one for any number of procedures, from knee replacements to cochlear implants, you name it.

JD: When you were starting and developing a menu of cash prices for surgery—all-inclusive anesthesiologist, surgeon, and after care—surely vested interests in the state of Oklahoma opposed you?

KS: You know, we had had many legislative battles, and it was coming at us from the insurance companies and the hospitals. I think by the time I put the prices online, they thought they had killed us. There was one legislative move that really hurt us, and that was when the insurance commission in the state of Oklahoma allowed the stacking of deductibles. Patients who went out of network had to meet their in-network deductible before they started again at zero out of network. That put us out of financial reach for a lot of



Dr. Steve Lantier celebrates the Surgery Center of Oklahoma’s twenty-fifth anniversary.

Our approach and our demonstration that markets work in this industry has turned my socialist colleague into a true libertarian. He just didn't know how markets worked, and once he did, he's as true-blue a libertarian as anybody I know now. What we did changed his whole worldview.

patients, and it hurt us. It almost killed us. So, when I posted the website in 2009, it was almost as a last act of defiance. And I do think at the time, the hospitals and insurance companies thought they had finally finished us off. When I posted the website, I think it was ignored at first. Then they chuckled about it and thought this was kind of funny, a desperate thing. Then it wasn't funny anymore and they got angry, but there really wasn't anything they could do about it. By that time, the Republican legislators at the state capitol had begun to waive the free market flag, and they didn't attack us like they did in the early days to protect the hospitals that were their clients. They didn't know how to attack us.

I receive inquiries from patients who need inpatient surgery, they need their colon removed for cancer, or they need part of a lung removed or some gigantic spine surgery or heart surgery. And now I actually contact these hospitals that tried to put us out of business and ask them, "Do you want to help this patient from Florida who has a pituitary tumor? Just give me your pricing and let's not haggle. Give me a good price so you can set that up. Otherwise, they're going to go somewhere else." So, these hospitals that were dead set on killing us are now vendors of a clearinghouse that I run that pays the surgery center and all the physicians at my facility. I pay hospitals too and their surgeons. This move has actually overwhelmed these hospitals that were so opposed to it in the beginning. Now, even though they're cloaked and kind of in the closet, they are participating in this movement because it's too powerful for them to ignore.

JD: In those early years did you have to take time away from your professional work and go lobby or

testify? Did you have to get involved politically on a personal level?

KS: Yes, I did. I spent a lot of time at the state capitol defending us. We made some friends at the state capitol initially. They were Democrats. They saw us as underdogs. They found it very refreshing that we did not accept money from the government because it wasn't that sleazy conversation where I wanted a favor. I was asking them, "Just leave us alone and let the market work." Who goes to see their legislator and says, "I don't really want anything from you, just please resist the attacks on us that were meant to hamstring our operation." One of our early Democrat defenders was an avowed socialist. Our approach and our demonstration that markets work in this industry has turned my socialist colleague into a true libertarian. He just didn't know how markets worked, and once he did, he's as true-blue a libertarian as anybody I know now. What we did changed his whole worldview.

There was a national effort to ban physician ownership of facilities, and there were some people here in Oklahoma who were a big part of that effort. I went to Washington a couple of times and actually testified before a committee. But most of our challenges were here at the state capitol. The state health department was even weaponized against us at one point. So yes, there were a lot of challenges, there were a lot of hurdles, and I think that it helped me. It sharpened my teeth. I was in situations that I was not trained for as a physician, dealing with people who were very savvy communicators, people who could speak their mind very eloquently, even under fire. I found myself in those situations, and it made me sharper, and it made me better, and it prepared me for much of what I later

had to face opening and running a surgery center. We have 116 surgeons here now, and I've had many media appearances, not all of which have been friendly. And, all of those experiences back then, as stressful as they were at the time, now that I look back, I know just made me better.

JD: You quoted a woman \$1,900 total for a procedure that her local hospital wanted \$19,000 to perform—and that was just the facility fee! These kinds of disparities, ten times or more, are incredible. Imagine the ungodly sums, the billions of dollars wasted on surgeries alone in this crazy nonmarket system. You are a threat. That's an awful lot of money for that local hospital to leave on the table.

KS: I think we are a threat, but it's difficult to argue against cheaper and better. Initially there were some salvos in our way to suggest quality-wise, maybe we weren't as good as someone who charged ten times what we did. That didn't go anywhere because we had already established a reputation in Oklahoma City and in the state of Oklahoma.

We took care of all of the Division 1 athletes. As a pediatric anesthesiologist, Steve Lantier and I had anesthetized most of the corporate execs's children in the city. We had a solid quality reputation. Those attacks gave me a chance to talk about price equality and how the reason prices are high is that there's no competition going on, and if there's no competition, you don't have to be any good. That was very uncomfortable the first time I said that to a hospital exec. A hospital exec one time asked me under fire, "How do I know that your surgeons are any good?" And I said, "Well, unlike your surgeons, we don't make more money when something goes wrong." Through these attacks, we learned to help make sure that their attacks backfired.

Again, I think we are a threat, but some of the big players know that this is coming. I had a major Blue Cross executive, who's head of an entire state for Blue Cross, recently tell me that he's a big admirer of what we've done but that it scares the hell out of him. They know that it's coming and they're going to have to accommodate this all-inclusive transparent price-approach to care.

I'm helping hospital execs get into this business. There is a network of hospitals here in Oklahoma and four or five other states that are involved. "Do you want this patient from Alabama or California?" Patients they would never know about otherwise. There's not that much risk to them to step into this world. Working together, we help create and curate inpatient bundled prices, all of which are listed, by the way, at a different website called Atlas Billing Company.

I think people also know—even the big dogs in this industry know—it's going this way and they want the help of someone who's on the inside. That balances a little bit the desire they have to destroy the movement. I think that it's gone too far for them to kill it. I knew when Donald Trump signed an executive order that mandated price transparency that as wrongheaded as that was, in terms of the results that it had, it changed the narrative. Now the weirdos are the ones who won't tell you how much a tonsillectomy is. Now it's the people that said "Well, we don't really have any idea. We don't know how long that surgery's going to take" or "We don't know if the patient's going to spend a lot of time in recovery room." Those people are seen as the sleaze that they are. The narrative has changed, and that's one of the reasons, even though we're a threat to the system, that the system doesn't know how to attack back.

JD: Some surgeons and certainly some healthcare administrators must make far more money under the current system than they should.

KS: That is absolutely right. I'll say this, though: by and large, physicians are moral, ethical folks who do the right thing. There are people out there who are operating unnecessarily, and those are the folks who are making a ton of money, people who are doing procedures that ought not to be done. We don't allow those people in our facility, and the market has a way of sniffing those people out. One thing I'll say is when hospitals employ primary care doctors, the primary care doctors are valued and judged, paid and bonused, based on the extent to which their referrals make money for the mother ship. So, primary care doctors refer to surgeons who are employed by hospitals, and the more surgery they do, the bigger bonus the primary care doc receives. It's really awful.

There are administrators who shouldn't have a job at all, and you look around a hospital and you shake your head and wonder what is it that this person does that contributes to patient care. But multimillion-dollar hospital CEOs have a lot of responsibility. We don't have an administrator at our facility, or rather, I'm the administrator. This top-heavy administrative apparatus that sits on top of the industry is a result of government regulations, which the big players in the industry have welcomed, and it's also a result of the third-party payment system that I think is breaking down.

JD: I suspect that those million-dollar hospital CEOs actually detract from patient care with their busywork. You had a lot of stress getting the cash surgery center up and running and breaking the mold. Your life could have been more comfortable as an anesthesiologist in the system. Was it worth it not to deal with government and third-party insurance and all the medial billing bureaucracy?

KS: Mises said, "People go from A to B because they prefer B to A." All in all, my life is satisfying. Stress-wise, it's the stress I've chosen. And the stress of the market is real. You have to perform. You have to have good results. You have to have good outcomes, or the market will murder you. We have embraced that because everyone in my organization is confident of their abilities. We're not afraid to compete, but there's a stress that goes along with that too because the expectations for those of us out in the marketplace embracing that discipline are higher than they are for the cogs in the wheel. But yes, I feel vindicated, and all of the battles that we endured in the early days have borne fruit. There are countless patients, tens of thousands of patients, who have benefited from our approach, whose assets and wealth have been preserved, whose children have had surgery who otherwise could never have afforded it. There are many, many success stories over the years, so I'm paid in that way too. I have a very rich existence because of the friends and relationships that I've had with coworkers, surgeons, employees, and people who have supported us. Yes, it's been hard, but it's been very, very rewarding.

JD: And of course, some of your patients come from places like Canada, where a so-called single payer

system gives them "free" surgery only after a long wait.

KS: That's right. They're paying with their time. We operated on a Canadian recently, and this is a common story now, the woman needs a hysterectomy and is in line waiting for three years.

JD: Wow.

KS: Their system is so dysfunctional. It's three years of getting transfusions because of her bleeding. And for \$8,000, she can end her nightmare and have a hysterectomy. The wait for a knee replacement is also three years right now. And in fact, when I launched the website in 2009, the first patients to come were Canadians. People come from all over the place. About 40 percent of our patients, in any given week, sometimes even higher, are not from Oklahoma. They travel here because they hear about us for one reason or another. We turned twenty-five years old, as I said, this week, and we had a big party. We had a big crawfish boil and invited three hundred people. Ron Paul and Steve Forbes sent congratulatory videos. Larry Van Horn, a healthcare economist from Vanderbilt I've become friends with, he sent a nice video of congratulations.

The people in Oklahoma, the employees that I've worked with at the Surgery Center of Oklahoma, we know we are part of something that's bigger than just your average surgery center. It's provided sort of a model for others who have followed up. WellBridge Surgical in Indiana just launched and it's a carbon copy of the Surgery Center of Oklahoma. These facilities will begin to pop up all over and there will even be some hospitals putting their toe in the water. They will do this because they are afraid that people will leave their community and travel to Oklahoma or to the guys in WellBridge to get their surgery.

JD: At those prices, you can fly first class to Oklahoma City and stay at the Four Seasons!

JD: You talked about the Surgery Center of Oklahoma and its tertiary care: anesthesia and surgical services. But there is also a revolution at the primary care level. Direct primary care (DPC) doctors who accept cash for frontline family-practice medicine are growing. You know and are friends with

I keep coming back to Rothbard's quote that the market is beautiful but it's also powerful. We've been witness to that. We are seeing the beauty of the market discipline at work and how it is making prices fall and quality soar all at the same time.

many, many doctors in this movement through your work with the FMMA. Can you just give us a brief sketch of the DPC revolution and where it is going?

KS: The direct primary care movement, I believe, is the most disruptive component of this free market healthcare movement. It was founded by two physicians in the United States with very different approaches: Lee Gross in Sarasota, Florida, and Josh Unger, in Wichita, Kansas. They were aware of the concierge movement, where physicians charge patients \$10,000 a year whether they see them or not, just so the patient can have immediate access. Lee and Josh thought, Why can't we have a blue-collar version of that where we offer care that regular people can afford? They kind of backed into it by thinking, How much money do I feel I ought to make as a doctor? What is fair? And I wonder if I had six hundred patients or eight hundred patients in my practice instead of three thousand, like many primary care doctors do, and they paid me \$70 a month, and I'll be at your beck and call. See me whenever you want. You can text me. This movement has exploded. And the most disruptive part of it is these are self-employed, right-up-against-the-wall capitalists and are not hospital employees. When a patient walks into the office of a direct primary care doctor, that direct primary care doctor is working for that patient. They're not working for the hospital, and all the conflicts of interest are gone. If that patient is attracted to a direct primary care doctor, they also probably have sticker shock. They're a member of a cost-sharing ministry or they're part of a self-funded plan which pays for these direct primary care subscription memberships.

Recently a patient walked into a direct primary care doctor's office with appendicitis. I get a call, "Can you do an appendectomy on this guy?" Well, yes. And that whole episode of care cost less than \$6,000. Just think about that: patient goes to the ER because they don't have access to a direct primary care doctor, and then they're hospitalized and have an appendectomy in one of these giant price-gouging hospitals, and you're looking at \$30,000 or \$40,000 minimum.

I'm proud to be friends with many in the direct primary care community and really do view their role in this movement as a most critical one.

JD: Can we conclude that big medicine is in big trouble, but the evolving cash market gives us reason for optimism? Would you agree with that assessment?

KS: I would agree with that. I keep coming back to Rothbard's quote that the market is beautiful but it's also powerful. We've been witness to that. We are seeing the beauty of the market discipline at work and how it is making prices fall and quality soar all at the same time. But we're also seeing how this tiny movement, these individual direct primary care doctors, this surgery center in Oklahoma City, has exerted an incredibly powerful influence on the market, as small as we are. So, big medicine is, I think, in big trouble, and it's because of market discipline and the power that it wields.

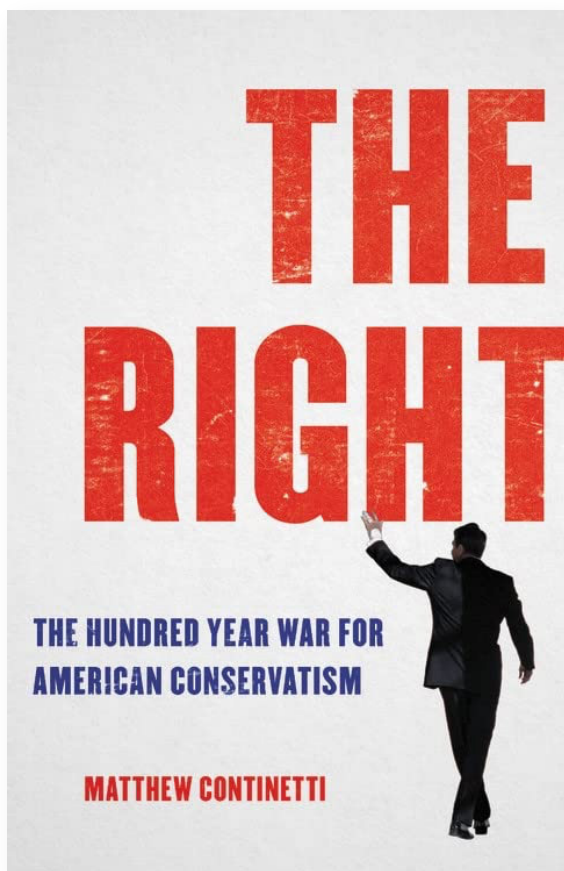
JD: Excellent, Dr. Keith Smith. I want to thank you for your time.

KS: It's always good to talk to you. ■■■

LOST CONTINETTI

DAVID **GORDON** REVIEWS

The Right: The Hundred-Year War for
American Conservatism
By Matthew Continetti
Basic Books, 2022
503 pp.



Why should readers of *The Austrian* be interested in this book? At first glance, it appears that we shouldn't be.

Though the history of American conservatism is of great importance, and the author has amassed a great deal of information about it, he lacks an illuminating analytic framework; the “history” he recounts is little more than one item after another, and when he touches on intellectual matters, he is often wrong. The answer to our question is this: Continetti has a distinctive vision of what American conservatism should be that is derived, for the most part, from neoconservatives. He views the political and economic ideas of Murray Rothbard and Ron Paul as inimical to the ideas he favors, and correctly so; to him, we are the enemy, albeit not the only one. We ought, then, to have a look at his book, if only to see what he says about us.

Continetti makes crystal clear where he stands. As a young man of twenty-two, he was employed at the *Weekly Standard*, located in an office building he regards as “an intellectual hub—the frontal cortex of the American Right.” Also to be found at this address was “the Project for a New American Century (PNAC). It was a small think tank cofounded by the magazine’s editor that since its inception in 1997 had advocated for a

defense buildup, containment of China, and regime change in Iraq.” The editor mentioned is Continetti’s father-in-law, Bill Kristol, and throughout the book, Continetti proves a faithful follower of that paragon of neoconservatism. In sum, American hegemony, perpetual war, and a modified New Deal that recognizes the free market but calls for the state to promote virtue and welfare: that is the path to be followed.

Continetti does not confine his support for war to the recent past and the present; it is a motif present through the whole course of the book. He sees, and this is a real if hardly original insight, that elitism—the view that an educated and well-off upper class needs to keep the masses firmly in line—and populism—the view that wisdom resides in the American people—have been clashing strains within American conservatism. In Continetti’s opinion, the excesses of populism are particularly to be feared, especially when people have the audacity to oppose war. He says, “Antiwar populists and Progressives joined forces. They assailed the intervention [of Woodrow Wilson in World War I]. They said that shadowy business and political interests were behind it. They lamented the changing demographic makeup of the nation caused by immigration from eastern and southern Europe. Their writings were often anti-Semitic.” Away with those bigots!

Continetti is less than surefooted when he writes about the ideas of the Progressives. He says that Wilson “shared the view of historian Charles Beard, who had written in 1913 in *The Economic Interpretation of the Constitution* [sic] that the nation’s founding document was the product of a group of selfish men primarily interested in shielding themselves from revolt.” This is not Beard’s thesis: Beard argues, rather, that the framers of the Constitution wished to protect personal property, principally bonds, from devaluation by state governments—not, as Continetti has it, to protect against a revolt. Moreover, Beard does not claim that the framers were selfish.

The author’s accuracy does not improve when he reaches the 1920s. He tells us that “the main figures of the intellectual Right scorned politics. . . . The

‘New Humanists’, for instance, were a group of literary critics who urged their audience to return to the ‘great tradition’ of Western civilization. The leaders of the movement, Irving Babbitt and Paul Elmer More . . . were philosophical rather than political.” Babbitt in fact has a good deal to say about contemporary politics, as Continetti would have discovered had he opened Babbitt’s books.

Continetti is aware of H.L. Mencken and Albert Jay Nock, but he scorns these great figures of the Old Right: “Nock’s and Mencken’s exacting standards were meant to expose the inadequacies of their nation and its citizens. They were snappy and memorable writers, but they were oddballs estranged from the beliefs and behaviors of their countrymen. They pined for a departed age of chivalry and Nietzschean self-assertion that had never existed in the United States.” It is surprising that Continetti attributes to Nock a “snappy” style. By the way, it’s also surprising that he calls Hilaire Belloc and G.K. Chesterton “Anglo-Catholic writers.” Apparently, he does not know that “Anglo-Catholic” refers to a movement within the Anglican Church and does not mean “English Roman Catholics.”

In Continetti’s coverage of the Great Depression, the Austrian school of economics attracts his notice, but he much prefers the less principled Chicago school. “Mises’s commitment to liberalism led him to frame the choice between liberalism and socialism as either-or. [How dreadful!] For Mises, any expansion of government’s limited role was a surrender to bureaucracy and statism. He had little use for the empirical methods and real-world nuance of the Chicago scholars.” When Continetti says that Mises’s criticism of socialist central planning was that the planners “could not possibly account for all the variables in an economy,” readers familiar with the calculation argument will find it difficult to suppress a smile.

If Continetti is less than enthusiastic about Mises, this is as nothing compared with his revulsion toward the main group opposing American intervention in World War II, the America First Committee: “Its spokesman, Charles Lindbergh was . . . an icon to

When [Continetti] says that Mises’s criticism of socialist central planning was that the planners “could not possibly account for all the variables in an economy,” readers familiar with the calculation argument will find it difficult to suppress a smile.

noninterventionists in the Midwest but a villain elsewhere. His refusal to denounce the moral depravity of the Nazis polarized audiences. He rubbed shoulders with Fascist sympathizers and anti-Semites . . . America First could not escape the stench of Nazism.”

As you might expect, Continetti is an ardent Cold Warrior as well, and he has this to say about the most extreme of the anti-Soviet crusaders: “The grandeur of [James] Burnham’s vision, the clarity of his expression, the force of his argument, and the iciness of his prose were overpowering. *The Managerial Revolution* became a best seller . . . Burnham became one of America’s most famous writers on foreign affairs. In 1947, he published *The Struggle for the World*, in which he declared that America was engaged in World War III whether it liked it or not . . . Burnham worried that America lacked the will to fight.” Continetti does not tell us that Burnham favored a preventive nuclear war against Russia.

In his account of the onset of the Cold War, Continetti has much to say about Whittaker Chambers and Alger Hiss, and in his account of that famous case, there is a surprising detail. Chambers in 1939 informed Adolf Berle, a famous law professor and advisor to Roosevelt then serving in the State Department, that he had worked with Alger Hiss as a Soviet agent. The surprise is that he calls Berle a Communist fellow traveler and shortly afterward names Berle as one of those New Dealers, along with Harry Dexter White, whom “the Right blamed for Soviet gains.” The accusation is of course false, as anyone with the slightest familiarity with the period

would know. Though Berle was a New Dealer, he was a firm anti-Communist, and I’m unaware of anyone who has suggested otherwise.

The author devotes a few pages to an account of several books that influenced the post-World War II Right, and here once more he does something remarkable. In a brief discussion of Richard Weaver’s *Ideas Have Consequences*, Continetti says: “Denying the existence of God, the reality of good and evil, and transcendent, unconditional standards of right and wrong was a one-way ticket to the charnel house of Europe and the ruins of Japan. *Ideas Have Consequences* was unique in that it did not locate these intellectual errors in the recent past. The mistakes had been committed much earlier . . . Weaver blamed the fourteenth-century philosopher William of Ockham.” The remarkable thing Continetti has done is that he does not mention nominalism, the principal item in Weaver’s criticism of Ockham. It’s of course false that Ockham denied the existence of God and the reality of good and evil; he held a divine-command theory of ethics.

Given his support for the Cold War, it is to be expected that Continetti would applaud William Buckley’s efforts to expel from the Right those who supported a noninterventionist foreign policy. The noninterventionist views of Franklin Roosevelt’s great critic John T. Flynn were not welcome in Buckley’s *National Review*; Buckley’s principal guide in foreign policy was James Burnham, who was joined in his advocacy of preventive war against Russia by Frank Meyer and Willi Schlamm. Continetti doesn’t discuss Flynn in this connection, but he describes at some

length Buckley's opposition to the John Birch Society. "After Robert Welch's *American Opinion* called for US withdrawal from Vietnam in August 1965, Buckley decided to break with the group unequivocally. Weakness in the face of communism was the final straw." Continetti cannot see how silly it is to accuse Robert Welch of being soft on communism.

In this book of surprises, it is difficult to pick a winner, but one contender is this: "Reagan . . . went to Eureka College, in Eureka, Illinois. . . . He read Ludwig von Mises and Friedrich Hayek. By the time he graduated, his individualistic, Christian, democratic world view was fully formed." One wonders how Reagan managed this. He attended Eureka from 1928 to 1932, and Mises's major works did not begin to become available in English translation until the mid-1930s. Perhaps Reagan read them in the original German. And if his individualistic world-view was fully formed, why was he a supporter of the New Deal?

Continetti rightly stresses the influence of Allan Bloom's *The Closing of the American Mind*. He says that "Bloom wrote that the university had abandoned the theory of natural rights that informed the American founding." This misrepresents Bloom's view by omission. Bloom thinks that the Lockean concept of rights that influenced the American founding fathers already surrendered to relativism, in that it broke with classical philosophy as interpreted by Leo Strauss; the abandonment of the theory of natural rights in the modern university was a further stage in this break. Continetti again botches things in his remarks about Bloom's friend Alexandre Kojève, "the French philosopher whose lectures on G.W.F. Hegel had reintroduced the framework of the Hegelian dialectic into European thought. History, in this understanding, was the unfolding story of the state's recognition of man's freedom." But Kojève in his very influential lectures on Hegel's *Phenomenology of Spirit* modified the familiar way to read Hegel, taken from the *Lectures on the Philosophy of History*, that history is the progressive realization of freedom; Kojève's lectures would hardly have had much impact had he merely restated this conventional interpretation. To the contrary, he argued that for Hegel, history ends in the "universal homogeneous state," in which mutual



recognition is accompanied by the "disappearance of Man." And though Kojève's lectures were indeed important, it is silly to say that he reintroduced Hegel's dialectic into European thought. I shall give just one more example of Continetti's unusual talent for reversing the theses of books he discusses. He says that "Mancur Olson, in his *Logic of Collective Action* (1965) stated that the American economy had a free-rider problem: the majority benefited from public goods whose full cost they did not pay." Olson's thesis is the opposite: owing to the free-rider problem, large groups cannot produce public goods from which they would benefit.

I noted at the beginning that Continetti has no use for Rothbard and Ron Paul. Their failing was that they "opposed the 'globalism' of a 'neoconservative' foreign policy that sought to maintain Pax Americana." Pat Buchanan, Sam Francis, and Joe Sobran are other offenders. Indeed, they opposed neoconservative globalism. And for some of us, that is a badge of honor. ■

Political Freedom vs. Personal Freedom



Stephan Livera hosts *The Stephan Livera Podcast* and conducts interviews on Austrian economics and the technology of bitcoin. He is also managing director of Swan Bitcoin International.

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Jeff Deist: Ladies and gentlemen, welcome once again to *The Human Action Podcast*. We've got an excellent guest; he's a friend of mine and also a friend of the Mises Institute, Stephan Livera. Many of you know him from the bitcoin world, from his eminently successful podcast, *The Stephan Livera Podcast*, but also, he's a managing director at Swan Bitcoin International. And our topic this week is political freedom, economic freedom, and personal freedom and how these three things juxtapose. I'm starting to think that economic freedom is the only one we've got left, even though we don't have that necessarily, in a large degree. Stephan, who was living in Australia for most of his life, myself in the United States, we used to think we had a greater

degree of political freedom than perhaps we have now after the covid crisis. So Stephan, we can start with the reasons why you personally chose to leave Australia over the last couple of years and why you are currently in Dubai.

Stephan Livera: I was born in Sri Lanka, grew up in Australia. I am an Australian citizen, and essentially, the hysteria over the last two years and the culture in Australia drove me away. I was very, very disappointed with how things went in the country, and I was extremely disappointed at the attitude of what I thought were my fellow Australians. If you are an outsider looking into Australia, you have this perception of Paul Hogan and Steve Irwin and these

2020 showed that it was like the tide had gone out and Australia was shown swimming naked. Unfortunately, a lot of Australians do not value freedom. They became complacent, and that drove my search for an alternative.

tough Australian men who don't take any nonsense from anyone, and they'll have this sort of rebel outlaw culture. But unfortunately, it seems like that culture is very much gone or deteriorated. I think the culture in Australia is that it went very complacent. They had it too good for too long. They got wealthy. They were the lucky country, as the saying goes. And that essentially drove me away because I was being shut down and stopped from participating in the bitcoin world of attending bitcoin conferences and bitcoin events, obviously representing Swan Bitcoin. I'm being shut out, and I'm paying a very high tax for that privilege of being locked down. It was very, very disappointing to me.

I've been a libertarian for most of my life, since I was about fourteen or fifteen years old, and so, if you had asked me before this hysteria, I would have very much said, "Hey, come to Australia, it's a great country. The taxes aren't great, but overall, it's pretty free and the people are nice and it's good." But basically, from 2020 onward, that all changed, and I thought, What is the point? Why am I paying this high tax? Obviously as libertarians, we want taxes to be low or zero, but I thought, it's tolerable. I can tolerate this for the certain freedoms that I'm getting. But in reality, 2020 showed that it was like the tide had gone out and Australia was shown swimming naked. Unfortunately, a lot of Australians do not value freedom. They became complacent, and that drove my search for an alternative.

I'm based in Dubai at the moment for a few reasons. Its low tax, its flight connectivity, its good infrastructure, and it's ironic, but it ties back to our

theme as well, this idea of political freedom and economic freedom, because in Dubai, it's not like you all vote. The rules are there, and you choose it or you leave. And I saw something appealing about that because at least I can earn and pay very, very low tax or zero income tax. Obviously, there are other little taxes that you pay, things like license fees, sales tax, and so on, but the point is, I viewed it as a much better deal. And yes, obviously, it was a big move in terms of separating from friends and people I knew back in Australia. Obviously, I had my libertarian friends, my bitcoin friends, and obviously some family and friends there, but other than that, I saw myself missing an Australia that does not exist anymore. The Australia of the '90s and the 2000s is no longer there.

JD: That's so true. The past is a foreign country, as they say, and the other thing we learned, Stephan, over the past couple of years is that the Anglosphere—Canada and the United States, Australia and New Zealand—didn't react any better than countries in the East. We think of China as a particularly authoritarian country, and I think that's true, I think that's fair. When we think of places like South Korea, when we think of places like Singapore, they were far more rational, in my opinion, in their approach to covid—both on the economic side and the lockdown side, the human side.

There's so many different ways of looking at this. As you're in Dubai, there's actually a small bruhaha over here in the US: like other sports leagues, the National Basketball Association is attempting to increase its footprint around the world and is planning some

games coming up in the next season in Dubai, and there's some pushback on that because apparently Dubai has some pretty draconian antihomosexuality laws. And so, this is where these two things interact. You are able to live fairly freely in a way that you enjoy in Dubai, in terms of your personal work, your personal life, your taxes, but then other people come along and say, "Well, if you happen to be gay and you live in Dubai, you have a tougher time of it." These things always have to be weighed against one another, but I think this distinction between personal freedom and economic freedom is really quite overblown.

If you look at some of the surveys that different groups have produced—the Fraser Institute and Cato produce what's called the Human Freedom Index, Heritage produces something called the Index of Economic Freedom, Freedom House produces Freedom in the World—they tend to create an x-y axis with personal freedom as the x and economic freedom as the y. I think that when it really comes down to it, every country has elites. This is just a natural part of life. The question is how can an average person lead their life in that country? That's really the question, and for you, anyway, the calculus in Australia turned negative.

SL: Absolutely. And I think you're right to point out that these indexes are interesting. In preparation, I had a look at some of the indexes, the Heritage one, the Cato and Fraser index, and it's really interesting if you look at who they rate highly. They say, "Ah, these are the free countries." And guess what? Canada, New Zealand, Australia all rank very highly, and yet they did not look at freedom of movement, which is one of the things these indexes should be looking at. They conflate democracy with freedom. We, as Austrian libertarians, we see it more as private property rights are rights and democracy is cutting against that. Imagine if we just get nine out of ten people to vote to steal the tenth guy's property, that makes it ... well, democratic. Obviously, it's a little bit of a caricature, of a strawman, but in the Western world, they conflate democracy with freedom as though that's really the meaning of freedom. You can go and protest for the right to free speech and all of these things when really, I think, the Austrian

libertarian aspect or way of thinking is more like "No, whose property is it and who's the rightful owner of that, and you should be able to decide what happens on that property."

JD: If you think about your personal body and the property you own, everything flows from that, everything stems from that. If those two things are inviolable, then you are protected. But look, if you held a pure democratic vote in Saudi Arabia on gay marriage, it'd probably lose, right? This idea that democracy and freedom are inextricably linked, is of course, hugely faulty.

I want to tell listeners a little bit about some of the countries that did the best. So here's the Heritage ranking, which is an economic freedom ranking. To their credit, this is about economics. They have four categories rule of law, government size, the regulatory efficiency, and open markets. And this data's a little more current from '21, so this would include the covid years. Singapore comes in number one. Remember Lee Kuan Yew? A lot of folks in the West viewed that guy as an authoritarian, and no one would call Singapore a democratic state today per se. Then Switzerland, Ireland, New Zealand, Luxembourg, Taiwan, Estonia. So I thought that was interesting. But when we go to the Cato-Fraser Human Freedom Index, it checks out a little bit differently. They have Hong Kong in the top position. Now, this data is precovid, so I think that makes a big difference. Then Singapore, then New Zealand, Switzerland, Georgia, United States, Ireland, Lithuania, Australia, and Denmark. So, what good is a freedom index if a virus comes along and all these little protofascists turn into actual fascists and tell you you can't go to work?

SL: Absolutely. I think it's very challenging. In some of these indexes, you want to also look at things like the freedom of doing business. Now, of course, in these indexes, they'll look at things like how quickly can you set up a business if you are starting from scratch, but here's the problem: If you're under a lockdown or if there are mask regulations or other restrictions that stop you from actually doing your business, then it's not really that free to do business, is it? That is a challenging thing to wrestle with

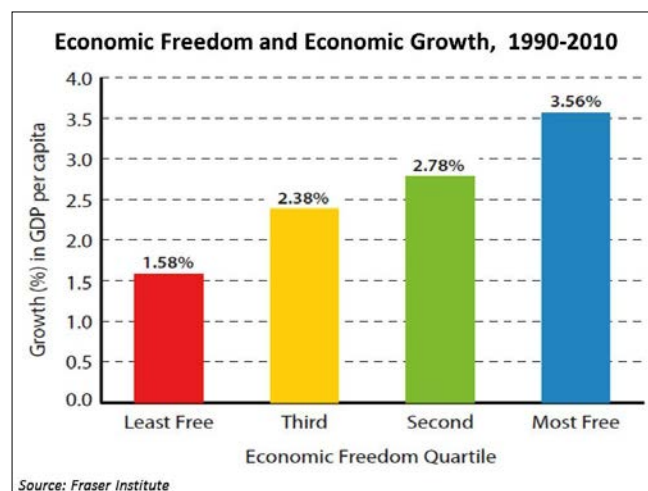
because on one hand, we want people to have that freedom to do trade, but then on the other hand, there are these people who—they're public health technocrats or medocrats of the world—are coming out and making these proclamations. I'm hopeful that this hysteria over the last few years is waning and we can start to see more economic actual freedom.

JD: I think, first and foremost, all these indices have to be updated to have a medical freedom component. Are you subject to so-called public health experts every time there's a sniffle or a virus or a bird flu or whatever? That's important. I want to read a bit from the Cato-Fraser Human Freedom Index because they actually break it down into what they're weighing in far greater detail. They have some categories you would expect, like rule of law, but they have safety and security, things like homicide rates and no gang violence. They have freedom of movement, freedom of religion. Then they have the assembly, association, civil society, the expression of information, so you get into more of what we would consider the political or social rights. They have relationships, like same-sex marriage. So that's all sort of on one axis. On the economic freedom, there's size of government, the legal system, the tariffs, the regulations, the taxes. But what's interesting is they have a sound money category, and this goes to inflation and money growth. I took a quick gander at the top ten countries with the least inflation in 2022 and the only major one there is Japan. The rest are very small, like the Maldives and Vanuatu and Bolivia, Saudi Arabia, but Japan actually has low inflation despite all of their other problems. So, that's very interesting, to view inflation as injurious to human freedom. I think that's very important.

SL: Absolutely, but as I'm sure you and listeners are aware, they always play with these metrics. There's hedonic adaptation, and it's a subjective thing. As we saw recently, the recent CPI, Consumer Price Index, statistic in the US is 8.3 percent, off the top of my head. Obviously, nobody believes that. It's obviously much higher than that. And then, it's not just that. Even in the Japan case, the yen seems to have gone down a fair bit because it seems like a lot

of people want the US dollar instead. So, even in the case when there's supposedly low inflation by the government, that doesn't necessarily mean the value, the purchasing power, the buying power is staying stable. Of course, in general, I would agree with you that having low inflation is a good thing. It's a time where people need to be thinking more carefully about where they store their value.

JD: Well, obviously, the US federal government was doing anything and everything it had to do to make sure that that number was not double digits. It wasn't going to be a ten or an eleven. It's probably eighteen or something like that in reality, but nonetheless, it's interesting to think about economic freedom and personal freedom and what you'd be willing to trade individually. For example, when Fraser and Cato talk about religious liberty, a lot of people are atheists or agnostics and would say, "I don't really care about that. That's not an important value to me. I'd gladly trade that for maybe some other kind of freedom." So I guess the question, the rhetorical question for our audience, is would you give up voting, for example, in exchange for paying zero taxes in a jurisdiction. Would you give up any kind of political expression, even mouthing off on Twitter, about politics in your country or any other in exchange for zero taxes? Would you give up other kinds of political freedoms in exchange for zero taxes? I think a lot of people, myself included, would take that.



SL: Right, if we really think about the impact of taxation over the course of your lifetime, especially if you did this when you were young, and you went overseas and you started making money—imagine once you compound it: if anyone just runs a basic compounding calculation on a spreadsheet, you’ll find that the saving for you is massive. By the time you get to the later stage of your life, you have all this additional wealth that you could then put into whatever cause you believe in, whether it’s Austrian economics education or whether it’s bitcoin open-source development. There are all kinds of resources that you could devote and put into causes that you believe in. I think that’s something we all have to really think deeply about, is what do we really see as a life purpose, a life mission. And of course, family is a big part of that too, for many of us, but you have to trade that off because at the end of the day, even if you were in one of the Western supposedly free countries, where you are meant to be able to be more free, well, guess what? In Australia, there was a pregnant woman in Victoria who got arrested on camera because she was organizing an antilockdown protest. What kind of freedom of speech is there, even in the so-called Western free nations, when that is the case?

JD: I think many of the freedoms which are being measured in a lot of the countries which are scoring well are shallow. The important point here is that these freedoms go out the window the minute there’s a crisis, the minute there’s a stock market crash, the minute there’s a terrorist event, the minute there’s a war, the minute there’s a virus. So, freedom really matters when politicians are under the gun and public officials are under the gun, and that’s when they dispense with them. We’ve always had wartime emergency suppression of speech and that sort of thing. This isn’t new.

Let’s talk about voting rights. Fast-forward to 2022. Women have been able to vote for quite a while. Black people have been able to vote in the United States for quite a while. What has that given us? Donald Trump, Joe Biden, Hillary Clinton? This is not a great value for most people. If we look at freedom of speech in the United States, which is, to be fair, I’m going to argue, far more robust than in most

countries in the world and certainly more robust even than in most Western countries. Judge Andrew Napolitano, a great friend of the Mises Institute, in his talk about the First Amendment in America said, “You know, if you look at the Supreme Court jurisprudence surrounding it, it’s been a lot more robust than surrounding the Second Amendment or the Fourth Amendment or some of these other important freedoms we thought we enjoyed.” So, the First Amendment has been pretty good overall in the United States, but again, what has that gotten us? It gets us this political class. Look at Twitter, look at woke, look at clown world. What does speech get us at the end of the day? So, the idea that freedom of speech is more important in a country than, let’s say, the tax rate I think is arguable.

SL: To echo a point I believe you’ve made as well, a lot of people are just overly fixated on the social. They don’t really think about the economic part, so they just get caught up in the issue of the day, whatever that issue is, as long as it’s a social issue. It’s very, very rare that people will really get up in arms about an economic issue, worry about taxation, about currency controls, capital controls, business tax rates. If anything, people are getting riled up about all kinds of things, whether it’s the climate or other issues, but it’s always done in a social context. It could be that there’s some kind of mental aspect to it or a sort of natural biological thing where these issues are more interesting to a lot more people and so that plays more on the news, on the media, and so then people just get riled up about it. Obviously, in our case, we should rightly be getting riled up about economic freedom too. Where’s the outrage? Where’s the outrage over the high-tax nations of the world?

JD: Well, the capital controls issue is very real, and I think covid accelerated it. The idea of unbanking people, whether it’s because they’re gun manufacturers or because they’re Canadian truckers protesting covid—if you look at countries like Turkey, which had a nasty currency crisis over the last few years, they have absolutely imposed capital controls on money headed out of the country and on bank deposit withdrawals. That sort of thing is not unthinkable in the West at all. And if you ever

had to become an expatriate and leave your Western country, that might be very, very difficult. You may not be able to move money electronically as easily as you thought. You may not be able to move physical gold as easily as you thought, and I think that's why a lot of bitcoiners make the argument that in a really ugly situation, bitcoin is able to be transportable in a way that other stores of value are not. I think that's a valuable consideration. I'll tell you what, I think Americans care more about social issues until it really hits them. I think Americans are very soft and fat and weak and lazy. This is just a fact. I think the slightest material hardship is going to cause a lot of Americans to have a real meltdown, and we're seeing that. Gas prices have nearly doubled. Inflation on groceries and other necessities is rising. Now we have a baby formula shortage in this country, so it is going to happen. But somehow, the social issues just engage our brain in a certain way. Nobody's out there protesting in front of a Supreme Court justice's house over abuses of the Commerce Clause.

SL: Exactly.

JD: Abortion just triggers that hindbrain. I wonder how much longer that'll be because whatever divisions or fissures we have in society are going to be far, far worse if we have a really nasty economic meltdown.

SL: I think education is so important here, economic education, and that's why I am a big fan of the Mises Institute. I owe a great intellectual debt to the Mises Institute and the scholars of the Mises Institute. Things will break down and they will look to blame somebody, and because the populations are not economically educated, they'll just believe what they are told. For example, the common one: "Oh, the prices are rising. Why is that? Oh, because of the corporate greed." Wait, corporations have been around for how many hundreds of years? How is it that all of a sudden they just became greedy? When we study Austrian economics, we can understand that no, no, it isn't like they became greedy all of a sudden, in the last month. It's that they stopped resolving their own issues. And so, supply chain issues. These and other issues have been caused by other problems, things like lockdowns and stopping

business and commerce. I think maybe that's part of it, that economic issues can manifest, and then the root cause might be economic, but then downstream, the impact is a social one, and that's what gets people triggered per se. That triggers the hindbrain more than "Oh, I can't feed my baby because no baby formula."

JD: Yes, I think that's what René Gerard describes when he talks about scapegoating. I think it's easier to scapegoat the other on social issues than it is on pure economic issues. If we have widespread unemployment, rising prices, homelessness, starvation, that sort of thing, certainly people will probably coalesce along nasty groups, whether that's racial, regional, territorial, ethnic, or religious. We certainly don't want that in the West, and we've been free of that in the West for more than one hundred years and I think we take that for granted. We forget how close most people really are to the bone, in terms of their personal saving or their ability to live without a paycheck or the degree to which they would be dependent on neighbors or charity or government very, very quickly.



You look at some of these countries in the East and you say, “What is it?” It’s not just explainable by what you and I would consider unfettered or free market capitalism. It doesn’t explain everything about why things just sort of work.

Let’s take a quick look at Singapore because I’ve read a few different Lee Kuan Yew biographies, a very fascinating guy, and Singapore has been called fundamentally undemocratic in the Press Freedom Index. It has a Public Order Act, which means you need to have a police permit to have any kind of organized protest or to even hold a conference which has political elements to it. Actually, Singapore ranked 151st out of 180 countries in this Press Freedom Index. And of course, it’s infamous for some of its draconian criminal laws, with respect to littering or just spitting out your gum or vandalism or graffiti, and there have been some Western tourists who have been ensnared and had harsh treatment by caning. A lot of people would look at that and say this is an authoritarian regime. But it’s been called a competitive authoritarian regime. What do we make of Singapore? If you go there, it’s unbelievably modern and apparently prosperous, but not free in a Western conception.

SL: I think you’re right. I recall my visit to Singapore around December 2019. I thought it was really cool. Changi Airport, the Singapore airport, it’s rated as one of the best airports on earth. The infrastructure is excellent. The service is excellent. I had a great time in my short visit there. It’s really interesting to see that parallel. When I’m in other countries, I make sure I respect their culture, their rules, but as long as you do that, you can get by. Setting the covid stuff aside, they’ve been a little more authoritarian, but Singapore has been relatively prosperous. It has been very prosperous for its citizens and people who go there to work, and it’s quite a common expat working destination. I think maybe the last years have kind of shifted that a little bit, but on the whole, it’s still

a really great place. I think what happens is there’s a little bit of a cycle, almost like a pendulum swing, to these things, because it might have been much easier to get set up there, say, ten, fifteen, twenty years ago than today because now you need more money to get in or you need a company to sponsor you to get in. Then what happens is that people get richer, and maybe that is what causes the downswing. That said, it’s not that I think Singapore is going to go on a downswing, but you want to find the places that are on the upswing and see if that is where I’m going to place some of my chips.

JD: That is interesting. You want to find places that are on the up, and that’s what Jimmy Rogers said about Asia at the turn of the twenty-first century. You look at a place like Singapore and how things work. Everything works, everything is clean, everything is modern. Subways ... It’s safe. If you fly Singapore Airlines internationally, let’s say, and then compare that experience to a domestic flight on a thirty-year-old 757 from Detroit to Seattle, where the tray in front of you is half rattled off ... You look at some of these countries in the East and you say, “What is it?” It’s not just explainable by what you and I would consider unfettered or free market capitalism. It doesn’t explain everything about why things just sort of work. And things work in Dubai too. Now there’s an underbelly to that. There are people who suffer to make things work, and we understand that. We don’t want to discount that. But nonetheless, if we’re increasingly becoming authoritarian in the West, it’s like you could have authoritarian and nothing works or authoritarian and things work. I hate to think that that’s the choice in the twenty-first century.

SL: It's a big world out there. There's two hundred countries or so. You can choose where you go. And even for me—I'm bullish on Dubai—as you were saying, it's this idea of what's on the up. I think Dubai is on the up in terms of people coming here, business going on here, favorable regulatory environment, for the most part. I think ultimately everyone has to choose what jurisdiction that is, and maybe if you're an American listening, well, that's which state am I going to be in, as an example. And I'm bullish on that idea because that's really what rewards the jurisdictions that do well. Take yourself out of the bad jurisdictions and go for the good ones. I think that's the high-level idea, but perhaps to your point as well, some of it is circumstances, as you were saying. Singapore, it's not just that they had relatively low taxes and so on. It could also be the proximity to China, because they were able to do a lot of trade there. Some of the Middle Eastern countries, like the UAE, have a lot of their business from oil and gas, so maybe some of that is the luck of the draw. But, at the same time, you look at other countries that were so-called blessed. Venezuela has obviously gone very down. They had a lot of natural resources, and at least in the recent years, it has not been a great place.

I think there are always pros and cons, and you just ultimately have to look at where things are going and look at the culture, look at the overall picture, and decide “Well, look, you know what? Given my choices I could either (and I said this to myself) sit in Sydney, Australia, stay in a high-tax nation where the culture is just going down—all these people, they believe in the state, they believe in lockdown-ism. If you tried to argue these things with them, they would say, “No, no, look how many lives were saved,” despite the analyses that were being done. Maybe we might not fully agree with this, but there were analyses, and actually, there was a recent one put out by Gigi Foster. Now, to be clear, she's not even a libertarian, but she's an economist, and she put out an analysis showing that even on a quality-adjusted-life-years basis, the lockdowns cost far more than they saved. And this is obvious, right? To anybody who's studied economics, it's obvious, but unfortunately, what the people believe matters because there's a lot of the people around you—maybe they got invested

in the lockdown belief early, and now it's hard for them to change because they were kind of already committed. It's like a sunk cost fallacy. So, for me, it was either stay in Australia, pay this really high tax, and amongst people who basically hate your freedom or go to another country where it's low tax and they don't really care that much about your freedom. You go and do your thing and they do theirs, and maybe that's about as much as we can reasonably hope for, given the situation and given the world we're in.

JD: There's definitely psychological sunk cost to the covid narrative. It's going to make it very hard for a lot of people to ever give up the idea that lockdowns and vaccines were good and necessary, and I understand. I admire your choice in saying “I'm not going to sit here and just argue with crazy forever. I'm going to take my life in my own hands and go out into the world and go where I feel like I can find greater freedom.” But here's the fly in the ointment. When you move to Dubai, you are at least at the outset a guest and you're not going to throw your gum out your Lambo as you're rolling down the street, you're not going to go graffiti some mosque, and you're probably not going to pen letters to the editor denouncing the local government in the newspaper, right? You would feel as a new person and a guest that's not your role.

But universalism, I think, is the dominant political ideology of the twentieth century. And it's not dead, and it manifests as political globalism—not the good kind of globalism, where you can get a Diet Coke everywhere. I'm talking about political globalism, the idea that the whole world sort of needs to have a Western-style social democracy. And this mindset of universalism never sleeps. It is relentless. It's like rust. And so, when Stephan Livera goes to Dubai, he wants to be a good neighbor and do business and be successful and enjoy the freedoms that Dubai offers, but when some people go to Dubai, they look around and say, “Well, this is a place I have to fix.” This is how all the trouble in the world comes to us, because America especially, but the West more generally, has decided it's our job to police the world and their political arrangements. I think there will always be arbitrage, there will always be young people like you, who are going to go out and go someplace else in the

world, or maybe eventually go to Mars or wherever it might be. I just wonder, whether this arbitrage between jurisdictions is going to be challenged in the twenty-first century, in a digital world.

SL: Well, you're right in that it is being challenged in certain ways, but here's the question. Will they be successful? The supernational international organizations, they hate this sort of thing. The OECD [Organisation for Economic Co-operation and Development] and other organizations, they're trying to do things like "No, you should have minimum tax thresholds." It's a similar thing in each. They might be in a situation where they can't afford that because the way that they are competitive is by having low tax. We see that dynamic as well, that there are challenger nations who want to try something different. El Salvador, trying to go and be the bitcoin country where you can freely go as a tourist and spend your bitcoin or set up a business and such.

I see it like it's a big world out there, and the Western propagandists don't want you to understand that. They want you to think that only the US, Australia, UK, Canada, and New Zealand are the only countries that you would ever go to, so just stay put, you little plebs. No, just stay put and just take what you're given. We're going to tell you the truth. We're going to tell you what you're allowed to say on social media, and yet there's a pushback. We're saying, "For all these flaws and for all the subsidies, Elon Musk is at least trying to push back on Twitter," for what it's worth, right? We're seeing people like Jack Dorsey come out and be fully bitcoiner and fully try to promote this alternative money.

So, I think it's just an ebb and flow. There will, of course, be ways that people are trying to control, but then there'll also be competition, and there will be other places that you can go and other places where they just don't get as riled up about politics. There's not protests on the street here. People just, they assess the country and say, "Look, is it going to be a good fit for me? Work, tax, business, other family,


friends, etc.—on those dimensions, is it working for me?" And then, yes or no, am I going there? That's the high-level way that I'm seeing it.

Of course, that overall battle for heart and mind, it still matters. It still does matter that we try to promote sound ways of economic thinking, sound ways of thinking from a political philosophy point of view. I owe you to not aggress against you, and what you owe me is to not aggress against me—and that we promote that basic ethic. I agree that some of that is going to be a cultural battle, and to the point about what they will get outraged about, socially and culturally, yeah, some of that is just what people get outraged about.

JD: Well, maybe we need an index of the least political countries in the world.

SL: That's a good idea.

JD: Wherever politics does not dominate, that's where I want to live. I'll leave you, Stephan, with this note. Economics is social cooperation. Economics is human beings dealing with each other, hopefully absent force or fraud, and that's it. And so, the idea that there are personal liberties or social liberties or political liberties, which are somehow different from economic liberties and ought to be tracked differently and plotted on two different axes, I think, is false. I think everything flows from economics, from our desire to improve our material well-being and our desire to interact with other human beings in a win-win manner. I think that's what it comes down to. Stephan, how can people keep in touch with you and see what you're doing these days?


SL: People can search me online, Stephan Livera, StephanLivera.com, and if they want to find a place to buy and learn about bitcoin, Swan.com is the place. And Jeff, thanks again for hosting me. It's always a pleasure to chat with you. 

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This summer’s annual Rothbard Graduate Seminar, as always structured as a Great Books seminar, took an in-depth look at Murray Rothbard’s *Power and Market: Government and the Economy*, along with excerpts from Rothbard’s *America’s Great Depression* and *Economic Controversies*. The seminar discussions focused on the Austrian critique of the economic interventionism that is foundational to the progressive economic agenda and that Professor Salerno so eloquently described in his opening remarks.

Our standout faculty included Professors Joseph Salerno, Mark Thornton, Jeff Herbener, Peter Klein, and Patrick Newman, and the incomparable David Gordon.

This year’s RGS cohort was an enthusiastic group of rising scholars from a variety of fields, including: economics, history, law, and business. Six of the participants were Mises Graduate Program students. Students traveled not only from around the US, but from Asia, Europe, and South America. 🇺🇸🇪🇺🇬🇧



2022 Rothbard Graduate Seminar attendees:

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 Krzysztof Turowski, University of Gdansk
 Michael Wroblewski, George Mason University




Special thanks to Alice J. Lillie for making this event possible.

Mises Meetup in Orlando

There is so much money and debt out there circulating that we are starting to lose the sense of what money is ... everything seems almost surreal.... When Bob Murphy and I first started discussing the project that would become Understanding Money Mechanics, we knew that a book to understand the basics of all this was needed. —Jeff Deist

The Mises Institute returned to Orlando, Florida, in May to celebrate the publication of Dr. Murphy's new book, *Understanding Money Mechanics*. In a world where households' resources are increasingly squeezed and politicians point fingers at various bogeymen, people are looking for answers. It's crucial to show them how the state's control of money and banking infects all facets of our society, not just the financial. As Bob illustrated during his keynote address, the financial pain being felt by Americans today isn't the consequence of Putin or covid, it is the direct result of reckless policies promoted by central bankers and carried out over the course of several presidencies—a problem beyond politics, and one that requires changing the way our society fundamentally views money.

There was also a panel featuring Mises Institute associated scholars Patrick Newman, Demelza Hays, and Peter St. Onge that considered the absolute state of money through the lenses of history, policy, and technological innovation.

Audio from this event can be found at mises.org/orlando22. 



Understanding Money Mechanics is available at the Mises Institute bookstore and on Amazon.

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ROBERT P. MURPHY

Special thanks to Greg and Julann Roe for sponsoring this event.

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1. War Sanctions (*Human Action Podcast*), **23,935**
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PDF DOWNLOADS

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