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## Faith-Based Economics

Robert Leeson

### The George Mason Recipient of the 1986 Nobel Prize for Economic Sciences

Friedrich Hayek's family had been raised from the Third Estate to the Second in 1789—an inauspicious year for the nobility. On 20 June 1789, members of the French Estates-General for the Third Estate—who had begun to describe themselves as the National Assembly—took the 'Tennis Court Oath' vowing 'not to separate, and to reassemble wherever circumstances require, until the constitution of the kingdom is established.'<sup>1</sup> Napoleon Bonaparte (1916 [1806], 112) did not 'see in religion the mystery of the incarnation so much as the mystery of the social order. It introduces into the thought of heaven an idea of equalization, which saves the rich from being massacred by the poor.' *The Buchanans of Tennessee* included a State Governor (1891–1893) and his grandson, the

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recipient of the 1986 Nobel Prize for Economic Sciences (Kyle 2012). The Coal Creek War—an armed uprising against the attempt to replace ‘free’ coal miners with convicts leased by the state government—prematurely ended John P. Buchanan’s (1847–1930) political career.

Within six weeks of enrolling in Frank Knight’s University of Chicago price theory course, James Buchanan (2007, 5) had been ‘converted into a jealous advocate of the market order.’ This experience shaped his ‘attitude towards the use and purpose of economic instruction; if I could be converted then so could others.’ Prior to receiving the Nobel Prize, Buchanan relocated to George Mason University (GMU) where he was joined by Richard Tollison (1984)<sup>2</sup> and Richard E. Wagner (1988).<sup>3</sup>

Four years after the demise of the Habsburgs and their government-sponsored intergenerational entitlement program, Ludwig ‘von’ Mises (1922, 435; 1951, 443–444) declared that ‘the Lord of Production is the Consumer’ (*Der Herr der Produktion ist der Konsument*): ‘From this point of view the capitalist society is a democracy in which every penny represents a ballot paper. It is a democracy with an imperative and immediately revocable mandate to its deputies .... Special means of controlling [the entrepreneur’s] behaviour are unnecessary. The market controls him more strictly and exactly than could any government or other organ of society.’ Mises (2011 [1929], 13) also complained: ‘He who timidly dares to doubt the justification of the restrictions on capitalists and entrepreneurs is scorned as a hireling of injurious special interests or, at best, is treated with silent contempt.’

According to Hayek (2011 [1960], 186), ‘To do the bidding of others is for the employed the condition of achieving his purpose.’ And according to an *American Journal of Public Health* article on ‘Tobacco Industry Efforts to Undermine Policy-Relevant Research,’ Thomas DiLorenzo, Professor of Economics at GMU, and the Joseph A. Sellinger, SJ School of Business and Management, Loyola University, Maryland, had ‘worked on a number of tobacco industry projects, including a Philip Morris and RJ Reynolds-funded project at the Independent Institute (a tobacco industry-funded think tank).’ In 1995, GMU’s James Bennett ‘billed RJ Reynolds \$150,000 for work he and DiLorenzo were doing on a book titled *CancerScam: The Diversion of Federal Cancer Funds to Politics*’—which

conformed to Philip Morris' action plan by 'elevating the issue of public funding (primarily federal) to conduct anti-tobacco ... research' and accusing government agencies and health charities of diverting funding away from 'the common goal of finding a cure for cancer.' (Landman and Glanz 2009)

Tollison and Wagner were recruited to GMU and published *Smoking and the State* (1988, 1992) as Peter Boettke studied for a GMU PhD (1983–1989).<sup>4</sup> According to the Tobacco Institute, their book had been 'commissioned' by the Institute to 'rebut' Pigouvian externalities—the "social costs" claims' made by anti-smokers.<sup>5</sup> Bennett and Lorenzo's 1990 book proposal provided the conclusion that their research would independently produce: 'debunking' what they described as the 'rhetoric' of the health charities by 'exposing' the reality of their operations and aims so as to 'discredit' them in the 'minds of the public ... op-eds and articles for the media will then be prepared based of these studies.'<sup>6</sup> Boettke, who succeeded Wagner as director of the GMU graduate program, is a policy 'expert' at the Heartland Institute, and is also on the list of what [sciencecorruption.com](http://sciencecorruption.com) calls the 'cash-for-comments network' of the tobacco lobby: 'each op-ed now earned the economists \$3,000. Presentations made to conferences earned them \$5,000.'<sup>7</sup>

The (Viennese-born) University of Michigan economist, Wolfgang Stolper (21 February 1992), informed J. Herbert Fürth that Buchanan (1919–2013) fitted Josef Schumpeter's description of an 'irresponsible' intellectual: he could not see how anybody could regard him as anything other than an 'ideological fool' who spoke of 'free' markets as if they were 'magic formulas.'<sup>8</sup> Buchanan and Wagner's (1977) *Democracy in Deficit: The Political Legacy of Lord Keynes* offers a history of the 'Old-Time Fiscal Religion': 'The pre-Keynesian or classical fiscal constitution was not written in any formal set of rules. It was, nonetheless, almost universally accepted.' But then the 'fiscal gospel of Lord Keynes' arrived: the 'economists who had absorbed the Keynesian teachings were faced with the challenge of persuading political leaders and the public at large that the old-time fiscal religion was irrelevant in the modern setting.' Social scientists and 'economists in particular' failed to 'predict the results of the eclipse of the old rules for fiscal responsibility ....

The results are, and should have been, predictable at the most naive level of behavioral analysis.’

According to Buchanan and Wagner (1977), righteousness clung on as best it could: the ‘only effective constraint’ on the spending ‘proclivities’ of elected politicians from the ‘1930s onward’ has been the ‘heritage’ of America’s historical ‘fiscal constitution,’ a set of rules that ‘did include the balancing of outlays with revenues.’ But once that ‘constraint was eliminated’: why should the elected politician behave any ‘differently from the way we have observed him to behave after 1965?’

According to Buchanan and Wagner (1977), the demise of this religion had in the 1960s and 1970s led to moral decay: a ‘generalized erosion in public and private manners, increasingly liberalized attitudes toward sexual activities, a declining vitality of the Puritan work ethic, deterioration in product quality, explosion of the welfare rolls, widespread corruption in both the private and the governmental sector, and, finally, observed increases in the alienation of voters from the political process.’ With mock nuance, they continued: ‘We do not, of course, attribute all or even the major share of these to the Keynesian conversion of the public and the politicians. But who can deny that inflation, itself one consequence of that conversion, plays some role in reinforcing several of the observed behavior patterns’:

Inflation destroys expectations and creates uncertainty; it increases the sense of felt injustice and causes alienation. It prompts behavioral responses that reflect a generalized shortening of time horizons. ‘Enjoy, enjoy’—the imperative of our time—becomes a rational response in a setting where tomorrow remains insecure and where the plans made yesterday seem to have been made in folly.

Referring to the economists’ ‘halcyon days’ (their ‘newly established positions’), Buchanan and Wagner (1977) asserted that the forbidden fruit of the Garden of Eden had initially been nourishing: the ‘New Economics’ had arrived; the politicians had finally been ‘converted’; the Keynesian revolution had become ‘reality’; its principles were henceforward to be ‘enshrined in the conventional political wisdom.’ But gradually the consequences of sin became apparent: it took ‘no scientific talent’ to observe

that ‘ours is not an economic paradise.’ Camelot lay in ruin because of ‘the economists’: ‘The mounting historical evidence of the effects of these ideas cannot continue to be ignored’ including the ‘accompanying disenchantment with the American sociopolitical order.’

According to Buchanan and Wagner (1977), this ‘seems’ the ‘most tragic’ aspect of the ‘whole Keynesian legacy.’ The responsibility for ‘maintaining prosperity remained squarely on the shoulders of government.’ Using a phrase associated with the Vietnam War, they assert: ‘Stabilization policy occupied the minds and hearts of economists, even amidst the developing evidence of broad forecasting error, and despite the sharpening analytical criticism of the basic Keynesian structure.’

Buchanan and Wagner’s religious chronology is defective in at least seven ways—four of their illusions relate to the so-called trade-off curve named after A.W.H. Phillips, Hayek’s successor as University of London Tooke Professor of Economic Science and Statistics.

- The ‘most ardent Keynesians ... almost without exception, tended to place high employment at the top of their priority listing, and to neglect the dangers of inflation.’ If the ‘most ardent’ include Joan Robinson, John Kenneth Galbraith, Richard Kahn, and their followers, this assertion is transparently false.
- ‘By the late 1960s, the foundations of the inflation-unemployment trade-off began to erode, in the minds of academicians, though not in the minds of citizens and politicians. The Phillips curve, it came to be realized, described only a short-run, not a long-run, trade-off.’ This is merely part of anti-Keynesian mythology (Leeson 1998a, b, c).
- In ‘Inflation: Anticipated and Unanticipated,’ Buchanan and Wagner neglected the seminal role that inflation and inflationary expectations played in Phillips’ analysis (Leeson 1997, 1999).
- They fail to acknowledge responsibility for the inflation of the 1970s—their fellow Mont Pelerin Society member and chair of Richard Nixon’s Federal Reserve, Arthur Burns (Leeson 2003).<sup>9</sup>
- Buchanan (1987) claims that he had not ‘become acquainted with Mises until I wrote an article on individual choice and voting in the market in 1954. After I had finished the first draft, I went back to see what Mises had said in *Human Action*. I found out, amazingly, that he

had come closer to saying what I was trying to say than anybody else.’ Buchanan and Wagner also fail to acknowledge that in *Human Action*, Mises (1963, 282; 1966, 282) lobbied for the Warfare State that underpinned the inflationary budget deficits of what is described as the ‘late Keynesian’ era: ‘He who in our age opposes armaments and conscription is, perhaps unbeknown to himself, an abettor of those aiming at the enslavement of all.’

- Much of this alleged ‘moral decay’ was present in prohibition, Jazz Age America—but according to Buchanan and Wagner (1977), in the 1920s, there had been no ‘overt policy conflict between the economists and the politicians.’ In contrast, the 1950s were years of ‘developing tension between the economists-intellectuals and their political peers, with the Keynesian economists unceasingly berating the effective decision makers for their failure to have learned the Keynesian lessons, for their reactionary adherence to outmoded principles of fiscal rectitude.’

The economics of Dwight Eisenhower’s Treasury Secretaries, George Humphrey (1953–1957) and Robert Anderson (1957–1961) was, they assert, ‘little different’ from that of Andrew Mellon (1921–1932) who served Warren Harding, Calvin Coolidge and Herbert Hoover. Yet Hoover (1952, 30) attributed the Great Depression and his one-term presidential status to Mellon’s Austrian advice: ‘liquidate labor, liquidate stocks, liquidate farmers, liquidate real estate... it will purge the rottenness out of the system. High costs of living and high living will come down. People will work harder, live a more moral life. Values will be adjusted, and enterprising people will pick up from less competent people.’

- Hayek (1975) insisted that Keynesians had ‘forfeited their right to be heard.’ Buchanan and Wagner’s (1977) ‘challenge will stand or fall upon the ability of our argument to persuade.’ They proposed a Hayekian solution: politicians must be placed ‘once again’ in an ‘effective constitutional framework’ in which their ability to manipulate the budget to enhance short-run ‘political survival’ is ‘more tightly restrained.’ Long-term forces would thereby be given ‘fuller scope.’ They appear to have replaced the countercyclical monetary policy of

Milton Friedman's (1948) 'Monetary and Fiscal Framework for Economic Stability' with inflammatory language: 'Just as an alcoholic might embrace Alcoholics Anonymous, so might a nation drunk on deficits and gorged with government embrace a balanced budget and monetary stability.'

Austrian economists see the world as an epic (biblical?) battle between 'Santa Claus' (the government) and the 'discipline' of the 'free' market and (the plagiarized concept of) 'consumer sovereignty' (Leeson 2015a, Chap. 7). One Nobel Laureate (20 February 1992) informed Gottfried Haberler that, at Harvard, Schumpeter graded female students according to their 'sexual availabilities and dexterities.'<sup>10</sup> Apparently contemptuous of the requirements of achieved status, 'von' Mises gave grades to his New York University (NYU) students that were unrelated to their effort or merit (see below). Through fraudulent recommendations, 'von' Hayek created a Welfare State for his academically unqualified disciples. Buchanan and Wagner (1977) sought to overcome the resistance of what they call 'Santa Claus' addicts—those who 'expect bread and circuses from their politicians.' But salvation was marketable: any effective budgetary rule must be understood to 'make sense' to the 'ordinary' voter. Despite the 'Keynesian conversion of our politicians,' there remained 'significant residues' of this simple norm in prevailing public attitudes, 'residues that can be brought to bear productively in any genuine restoration.'

In 1942, Mises wrote a confidential report for the Habsburg Pretender 'on the conditions under which a restoration could be achieved' (Hülsmann 2007, 818).<sup>11</sup> As Hayek was writing *The Road to Serfdom*, the Austrian School philosopher and *National Review* columnist, Erik 'Ritter von' Kuehnelt-Leddihn (pseudonym F. S. Campbell) published *The Menace of the Herd* (1978 [1943]).<sup>12</sup> Austrians embrace monarchy, or anything but democracy (Hoppe 2001), pope and monarch, supported by a 'natural aristocracy' (Rockwell 1994), a 'small, self-perpetuating oligarchy of the ablest and most interested' (Rothbard 1994b) or 'dictatorial democracy'<sup>13</sup>—a 'system of really limited democracy' (Hayek 1978).<sup>14</sup>

Buchanan worried about elections: 'the problem of whether or not we can get things changed. It's something that people don't talk about now, but a century ago John Stuart Mill was talking about it: namely, the

franchise. Now, it seems to me that we've got ourselves in—again, it goes back to the delusion of democracy, in a way—but we've got ourselves into a situation where people who are direct recipients of government largesse, government transfers, are given the franchise; people who work directly for government are given the franchise; and we wouldn't question them not having it. Yet, to me, there's no more overt conflict of interest than the franchise [given] to those groups. Do you agree with me?' Hayek (1978) replied that his solution lay in his draft Model Constitution (that he had sent to General Pinochet the year before): 'in a sense, the conception of democracy was an artifact which captured public opinion after it had been a speculation of the philosophers. Why shouldn't—as a proper heading—the need for restoring the rule of law become an equally effective catchword, once people become aware of the essential arbitrariness of the present government.' Hayek also explained that the 'spontaneous' order had to be reconstructed 'by several experiments in new amendments in the right direction, which gradually prove to be beneficial, but not enough, until people feel constrained to reconstruct the whole thing.'<sup>15</sup>

## 'Financial Considerations'

Education is both a product and a process. The process (at least in social science and history) involves the cultivation of intellectual independence through exposure to a wide variety of competing perspectives. In contrast, product-focused students seek to acquire degrees by minimizing costs: effort and 'excessive entanglement' with perceptions on which they are *not* happily dependent. The product-producing *nomenklatura* who promote 'free' market religion should not require public funds because they are awash with cash from those who seek to avoid full cost pricing (Pigouvian externality taxes).

Thomas Jefferson's 'wall of separation between church and state' violates the 'liberty' of tax-exempt Austrian School theocrats. According to Otto the Habsburg Pretender, Nicolas Sarkozy 'points out that a state which subsidizes football clubs and refuses to do any economic favors to religions who want to build churches is absurd' (cited by Watters 2005).



To reconstruct the ‘spontaneous’ order, Hayek (1978) sought state funding for the Austrian religion—telling Buchanan:

If you persuade the teaching profession, I think you would get a new generation brought up in quite a different view. So, again, what I always come back to is that the whole thing turns on the activities of those intellectuals whom I call the ‘secondhand dealers in opinion,’ who determine what people think in the long run. If you can persuade them, you ultimately reach the masses of the people.<sup>16</sup>

Since leaving high school, ‘Dr’ Kurt Leube—‘Abitur/Matura (B.A.) 1954–63,’ ‘Economic Philosophy at LSE (UK) 1963–65,’ ‘AJD, University Salzburg, 1971,’ ‘DLE,’ Professor of Economics, California State University Hayward/East Bay—has been unable to acquire any educational qualifications. Since leaving high school, has Boettke—‘University Professor of Economics and Philosophy at George Mason University; the BB&T Professor for the Study of Capitalism, Vice President for Research, and Director of the F.A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center at GMU’—passed any course not taught and examined by devotees of two transparent frauds, ‘von’ Mises and ‘von’ Hayek? Why after four decades of studying and teaching economics is Boettke still unable to distinguish between a price and a quantity (Leeson 2017a, Chap. 3)?

In ‘High Priests and Lowly Philosophers: The Battle for the Soul of Economics,’ three GMU economists, Boettke et al. (2006, 551), provide religious sanction for Austrian ‘knowledge’: ‘*Do not pry into things too hard for you, Or investigate what is beyond your reach* [emphasis in original].’ At GMU, Boettke’s (2010a) mission is to

improve economic literacy in our society and to improve economic knowledge within the scientific community. BTW, I am very involved with three organizations outside of the academy: the Foundation for Economic Education (FEE), the Institute for Humane Studies [IHS] and Liberty Fund. I personally think these are the most important institutes for the advancement of economic and political liberty in the world today. That statement undoubtedly reflects my myopic perspective on ideas rather than policy.

The tax-exempt Liberty Fund must have known that they were funding a racist. Hayek (1978) had a visceral dislike of ‘negroes,’ ‘detestable’ Indians and the ‘fundamentally dishonest’ ‘people of the eastern Mediterranean,’ including Jews.<sup>17</sup> When confronted with the prospect of having to deal with African-Americans, Hayek (5 March 1975) informed Neil McLeod at the Liberty Fund that he wished to find an alternative to his ‘gone negro’ Chicago bank.<sup>18</sup>

Hayek told Charlotte Cubitt (2006, 144) that Anthony Fisher was not ‘intellectually gifted’; and Hayek (28 August 1975) was also obliged to make a ‘confidential’ reply to Arthur Seldon, the other Institute of Economic Affairs co-founder, apologizing for having apparently stated that he regarded the IEA as a mere popularizing ‘propaganda’ institution. The IEA, he assured Seldon, was superior to FEE’s ‘propaganda’ efforts (the Irvington ‘setup’).<sup>19</sup> Two FEE presidents, Mark Skousen and Richard Ebeling, uncritically repeated Hayek’s fraudulent propaganda about Pigouvian externalities having been invented by a communist agent (see below).

According to an Austrian academic fraud and ‘free’ market ‘borrower’ of Hayek family heirlooms, financial fraud characterized the 1974 tax-exempt IHS-funded Austrian revival:

The chap who organized the conference, who shall remain nameless, owed the owner of the hotel some money, so the conference killed two birds with one stone ... I’m pleased to be working at the Mises Institute right now. It is clear to me that the Austrian School has grown enormously in the last 10 years. I only hope we can keep the momentum. But assuredly if we do not all hang together, we will hang separately. (Shenoy 2003)

A sizeable portion of the Austrian School of Economics describe themselves as members of a Stone Age tribe (‘Paleolibertarians’); some are committed to administering theocratic, Bronze Age ‘justice’ to those they disapprove of. Gary North, the Mises Institute ‘Murray Rothbard Medal of Freedom’ and co-author of the survivalist *Fighting Chance: Ten Feet to Survival*, who attended the 1974 IHS revivalist conference, described Austrian methodology:

*Fighting to Win* ... At least we admit that we are street fighters. We prefer to stab our opponents in the belly, publicly .... *Take no prisoners!* If our style is not considered polite in certain academic circles, then to avoid being manhandled, it would be wise for these epistemological child molesters to stay out of print, hidden from public view in their tenured classroom security. If they go into print ... they can expect 'the treatment' [North's emphases].

North's mission is 'to do what I can to get their funds cut off' (North 1986, xix, xxiii; Robinson and North 1986; see also Skousen 1977).

According to Guido Hülsmann (2007, 630), Mises complained that 'none of the Vienna newspapers dared oppose rent control ... Few economists were critical enough to see through the public propaganda, and even fewer dared to speak out against it. Again it was the group around Mises that filled this gap, most notably when Hayek published his study on rent control.' In 'Three Fallacies of Rent Control,' FEE's Robert Batemarco (1995) cited or summarized (it is not clear which) their '*spiritus rector*': as 'Mises noted, an attack on economics itself is the only way to undermine the irrefutable case that economic analysis makes against all kinds of interferences with the market. If one tries to refute the devastating criticism leveled by economics against all these interventionist schemes, one is forced to deny the very existence ... of a science of economics.' According to the Misesian Walter Block (2008, 57–58), a libertarian taking advantage of rent control is a 'quasi thief' who was violating a 'landlord's rights' and could become subject to 'a libertarian Nuremberg court.' From his three-bedroom rent-controlled Manhattan apartment, Mises continued to condemn all interferences with the market (Hülsmann 2007, 630).

As president, the kleptocratic Pinochet acquired an 'illicit fortune ... estimated at \$28 million or more' (Rohter 2006). In Austrian circles, the co-founder of the Ludwig von Mises Institute was known as Murray 'Robhard' (Skousen 2000). And according to the Misesian Robert G. Anderson (1999), George Roche III was an 'abuser of trust, a user who saw the deep pockets of conservatives and looted them for his personal aggrandizement.' His 'improper use of our confidential donor list violated

his stewardship duty as a FEE trustee' and was 'another instance of his brazen disregard of ethical standards.'

But an *esprit de corps* silence was maintained as Roche raised \$340 million for the Austrian cause: 'His winning charm and warm manner were traits, or should I say skills, such as I've never known in any other person.' He was an 'incredibly engaging individual, the kind of person in whom you willingly put your trust, and he knew it and he used it ... if there is a Satan doing his evil handiwork through us, George is just the kind of guy he would recruit.' Anderson had kept quiet about Roche for decades—although the man he saw in the 'beginning was a person of duplicity, hypocrisy, and meanness. His corruption in the form of debauchery and depravity apparently came later.' From the outset, Anderson (1999) witnessed 'mostly a pattern of lies.'

While imposing austerity on Hillsdale College, Roche III negotiated for himself a Porsche plus \$550,000 per annum compensation package; and left in disgrace with a 'reported \$2 million more in a retirement package' (Anderson 1999). In 1945, Harold Luhnaw, president of the William Volker Charities Fund, pressed Hayek (1994, 126–127) to write an American version of *The Road to Serfdom*. Hayek recalled that he estimated that it would cost \$30,000 over three years adding that he would need an American university appointment. Luhnaw told Hayek 'Money is yours'—but the project was never completed or, it seems, even started.

William Volker (1859–1947) was a member of the 'shopocracy'—his wealth derived from his picture frame business. Richard Cobden (1804–1865) welcomed the advance of democracy as an assault on the intergenerational privileges of 'aristocratic plunderers' (Edsall 1986, 52–53). Cubitt (2006, 122, 10) reported that when 'von' Hayek was caught in the 'cheating matter'—stealing, or double-dipping, from 'educational charities'—to maintain his aristocratic lifestyle, 'he just laughed, said he did not mind in the least, that all his professional considerations had been based on financial considerations.' When Walter Morris complained to Cubitt about being 'deceived [,] Hayek laughed, and told me that he had wanted to have nothing to do with this but did not mind being told about it as an anecdote.'

According to his wife, ‘Walter was a king of Wall Street, an investment banker who had made his fortune and had become a philanthropist’ (Bryan 2014). The editor of *The Road to Serfdom The Definitive Edition* owes a ‘special debt to Mrs. Dorothy Morris of the Morris Foundation, Little Rock, who provided me with the “seed money” for the project . . . . Walter Morris was instrumental in the creation of the *Collected Works* [of F. A. Hayek] project, and the Morris Foundation has been constant in its support throughout the years. I first sought financial support for the project at the Mont Pelerin meeting’ (Caldwell 2007, x). Caldwell, Hayek’s fifth authorized biographer, may have received \$1 million in royalties on the back of Glenn Beck’s promotion of *The Road to Serfdom The Definitive Edition* (2007 [1944]).

According to Frederick Nunn’s (1970, 55, 105) *Chilean Politics, 1920–1931: the Honorable Mission of the Armed Forces*, the 11 September manifesto justified the 1924 military coup in Chile with the same assertions that accompanied the overthrow of democracy elsewhere: the ‘corruption of political life’ and the alleged imminent ‘civil unrest’ from which the military had to protect the country. When the war minister ordered Captain Luis Pinochet to make a note of the names of the military officers that had entered the Senate, Pinochet replied ‘bluntly that he was not a stenographer.’ Lieutenant Germán Pinochet tried to raise elements of the military in a coup but was ‘intoxicated’ and failed.

Shortly afterwards, Mises (1985 [1927], 49) insisted that ‘The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.’ On 11 September 1973, General Augusto Pinochet seized (what he imagined was permanent) power in another military coup in Chile. Ten months later (just before the announcement of his Nobel Prize), Hayek appeared to promote *permanent* dictatorship—telling Seigen Tanaka (1974): ‘It may be said that effective and rational economic policies can be implemented *only* [emphasis added] by a superior leader of the philosopher-statesman type under powerful autocracy. And I do not mean a communist-dictatorship but rather a powerful regime following democratic principles.’ Hayek (1978) clarified what he meant by democratic principles: ‘I believe in democracy as a system of peaceful change of government; but that’s all its whole

advantage is, no other.<sup>20</sup> He promoted rules-based dictatorship: ‘We can even describe a desirable state of affairs in the form of rules. They should not be rules of conduct; rules of conduct [should be] only for a dictator, not for the individuals. Rules of individual conduct which lead to a peaceful society require private property as part of the rules.’<sup>21</sup>

Hayek (1978) asserted: ‘perhaps the danger to intellectual freedom in the United States comes not from government so much as from the trade unions.’<sup>22</sup> He was ‘most concerned, because it’s the most dangerous thing at the moment, with the power of the trade unions in Great Britain<sup>23</sup>; I now am very much engaged in strengthening Mrs. [Margaret] Thatcher’s back in her fight against the unions.’ The British Labour Party ‘is essentially a trade-union party.’<sup>24</sup>

Hitler abolished all non-Nazi political parties and all labor unions—union leaders were taken into ‘protective custody’ and workers were obliged to join the National Socialist Union. Hitler received a 0.03% levy on wages and salaries of employees of the German Trade Association (Davidson 1966, 192–193, 230, 204; Shirer 1960, 252–253; Bullock 1991, 133). Deflation had been ‘one of the strongest agents working towards the Republic’s downfall’ (Stolper 1967, 116–119). Pinochet, the strongest agent working toward the Chilean Republic’s downfall, sought to abolish all political parties and trade unions (Barros 2004, 188).

According to Mises (2006 [1950]), ‘socialism, communism, planning, or state capitalism’ all ‘signify the same thing.’ Hayek told Cubitt (2006, 48) that although there was ‘no difference between Communist and Fascist states he would prefer to live under Fascism if he were forced to decide.’ Hayek (1978) believed that ‘Schumpeter is right in the sense that while socialism can never satisfy what people expect, our present political structure inevitably drives us into socialism, even if people do not want it in the majority. That can only be prevented by altering the structure of our so-called democratic system. But that’s necessarily a very slow process, and I don’t think that an effort toward reform will come in time. So I rather fear that we shall have a return to some sort of dictatorial democracy, I would say, where democracy merely serves to authorize the actions of a dictator. And if the system is going to break down, it will be a very long period before real democracy can reemerge.’<sup>25</sup>

According to Caldwell (1995, 70, n67), Hayek's (1995 [1929], 68) reference to Mises' 'ruthless consistency'—the development of 'economic liberalism to its ultimate consequences'—was probably a reference to *Liberalism in the Classical Tradition* in which Mises (1985 [1927], 49) insisted that

The victory of Fascism in a number of countries is only an episode in the long series of struggles over the problem of property.

In 1981, Hayek returned to Chile (where Pinochet's Junta had just adopted a new constitution, named 'Constitution of Liberty') and told *El Mercurio*: 'As long-term institutions, I am totally against dictatorships. But a dictatorship may be a necessary system for a transitional period. At times it is necessary for a country to have, for a time, some form or other of dictatorial power. As you will understand, it is possible for a dictator to govern in a liberal way. And it is also possible for a democracy to govern with a total lack of liberalism. Personally, I prefer a liberal dictator to democratic government lacking in liberalism. My personal impression ... is that in Chile ... we will witness a transition from a dictatorial government to a liberal government ... during this transition it may be necessary to maintain certain dictatorial powers.' In a second interview with *El Mercurio*, Hayek praised temporary dictatorships 'as a means of establishing a stable democracy and liberty, clean of impurities': the 'Chilean miracle' had broken, among other things, '[labor] trade union privileges of any kind' (O'Brien 1985, 179; Farrant et al. 2012, 522; Robin 2011).

Before *The Road to Serfdom* (1944), Hayek's major contribution to world history (1929–1933) had been—from a democratic perspective—the dysfunctional promotion of the deflationary manipulation of the price mechanism: falling general prices, rising real wages and thus increased unemployment. As Hitler was gaining electoral momentum, Hayek regarded deflation-induced 'allocative corrections' and the removal of 'distorted relative prices'—that is, eliminating rigidities in wages—as 'desirable': at the 'beginning of the Great Depression ... I believed that a process of deflation of some short duration might break the rigidity of wages which I thought was incompatible with a *functioning* [emphasis added] economy' ([1974] cited by Haberler 1986, 426). In an interview

with *Ercilla* in Chile in 1977, Hayek was asked about the three main prices in the economy—interest rates, salaries and the exchange rate—and whether one could talk of a market economy in Chile if only interest rates are free. Hayek replied, ‘Really? I thought the exchange rate was free. Well, I believe that that is not too damaging. The real problem is fixed salaries. The *economy cannot work* [emphasis added] unless relative salaries are in equilibrium... Inflexible salaries are a major obstacle for the market to function well’ (cited by Montes 2015, 27).

With respect to political entrepreneurs (like Hitler?), Hayek (1975) acknowledged that he did not know if the pursuit of unobservable equilibrium would lead to ‘political revolution.’ Hayek is associated with the phrase ‘unintended consequences’—are his epigone disciples ‘unconcerned about consequences’ or do they seek to repeat the 1930s? Deflation weakens and often destroys debt-financed businesses—by definition, the donor class who fund the Austrian School of Economics are cashed-up and so would, most likely, be short-run *beneficiaries*. Deflation also targets trade unions: falling prices cause real wages and thus unemployment to rise—which trade unions would be impotent to combat.

Mises (2000 [1944], 128) insisted that ‘The fall in prices and wage rates is the preliminary step toward recovery and future real prosperity’; and Murray Rothbard’s *In Defense of Deflation* explained:

Deflation would bring about the necessary ‘smashing’ of downwardly rigid wages and prices, so the appropriate resource allocations could occur to help bring about sound long-term economic activity. (Cited by Ebeling 1975)

In *Studies on the Abuse and Decline of Reason*, Hayek (2010 [1952], 91) insisted that ‘the facts of the social sciences are *merely opinions* [emphasis added], views held by the people whose actions we study.’ Hayek (1999 [1977], 132; 1978) was contemptuous of the scientific credentials of economists: ‘I have often had occasion to explain, but may never have stated in writing that I strongly believe that the chief task of the economic theorist or political philosopher should be to operate on public opinion to make politically possible what today may be political impossible.’ ‘Purely abstract theoretical work’ was an appendage to a



preconceived ideological agenda: ‘The economists whom we train who do not become academics also do economics. After all, we are training, unfortunately, far too many and certainly many more than ought to go into academic life. And I don’t mind even people of first-class quality going into politics. All I’m saying is they no longer have the right approach to the purely abstract theoretical work. They are beginning to think about what is politically possible, while I have made it a principle never to ask that question. My aim is to make politically possible what in the present state of opinion is not politically possible.’<sup>26</sup>

Buchanan et al. (1978) described for an IEA audience *The Consequences of Mr. Keynes: an Analysis of the Misuse of Economic Theory for Political Profiteering, with Proposals for Constitutional Disciplines*. At GMU, it is known that Hayek and Mises used Austrian economic theory as a respectable front behind which to promote the deflation that assisted Hitler to gain power (White 2008); and Boettke explains to his GMU PhD students the importance of sometimes ‘letting prices fall. There’s *little to fear* [emphasis added] in deflation, he adds, when it accompanies periods of strong productivity growth’ (K. Evans 2010b). With his middle-class salary from the taxpayers of Virginia, Boettke (2010a) lives in a ‘different world than the 99%’ and ‘I’d like to make more money.’

Boettke’s PhD students have had aggregation fallacy imposed on them: productivity growth impacts on the economy at a *microeconomic* level. Walmart, for example, can computerize all of its products—while those who, for example, provide care for the aged cannot. Walmart can, therefore, gain a competitive advantage over its immediate competitors by productivity-led cuts in individual prices—while a falling aggregate price level will impact adversely on less productive companies and agencies and sectors of the economy. Public servants also tend to be highly unionized. Deflation and unemployment reduce tax revenues and increase budget deficits: the Austrian policy response would be to cut labor costs.

According to Hayek (1948 [1947], 113–114; 1960a), ‘freedom’ and ‘liberty’ required that ‘the people’ acquiesce: ‘We can either have a free Parliament or a free people. Personal freedom requires that all authority is restrained by long-run principles which the opinion of the people approves.’ If Austrian School opinion was resisted by ‘the people,’ this would lead to dictatorship: ‘In a nation where there is not yet a tradition

of compromise ... almost any attempt to put upon the government a great many tasks is bound to lead to dictatorial regimes.’ Referring to the policies associated with Gunnar Myrdal and John Kenneth Galbraith, Hayek (1979, 93) insisted that what ‘makes most Western economies still viable is that the organisation of interests is yet only partial and incomplete. If it were complete, we would have a deadlock between these organised interests, producing a wholly rigid economic structure which no agreement between the established interests and only the force of some dictatorial power could break.’

When asked whether the IEA was ‘really the solution, to stimulate intellectual discourse from a free-market standpoint?’ Hayek (1978) replied: ‘Oh, I’m sure you can’t operate any other way. You have to persuade the intellectuals, because they are the makers of public opinion. It’s not the people who really understand things; it’s the people who pick up what is fashionable opinion. You have to make the fashionable opinion among the intellectuals before journalism and the schools and so on will spread it among the people at large.’ Thomas Hazlett then asked:

So if a businessman says to you, ‘What can I do?’ from the state down, your suggestion is to send a check to the IEA or a reasonable facsimile.

Hayek (1978) replied: ‘Oh, yes. Of course, do the same thing here.’<sup>27</sup>

Hayek knew how to deal with those who proposed to tax the donors from whom he stole (or double-dipped): Pigouvian externalities had, he insisted, been invented by a communist agent. Rothbard, his co-leader of the fourth-generation Austrian School of Economics, also accepted ‘Deacon’ McCormick’s transparent fraud as Truth; as did two fundraising FEE presidents, Skousen and Ebeling (Leeson 2013, Chap. 9; 2015b). In 2013, the Danube swelled to a near 100-year high: Salzburg was declared a disaster zone and Vienna was threatened. Was Austria confronting climate change or a manifestation of the ‘End Times’ of the Book of Revelation—one of the tenets of ‘fusion’ faith (Chaps. 3 and 5, below)? The rational expectation would be to use an optimal ‘forecast’: the near-universal consensus of the relevant scientific community.

In 1992, the United Nations Framework Convention on Climate Change aimed to ‘stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic

interference with the climate system.’ According to Rothbard (1992a, 1993), this was the work of ‘a few left-wing hysterics ... most real scientists have a very different view of such environmental questions.’ Having celebrated the first bombing of the World Trade Center, Rothbard encouraged Al Qaeda affiliates to bomb the UN building in New York: ‘preferably with [UN Secretary General] Boutros Boutros-Ghali inside.’

Hayek referred to the Greens as the new barbarians in our midst<sup>28</sup>; and informed a correspondent that had he been a younger man, he would have concentrated on exposing Greens, instead of focusing almost exclusively on exposing Reds.<sup>29</sup> Rockwell (2008) parroted these sentiments: the Greens were pushing ‘climate communism.’ George Reisman (2011), the Austrian Professor of Economics at Pepperdine University, described environmentalist as like ‘raw sewage’:

Clearly, the most urgent task confronting the Western world, and the new intellectuals who lead it, is a philosophical and intellectual cleanup. Without it, Western civilisation simply cannot survive. It will be killed by the poison of environmentalism.

The British branch of the neoclassical school is organized around the recognition that markets can both succeed and fail; while ‘free’ market religion worships the ‘unhindered market’:

The principles course, if well-taught, is probably the most important course that anyone who wants to understand how a market system works can take. It shows how markets work, and also how they sometimes fail to work. It also helps one to identify which policy problems are real ones, and which are pseudo-problems. For those, for example, who are worried about the world running out of a natural resource like oil, it shows how the unhindered market very effectively deals with such shortages (the price of oil rises, which encourages conservation on the demand side, and makes profitable the search for new supplies of oil, as well as for substitutes, on the supply side). (Caldwell 2011, 21)

Caldwell’s (2004, xi, 344, n16) *Hayek’s Challenge* was funded by the John W. Pope Foundation and the Liberty Fund (who hosted a conference to discuss a preliminary draft of the volume). According to its 2013–2014 Annual Report, Duke University’s CHOPE was ‘founded in 2008 with a

significant grant from the John W. Pope Foundation’ (Caldwell 2014); and in fiscal year 2014–2015, CHOPE received \$175,000 from the Pope Foundation.<sup>30</sup>

According to its mission statement, ‘The Pope Foundation supports organizations that work to advance free enterprise—the same system that allowed Variety Wholesalers to flourish—for future generations of Americans. To achieve those ends, the Pope Foundation supports a network of organizations in North Carolina that advocate for free markets, limited government, individual responsibility, and government transparency.’ With regard to ‘Education support,’ the ‘Pope Foundation believes that Americans have a duty to teach the next generation about the blessings of liberty.’<sup>31</sup>

The Pope Foundation is the sixth largest contributor to what Robert Brulle (2014, 687, Figure 1, 681) described as the ‘Climate Change Counter Movement’ (CCCM). Referring to private sector transparency, Brulle reported that ‘there is evidence of a trend toward concealing the sources of CCCM funding through the use of donor directed philanthropies.’ In December 2013, Whitney Ball, the president of the Donors Trust and Donors Capital Fund, ‘said the organisation had no say in deciding which projects would receive funding. However, Ball told the Guardian last February that Donors offered funders the assurance their money would never go to Greenpeace’ (Goldberg 2013). Instead, they are committed to ‘Building a Legacy of Liberty.’<sup>32</sup> Lawson Bader, Ball’s successor as president of both Donors Trust and Donors Capital Fund, was formerly president of the Competitive Enterprise Institute and vice president at the Mercatus Center, GMU.<sup>33</sup> In recent years, Donors Trust has received more than \$3.2 million from the ‘Knowledge and Progress Fund,’ which is chaired by Charles Koch (Bennett 2012).<sup>34</sup>

In fiscal year 2014–2015, the Pope Foundation provided the IHS with \$655,000.<sup>35</sup> Boettke is the ‘Charles Koch Distinguished Alumnus, The Institute for Humane Studies,’<sup>36</sup> and the ‘vice president and director of the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center as well as the BB&T [Branch Banking and Trust Company] Professor for the Study of Capitalism.’<sup>37</sup>

According to *The New Yorker*, between 2007 and 2011 the Koch brothers

donated \$41.2 million to ninety tax-exempt organizations promoting the ultra-libertarian policies that the brothers favor—policies that are often highly advantageous to their corporate interests. In addition, during this same period they gave \$30.5 million to two hundred and twenty-one colleges and universities, often to fund academic programs advocating their worldview. Among the positions embraced by the Kochs are fewer government regulations on business, lower taxes, and skepticism about the causes and impact of climate change. (Mayer 2003)

According to Environmental Protection Agency statistics, in 2011 Koch Industries, which has ‘oil refineries in three states, emitted over twenty-four million tons of carbon dioxide, as much as is typically emitted by five million cars.’ During the 2010 mid-term elections, Koch Industries’ Political Action Committee spent \$1.3 million on congressional campaigns: a ‘high watermark’ for the ‘No Climate Tax’ pledge devised by the Koch-funded ‘Americans for Prosperity.’ Of the 85 newly elected Republican congressmen, 76 had signed the ‘No Climate Tax’ pledge—of whom 57 had received Koch campaign contributions (Mayer 2003).

The Cato Institute had been planned in 1974 as ‘The Charles Koch Foundation’ by Charles Koch, Rothbard and Edward Crane III. In 1980, Crane became the Communications Director for the Edward Clark/David Koch Libertarian Party presidential election campaign, which led to him and Koch physically removing Rothbard from Cato and thus—according to Rothbard—revealing the libertarian ‘cloven hoof’ (Bessner 2014, 441) From Rothbard’s (1992b, 12) perspective—the “preppies” (or wannabee preppies) were the Koch-Crane machine’—Boettke, his self-appointed successor, ‘ups with the devil.’

The devout Presuppositionalist Boettke (2010a), who considers Mises—a paid business sector lobbyist and member of the official Fascist social club—to be ‘the greatest economist of all time,’ has

met many of our donors through the years and they are wonderful individuals who care passionately about liberty and economic education and economic scholarship. Both Charles and David Koch are the same way. They care passionately about the cause of economic and political liberty and they have generously provided significant funds to support numerous efforts. I have had many conversations with Charles over the years,

including about research priorities for a *free* [emphasis added] society. He has never once tried to influence what I was working on, or the way I was working on it. He is a man of great intelligence and intellectual curiosity ... Charles is someone I admire and am grateful to for both his support and his professional friendship over the years.<sup>38</sup>

## ‘Get Rid of the Bums’

The devout Presuppositionalist Rousas John Rushdoony—known as the ‘ayatollah’—promoted the ‘Mosaic code’ where homosexuals, adulterers, and those who show disrespect to their parents are executed by public stoning (Worthen 2008, 399–400). In Rushdoony’s judgment, ‘History has never been dominated by majorities, but only by dedicated minorities who stand unconditionally on their faith’ (Chap. 5, below). Hayek (1978) explained what this faith entails: ‘So far as I do feel hostile to religion, it’s against monotheistic religions, because they are so frightfully intolerant. All monotheistic religions are intolerant and try to enforce their particular creed.’<sup>39</sup>

*Democracy in Deficit: The Political Legacy of Lord Keynes* is riddled with religious analogies: ‘their new prophet ... the Keynesian policy mecca,’ etc. Buchanan asked Hayek: ‘And you don’t see a necessity for something like a religion, or a return to religion, to instill these [Austrian] moral principles?’ In response, Hayek (1978) promoted ‘free’ market religion: ‘You might call every belief in moral principles, which are not rationally justified, a religious belief. In the wide sense, yes, one has to be religious. Whether it really needs to be associated with a belief in supernatural spiritual forces, I am not sure. It may be. It’s by no means impossible that to the *great majority of people* [emphasis added] nothing short of such a belief will do.’<sup>40</sup>

## ‘Will Do’ for What?

As the British Empire retreated, PE (physical education) replaced PT (physical training). Religious tolerance is the hallmark of *political* liberalism—but should not religious leaders (including the self-appointed) be required to have a broad understanding of religions other than their own

before they qualify for tax-exempt status? Would North—a serial tertiary education dropout—be able to successfully complete a course in comparative religion? Would Boettke (2015)—whose strategy is to pretend to agree with those who had other perspectives while simultaneously promoting conspiracy theories about them behind their backs? RE (religious education) enhances understanding—while undermining producer sovereignty. Yet those who benefit from monopoly power seek to deepen *faith* through RT (religious training or indoctrination) rather than broaden understanding. Jihadists appear to be motivated, in part, by waiting virgins, while Austrian School ‘Holy Men’ like North, Boettke and Leonard Read appear to drill deeper and deeper into religious silos to obtain gratification from their obsessions.<sup>41</sup>

North (2009 [1999]) claims that his Presuppositionalist faith ‘saved’ him from taking sides in the factional infighting that emerged at the first Austrian revivalist conference in 1974: he did not join any of the ‘camps’ because of his ‘commitment’ to Cornelius Van Til, rather than Kant or Aristotle, who, he detected, were being embraced by his fellow Austrians. According to North, Van Til appealed to the doctrine of ‘creation’ to avoid the ‘dilemmas’ of Kant’s dualism. God, the Creator, is ‘omniscient.’ Although God created man as ‘His image,’ man cannot understand the creation ‘exhaustively’; man had a ‘hoped-for personal autonomy from determinism.’ Van Til, therefore, appealed to ‘covenant-keeping rather than covenant-breaking.’

Harrod (1951)—‘a master of selective quotation from Keynes’ letters’ (Skidelsky 1983, xviii)—willfully omitted references to Keynes’ homosexuality from his biography. In the Foreword to Ian Hodge’s *Baptized Inflation: A Critique of ‘Christian’ Keynesianism*, North (1986) stated that prior to Michael Holroyd’s (1967, 1968) revelations about Keynes’ homosexuality, ‘A few economists knew, and his biographer, Sir Roy Harrod, certainly knew! .... I interviewed F. A. Hayek in July of 1985, and I asked him about this .... He assured me that Harrod had known.’<sup>42</sup> But where on the tape of this interview did Hayek make such a statement?

Referring to a transparent Austrian School fraud, North (1986) added: ‘Richard Deacon has written an important study of the Cambridge Apostles,’ whose members all ‘became major figures in the reaction against Victorianism ... all dedicated homosexual perverts’ with a ‘blatant ... public commitment to sodomy ...’ With respect to the connection

between homosexuality, morality and Keynesian economics, North concluded: ‘Deacon is correct.’ Citing ‘Deacon’ McCormick, ten times, North concluded that Keynes was a ‘Godhating, principle-hating, State-loving homosexual pervert,’ and Keynesians have ‘pushed the world into evil, and therefore toward God’s righteous judgment.’

Stating that ‘Deacon’s summary is important for what follows in this book,’ North (1986) provided a series of lengthy quotations about homosexuals from the *Cambridge Apostles* (1985) before asking: ‘What has this got to do with Keynes’ ideas on economics? A lot, argues Deacon.’ Douglas Vickers, Professor Emeritus, University of Massachusetts, Amherst, is a distinguished Keynesian economist (Bausor 1989/1990); but according to North, Vickers, an ‘obscure’ member of the Keynesian school, spent his ‘entire academic career’ defending the work of a ‘homosexual pervert’ who spent his ‘life committing this foul crime against God.’ As a ‘self-professed Christian,’ Vickers did not ‘bother to warn his Christian readers about Keynes’ debauched lifestyle in his book-long defense of Keynesian economics in the name of *Jesus, Economics and Man* (1976).’

Referring to a caricature of homosexuals, North (1986) added: ‘I’m not saying that Douglas Vickers is a limp-wrist economist. A limp-prose economist, unquestionably, but not limp-wrist.’ Vickers had the ‘misfortune’ of not recognizing ‘economic perversion .... Keynes’ economic principles matched his moral principles: he didn’t believe in them. He denied that fixed economic principles even exist.’ In 1930, Keynes switched from a free trade position to the tariff reform position—presumably referring to buggery, North added: ‘Keynes had long since decided to do a lot worse than just beggar his neighbor.’

To use a possibly inappropriate biological analogy: at the onset of World War II, ‘von’ Mises and Wilhelm Reich arrived as somewhat exotic and invasive species—Austrian exiles in New York; both acquired cult followings. Reich’s lifestyle is described by Myron Sharaf (1983) as *Fury on Earth*; and Mises was famous for his hysterical outbursts (Margit Mises 1984, 18, 19, 44; Friedman and Friedman 1998, 161; Robbins cited by Howson 2011, 662–3; Hülsmann 2007, 518–522).

Left- and Right-Freudians sought ‘liberation’ from sexual repression. Mises (2007 [1957], 152) promoted ‘liberty’ through Freud and the mysterious, hysteria-derived ‘thymology’ prediction machine; and Reich



claimed to have extended Freudian libido into a grand unified theory of physical and mental health—‘orgone energy,’ a ‘life force’ or ‘cosmic energy’ which could cure common colds, cancer, and impotence. Reich and his ‘orgone accumulator’ became part of the counter-culture: the Austrian-American philosopher, Paul Edwards (1977) explained that ‘for some years many of my friends and I regarded [Reich] as something akin to a messiah.’

In 1950, Reich set up the Orgonomic Infant Research Center—which led to accusations of sexual abuse: children stood naked in front of a group of 30 ‘therapists,’ while Reich described the children’s ‘blockages.’ Reich’s daughter, Lore Reich Rubin, believed that her father was a sexual abuser (Turner 2011, 314–319, 323). The Wilhelm Reich Infant Trust continues to promote his message.

Mises (1951 [1922], 87, 104, n1, 100–101) instructed his disciples to form themselves into a Right-Freudian cult for *argumentum ad hominem* purposes: to ‘examine ... life history by the psycho-analytical method ... The sickness of a man whose sexual life is in the greatest disorder is evident in every line of his writings.’ In ‘The Heart of a Fighter,’ Rockwell (2005, 1998), the devout Roman Catholic author of ‘To Restore the Church Smash the State,’ appeared to see a salvation in the second coming of a Jewish-born child: ‘I often think back to a photograph of Mises when he was a young boy of perhaps 12, standing with his father ... you sense that there is something in Mises’ eyes, a certain determination and intellectual fire, even at such a young age. His eyes seem knowing, as if he were already preparing himself for what he might face.’ And in ‘Flog Him,’ Rockwell (1994), the co-founder of the Ludwig von Mises Institute, appeared to salivate about a ‘public flogging ... a tough spanking on your bare rear end. The punishment enlists the emotion of shame, particularly powerful among adolescents, in the cause of law and order ... six of the best ... administered on his bare buttocks with a half-inch wide, disinfectant-soaked rattan cane ... I’d bring back the stocks and the rotten tomatoes too.’

According to Caldwell (2008, 702, 691n1),

Given what has sometimes been said about the dominating personality of Hayek’s second wife, one wonders whether Hayek would later in his life have felt even more commonalities with Mill ... Characteristically, Hayek

ended his comment on Mill with the words that ‘we must probably forgive Mill much for his infatuation with the lady who later became his wife.’

Caldwell’s ‘knowledge’ is derived from William Warren Bartley III’s ‘set of interviews with Hayek’ titled

‘Inductive Base’ because they were the ‘facts’ on which the biography he intended to write would be built. The ‘Inductive Base’ interviews, which are not archived, were provided to me by Stephen Kresge.

During Hayek’s time in America, sodomy was a ‘crime against nature’ felony punishable by imprisonment and/or hard labor. Bartley (1934–1990)—who according to Julian Simon (2003, 67) and others (Cubitt 2006, 360–361) died of AIDS-related cancer—spoke openly about his interview-based conclusion: Hayek was a ‘closet homosexual’ whose sexual activities with his cousin (but not, presumably, his first wife) resembled his own. Hayek (1978) reflected that ‘If I had come to [Mises] as a young student, I would probably have just swallowed his views completely.’<sup>43</sup> Two of Mises’ ‘most ardent followers’ were Ralph Raico and George Reisman, both 15 years old (Hülsmann 2007, 896). At Grove City College, Hans Sennholz ‘taught large classes in introductory economics in the belief that freshmen were better *candidates for persuasion* [emphasis added] than upper classmen’ (Herbener 2007); Rockwell (2010 [1999], 293) also knew which age bracket to recruit: in D.C., his ‘happiest’ moments were receiving calls from students asking about Ron Paul who had a ‘huge amount of support on Texas campuses.’

Rockwell (1995, 7) was horrified at the suggestion that ‘we have to go live as homeless people for a week, or take a bum into our home and let him eat with the family.’ According to North (2013): ‘the liberals’ bottom line is this: **better a disarmed Jew who is pushed around than an armed public that is not pushed around** [North’s bold].’ Boettke (2010a) stated: ‘Bottom line: I’d like to vote all the bums out of DC.’ From Buchanan (2007, 7), Boettke presumably learnt that the key to academic success was ‘keep the ass to the chair.’

At his all-male boarding school, Sir Oswald Mosley was offered a (pre-AIDS) initiation ritual into the British ruling class: ‘Apart from games,

the dreary waste of public school existence was only relieved by learning and homosexuality' (cited by Skidelsky 1975, 37). For having 'tantrums,' Pinochet (1991, 23–24) was beaten by his mother with a broom stick. Public beating was accompanied by the threat: 'If you keep on crying I will pull your pants down and you will get it right here in the street'—which, he reported, cured him of his 'tantrums.' Pinochet (1982, 63, 14) also reported that Allende's 1970 election victory had embarrassed him: 'the spectacle we showed the world was a highly disconcerting one.'

Bartley—who believed that his exposure to childhood spanking predisposed him to homosexuality—propelled himself from suburban Pennsylvania to the Harvard Divinity School and the Episcopal Theological School, before a suicidal breakdown led him to embrace secular Gods—Karl Popper and then Hayek. Seven months before his death, Bartley recalled that 'when a boy in Church School, I was taught a doctrine of strict Protestant Stewardship, and frequently admonished, "You are the only Bible the careless world will read"' (Leeson 2013, Chap. 9). At the other end of the academic distribution, Boettke (2010b, 59–60) enrolled at Thiel College, an 'independent institution related to the Evangelical Lutheran Church in America, and established in Western Pennsylvania in 1866,'<sup>44</sup> before 'depression' led to him embrace 'liberty'—the depression-inducing deflation of a 'Misean for life' *Luftwaffe* bomber pilot (Sennholz).

Bartley's spanking mother formed his personality; Boettke's (2010b, 59) 'father is without doubt the greatest influence on me ... As he often said to me, "I was not put on this earth to praise you, but to raise you".' North's (2010, 240) 'parents were conservative Republicans. My father was in the FBI.' At age 14, he embraced Fred Schwarz's 'theocratic anti-communist programs' to punish humanity for their disobedience (Lowi 2010, 201).

'Ayn Rand's writings brought about an ethical and practical revolution' in Ebeling's (2016) adolescent thinking:

From now on I did not have to feel guilty when I saw some bum in the gutter—he had no moral claim on the product of my mind and effort. In addition, free market capitalism not only 'delivered the goods,' but also was the only political-economic system consistent with man's nature and the individual's right to peacefully and productively live for himself.'

Rothbard (1992b) sought to ‘Take Back the Streets: Get Rid of the Bums. Again: unleash the cops to clear the streets of bums and vagrants. Where will they go? Who cares? Hopefully, they will disappear, that is, move from the ranks of the petted and cosseted bum class to the ranks of the productive members of society.’

In ‘Red Light States: Who Buys Online Adult Entertainment?’ Benjamin Edelman (2009, Table 2, 217, 219) found that there is a positive relationship between pornography consumption and the proportion of the population of a state that agrees with statements such as

Even today miracles are performed by the power of God.

I never doubt the existence of God.

Prayer is an important part of my daily life.

I have old-fashioned values about family and marriage.

AIDS might be God’s punishment for immoral sexual behavior.

The faithful have a ‘come to Jesus moment’: their consumption of pornography falls on Sunday before rising again on Monday.

The Presuppositionalist Boettke circulates an ‘underpants’ videos on his ‘coordination problem’ website to GMU students and others accompanied by a discussion of varieties of ‘masturbation.’<sup>45</sup> When North (1987) thinks of man-on-man sex, he feels himself ‘under siege’: his devotion to Presuppositionalism appears to have led to a ‘Lead us Not into Temptation’ obsession with public stoning (Olson 1998). But God had intervened on his behalf: ‘A decade from now’ homosexuals will ‘all be dead. There will be no gay lobby because there will be no male gays. (The irony of all this is that the one group that is probably safest is the lesbian community.) But we must recognize what we face. The disease [AIDS] will be here in a decade because judgment has come.’

Sudha Shenoy (2003) was ‘prepared to say that nearly every economics department in the world could be shut down without having an ill-effect on the world of ideas.’ Although Mises (1985 [1927])—a card-carrying Austro-Fascist (Hülsmann 2007, 677, n149)—promoted *political* fascism, Boettke (2010a) was ‘hopeful that we don’t have to defeat the twin

evils of socialism and fascism that were advocated so explicitly as Mises had to. We deal with much more subtle versions of socialism and fascism ... I am a Mises-Hayek-Kirzner Austrian economist and an anarchist in my political philosophy. I am very vocal in my endorsement of Austrianism and my displeasure with state power. You can see this in all my writings. I am not that subtle.'

Is Hillsdale College typical of 'liberty' schools? If so, poor quality Austrian-trained students are lauded with the distinction of 'dean's list' status.<sup>46</sup> Lawrence W. Reed (2007), president of the Mackinac Center for Public Policy in Midland, Michigan, described what passed for education at Grove City College:

Once, Dr. Sennholz held forth for 45 minutes with a ringing defense of free labor markets and a brilliant assault on compulsory unionism. With five minutes left in the class, a student—obviously not an economics major—raised his hand to ask a question. 'Dr. Sennholz, what you say sounds appealing but the fact is, not many people think that way. So there's got to be something wrong with what you're saying.'

One hundred students sat stone-faced and silent. Then came the response—gentle but firm, and forever quotable. 'Truth,' said Hans, 'is not a numbers game. You can be alone and you can be right.' Then a pause and the grand finale, 'I may be alone, but I am right.'

And of course he was.

In '10 Austrian Vices and How to Avoid Them,' Daniel Klein complained about the quality of his GMU students:

Most economists will have no idea what you're talking about if you tell them you're working on 'capital theory' ... you are not going to do this. Do not pretend otherwise ... Nearly all Austrians at one point have these delusions of grandeur, but they are just that—delusions ... Many Austrians have a tendency to think that economists they agree more with are 'better' economists than those they disagree more with. This is not true ... many Austrians have a tendency to 'live in the past.' We don't need any more critiques of Keynesian economics circa 1970 ... You are not a philosopher.

Your reader can tell this ... you are not going to make a major breakthrough on the epistemological status of economics like you think you are ... *You are not going to write a treatise that revolutionizes economics* [emphasis in original] Really, you're not.<sup>47</sup>

At GMU, Boettke (2010a), who was recruited to deflation at Grove City College by Sennholz, has

chaired 24 dissertations, 21 of them are now teaching or hold research positions at universities and colleges ... Austrian economics needs to mimic the Keynesian avalanche within the economics profession. We are at a unique moment in high education because of faculty turnover during the next decade or two. It is my goal—I know an ambitious one—to see a *free* [emphasis added] market economist teaching at every college and university in North America and Europe within the next 20 years. We need about 20–30 clusters of 3 or more faculty in those universities, about 10–15 PhD programs and 2 or 3 of those PhD programs have to be in the elite departments.

Did Sennholz sabotage the Third Reich and save Jews—or was he a loyal Nazi who promoted the fraudulent ‘Protocols of the Elders of Zion’? Boettke (2015) promotes what could be described as the ‘Protocols of the Elders of Keynes’ in which the ex-Governor of the Central Bank of Israel, Stanley Fischer, is the villain: in the academic ‘logjam,’ ‘85% of the plumb positions are controlled by people who went to Harvard or MIT’ and were Fischer’s protégés—‘look it up.’

The medieval autonomy of the Continental universities was ‘legendary ... When Ludwig von Mises was a student at the University of Vienna, the police still had no authority to enter its premises’ (Hülsmann 2007, 61). How do Austrians enter academic ‘heaven’? According to Hayek (1978), through corruption:

You were very much dependent on the sympathy, or otherwise, of the [University of Vienna] professor in charge. You had to find what was called a *Habilitations-Vater*, a man who would sponsor you. And if you didn’t happen to agree with the professor in charge, and there were usually only two or three—in fact, even in a big subject like economics, there were only two or three professors—unless one of them liked you, well there was just no possibility.<sup>48</sup>

Austrians like William A. Paton (1966, 17, 19) are horrified by government: ‘The habit of begging rides on the Federal gravy train is easily acquired, especially when the Boss Man and his crew are eager to attract passengers ... At the best, government consists of some conscientious and capable persons trying hard to accomplish certain specified and limited chores that have been delegated to them; at the worst, government consists of one or more racketeers and tyrants interested largely in living high from the efforts of their subjects, and in maintaining themselves in power.’ The Pope Foundation funds the Austrian School of Economics because they advocate ‘government transparency.’<sup>49</sup> Through fraudulent job recommendations, Hayek (1978) created a Welfare State for his academically unqualified disciples—in one instance ennobling a library assistant without an undergraduate degree as ‘Dr’ to obtain for him a professorship at a North American public university: ‘That I cannot reach the public I am fully aware. I need these intermediaries.’<sup>50</sup>

Simultaneously, Rothbard established ‘refereed’ Austrian journals. At NYU, Mises initially gave ‘every student an A. When told he could not do that, he alternatively gave students As and Bs depending on their alphabetical placement. When told he could not do *that* [emphasis in original], he settled on a policy of giving an A to any student who wrote a paper for the course, regardless of its quality and a B to everyone else’ (Rothbard 1988 [1973], 106, n56). This allowed Wall Street brokers to obtain academic qualifications from NYU as they slept throughout Mises’ class (Doherty 2007, 212).

Hayek (1949, 432–433) sought recruits through ‘appeals to the imagination. We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia ... a truly liberal radicalism ... courage to be Utopian.’ Likewise, Rockwell (2010 [1999], 294, 297) wasn’t interested in Ivy-League students with a ‘soft classical-liberal bent,’ preferring instead to ‘serve’ a ‘neglected generation’ of students: ‘Idealism is what stirs the young heart.’ He founded the Ludwig von Mises Institute to provide a ‘setting for unrestricted intellectual exploration in the Austrian tradition, no matter how radical the conclusions may be.’

At Hillsdale College, ‘liberty’ means that students ‘can’t protest or disseminate literature without administrative approval,’ and the student newspaper is censored by the administration: ‘Editors were also warned

not to print the names of professors who had “disappeared,” meaning their contracts were terminated’ (Ellis 2000). When Robert Anderson (1999) asked about two of the ‘disappeared,’ President Roche told him ‘If you don’t like it here, you should leave too.’

According to its website, ‘Hillsdale College is the place Ludwig von Mises chose in his will to be the recipient of his personal library.’<sup>51</sup> But according to Anderson (1999), ‘Mises had never heard of the school. The books were purchased from his widow, and two donors—a wealthy businessman and a famous conservative foundation were told that each had paid the entire cost. More lies.’

Although Mises remains unable to recruit from ‘the intellectuals of the upper strata,’<sup>52</sup> the substance of his religiously ‘correct conclusions’ (Truth) requires only a ‘more effective form’ to ‘convert’ the ‘worst inferior mediocrities’ in—and to—the ‘free’ market: Hayek (1978) ‘just learned he was usually right in his conclusions, but I was not completely satisfied with his argument. That, I think, followed me right through my life. I was always influenced by Mises’ answers, but not fully satisfied by his arguments. It became very largely an attempt to improve the argument, which I realized led to correct conclusions. But the question of why it hadn’t persuaded most other people became important to me; so I became anxious to put it in a more effective form.’<sup>53</sup>

Religious salespeople offer ‘sovereign consumers’ a binary choice: buy or burn in hell. Hayek (1976a, Preface) offered two alternatives—Truth or grave dangers: ‘I have come to regard the writing of this book as a duty which I must not evade ... [it is] a genuine effort to find the truth which I believe has produced insights which will help even those who disagree with me to avoid grave dangers.’

Although ‘there is no single perspective at GMU ... *we all share* [emphasis added] a deep respect and commitment to learning from and developing the Mises-Hayek perspective and advancing this perspective within the scientific community of economists’ (Boettke 2010a):

Pete [Boettke] often says ‘love Mises to pieces,’ by which he means never lose sight of why you entered the discipline in the first place. (A. Evans 2010a, 79)



The (non-Austrian) Classical Liberal *Economist* ('Liberalism in Caricature,' 13 April 1957) described Mises: as a 'student of human nature he is worse than null and as a debater he is of Hyde Park standard .... To find an equal dogmatism coupled with an equally *simpliste* view of the springs of conduct, an equal propensity for propping up dummies and knocking them down, an equal contempt for human facts coupled with an equally vituperative style, one would have to turn to the less sophisticated Marxists .... The case for freedom needs making and remaking, tirelessly and ingeniously; but its cause is ill served by such stuff as this.'<sup>54</sup>

Misean binary simplicity drove 'education' at Grove City College: Sennholz was 'right about a lot of other things that at the time weren't widely accepted as so. He was right about the big picture, the most paramount question of our age: *Should economies be led by central planners or by the sovereign choices and decisions of free individuals?* [emphasis in original]. There was never a shred of doubt where Hans stood on that, and one of his greatest contributions as a teacher was to instill in his students a similar *certitude* [emphasis added] on that question' (Reed 2007).

According to one Austrian, 'justice is what benefits my people, injustice what harms my people' (Hitler cited by Heiden 1944, 314). Hayek promoted both the 'one party state' and the one party economics department: Austrians and their fellow travelers appear horrified by the thought that non-Austrians should be employed in 'their' departments. Charles K. Rowley and Daniel Houser (2012, 17, 20) complained that the 'Marxist-Leninist bureaucrats who had captured the Ford Foundation' would not fund Buchanan's Thomas Jefferson Center at Virginia Tech until the economics department became as 'balanced politically as those at Harvard and Yale': 'Well, that was certainly not about to happen under the intellectual leadership of James Buchanan and Warren Nutter.' A report was commissioned to address the far-right-of-the-Republican-Party bias which concluded that faculty additions within the department should consist 'exclusively' of those 'of different modern outlook' ('no further recruitment from the Chicago School'). Rowley and Houser (2012, 20) described the consequences: a 'Salem-style hunt for "free-market witches" was rampant.' In 1978, the newly recruited departmental chair Daniel Orr sought to 're-orientate the Virginia Tech economics program towards mainstream neo-

classical economics.’ This was intolerable to Buchanan (2015 [15 February 1979], 260), who told his devotees that ‘we must continue to be able to secure sufficient independent and external financial support to ward off threats from the academic enemies within our institutions.’

Hayek (1992 [1977]) declared that the Mont Pelerin Society’s

main purpose has been wholly achieved. I became very much aware that each of us was discovering the functioning of real freedom only in a very small field and accepting the conventional doctrines almost everywhere else. So I brought people together from different interests. Any time one of us said, ‘Oh yes—but in the field of cartels you need government regulation,’ someone else would say, ‘Oh no! I’ve studied that.’ That was how we developed a *consistent doctrine* [emphasis added] and some international circles of communication.

Hugh Dalton (1953, 115) described how Hayek’s ‘consistent doctrine’ was applied: Lionel Robbins became an ‘addict of the Mises-Hayek anti-Socialist theme,’ ‘variety’ tended to disappear, and the LSE began to teach a ‘more uniform brand of right wing economics.’ After a visit to Nazi Germany, Dalton noted that ‘*Geistige Gleichschaltung* [intellectual coordination] is the Nazi ideal in education. There is something of this too in the economics department of the [London] school of economics’ (cited by Durbin 1985, 103).

According to the ‘free’ market monopolist of the Hayek Archives, ‘Hayek made a point of keeping his disagreement with others on a professional level’ (Caldwell 2004, 147). The Hayek Archives reveal that within weeks of arriving at the University of Chicago, Hayek began targeting non-Austrian academics for liquidation: for his assistance in sabotaging Lawrence Klein’s promotion at the University of Michigan, FEE’s William A. Paton was given membership of Hayek’s Mont Pelerin Society (Leeson 2017b).

When long-suppressed evidence about Hayek and Mises was presented, Boettke (Society for the History of Economics, SHOE, 20 May 2014) became hysterical and insisted that ‘graduated penalties’ be imposed. Grove City College’s motto is ‘Faith and Freedom’<sup>55</sup>; and Boettke’s divine revelation Presuppositionalism insists that faith is the only basis for rational thought. Boettke’s (2010b, 62) ‘obligation’ derives from the ‘economic truth’ supplied to him by Sennholz (1922–2007), for

whom ‘A logically competent defense of a free society requires *divinely revealed information; all other defenses fail*. Sennholz, almost alone among eminent free enterprise economists, rests his defense of a free society on *revelation* [emphases added]’ (John Robbins 1992). The ‘reasonable person’ could conclude that Boettke’s (2010a) students have to obtain his approval for their (or his) faith-based preconceived conclusions before beginning work on a PhD:

When one of my favorite students came to me to discuss his dissertation, I simply asked, ‘What do you want to accomplish with your work?’ He replied, ‘That freedom works, baby!, that freedom works.’<sup>56</sup>

In the interest of ‘full disclosure,’ Boettke (2010a) added: ‘We also are at a state university so we receive tax payer support.’ Should public funds be used to generate a PhD derived from the mantra that justified the ill-fated 2003 invasion of Iraq in search of ‘weapons of mass destruction’ and links to those who bombed the World Trade Center?

For Boettke (2010a, 2005, 14–15, 17–18), the ‘idea of working within the existing political structure is not something I am persuaded about. Instead, I am much more myopically academic and comfortable in the world of the pointy-headed eggheads.’ He claims to have devoted his life to

the philosophical and epistemological importance of Christian presuppositionalism ... Jesus Christ is Lord and Savoir [*sic*] ... one must commit to a personal relationship with God and to strive to live a Christ-centered life .... Religion is at the core of who we are and how we understand ourselves. The economic way of thinking can clearly aid in our intellectual endeavor to come to appreciate how religious belief systems and religious organizations legitimate and coordinate our social interactions with one another to promote either peace and prosperity, or conflict and poverty.

Hayek (1978) told Buchanan that he sought to overthrow the Constitution of the United States and replace it by a sentence written by a dictator-promoting Habsburg aristocrat:

After all, the one phrase in the American Constitution, or rather in the First Amendment, which I think most highly of is the phrase, ‘Congress

shall make no law....’ Now, that’s unique, but unfortunately [it goes] only to a particular point. I think the phrase ought to read, ‘Congress should make no law authorizing government to take any discriminatory measures of coercion.’ I think this would make all the other rights unnecessary and create the sort of conditions which I want to see.

Hayek assured Buchanan that it would be easy to reconstruct the spontaneous order because ‘a constitution is something very changeable and something which has a negative value but *doesn’t really concern the people very much* [emphasis added]. We might find a new name for it, for constitutional rules.’<sup>57</sup> Besides, Americans with their ‘low’ educational level relative to the ‘European peasant’ were vulnerable to the media that Hayek sought to recruit.<sup>58</sup> Hayek also doubted ‘whether the Americans are book readers. You see, if you go to a French provincial town, you’ll find the place full of bookstores; then you come to a big American city and can’t find a single bookstore. That suggests a very fundamental contrast.’<sup>59</sup>

Some Presuppositionalists seek to turn the United States into Saudi Arabia—with the House of Rushdoony replacing the House of Saud. Is Boettke working to overthrow the Constitution of United States and replace it with the Christian version of Sharia Law (Chaps. 3 and 5, below)?

According to Rockwell (2010 [1999], 298), Mises and Rothbard Fellows are ‘blessed with the vocation to teach, to be scholars in the classical tradition. This is no way to get rich, and it’s not for everyone, but in the secular world, there is no higher calling.’ Boettke’s (2010a)

most important contribution is as a teacher of economics. I consider teaching a ‘calling’ and consider my role as an economic educator both at the undergraduate and graduate level very seriously and enjoy my role as a teacher tremendously ... I am myopically focused on the advance of Austrian economics within the economics profession and the academic community ... we Austrians have this amazing endowment of scientific ideas from Mises and Hayek. We cannot squander this endowment of unbelievably powerful ideas. We must win the day in the scientific debates ... Our students study Austrian economics, write dissertations in Austrian economics and get jobs where they in turn teach Austrian economics.

## ‘Defend Family Values’

In Skousen’s *Dissent on Keynes*, Rothbard (1992b) cited ‘Deacon’ McCormick’s (1985) *Cambridge Apostles* and referred to Keynes’ ‘deep hatred and contempt for the values and virtues of the bourgeoisie, for conventional morality, for savings and thrift, and for the basic institutions of family life.’ Christian Reconstruction places an overwhelming emphasis on the ‘Christian family as the productive institution responsible for ushering in the future Kingdom of God ... Rushdoony’s strict emphasis on the family had important implications for how he understood economics as a field of human action and as an academic discipline’ (Chap. 5, below).

But none of the three major Austrian School figures came from—or had—Christian families: Mises and Rothbard were Jewish-born atheists; while Hayek’s (1978) ‘was brought up essentially in an irreligious family ... I still don’t know what people mean by God.’<sup>60</sup> Leo Rosten asked about

the religious foundations of a society, you of course remember that Plato wrestled with the idea and said that democracy—He had to have one royal lie—and of course he lived in a pagan and a polytheistic society—and I’ve often wondered what he meant by that ‘one royal lie,’ because it must have meant something like the divine right of the king. Someone has to carry that, or some institution. The curious thing about the Founding Fathers, the most marvelous thing about them, was they all agreed on Providence. So it was possible for the religious, for the Episcopalians, for the nonbeliever, to agree on this vague thing called deism, but it was a tremendous cement. And as that cement erodes, consequences follow for which there seems to be no substitute. I’m wondering whether, when you talk about the rule of law, you aren’t, in a sense, talking in that tradition. Can you have a functioning society without some higher dedication, fear, faith?

Hayek (1978) replied: ‘There is still the strong innate need to know that one serves common, concrete purposes with one’s fellows. Now, this clearly is the thing which in a really great society is unachievable. You cannot really know. Whether people can learn this is still part of the emancipation from the feelings of the small face-to-face group, which we

have not yet achieved. But we must achieve this if we are to maintain a large, great society of free men. It may be that our first attempt will break down.’<sup>61</sup>

In his September 1984 closing address to the Mont Pelerin Society, Hayek emphasized the

moral inheritance which is an explanation of the dominance of the western world, a moral inheritance which consists essentially in the belief in property, honesty and the family, all things which we could not and never have been able adequately to justify intellectually. We have to recognize that we owe our civilization to beliefs which I have sometimes have offended some people by calling ‘superstitions’ and which I now prefer to call ‘symbolic truths’ ... We must return to a world in which not only reason, but reason and morals, as equal partners, must govern our lives, where the truth of morals is simply one moral tradition, that of the Christian west, which has created morals in modern civilization. (Cited by Leeson 2013, 197)

As a teenager, Hayek (1978) was recruited to the Austrian School of Economics and what appears to be the *Wandervogel* by ‘Othmar Spann, a very curious mind, an original mind, himself originally still a pupil of Menger’s. But he was a very emotional person who moved from an extreme socialist position to an extreme nationalist position and ended up as a devout Roman Catholic, always with rather fantastic philosophical ideas. He soon ceased to be interested in technical economics and was developing what he called a universalist social philosophy. But he, being a young and enthusiastic man, for a very short time had a constant influence on all these young people. Well, he was resorting to taking us to a midsummer celebration up in the woods, where we jumped over fires and—It’s so funny. [laughter]’<sup>62</sup>

According to Hayek (1976b, 89), the collectivist system resembles a tribal society: where the mastermind is the commander or an authority figure who requires obedience on the part of a group of individuals to achieve collectivism. During the ‘cultural revolution’ (1966–1976), Chairman Mao recruited teenage Red Guards via his *Little Red Book*. Lissa Jackson Roche began her high school education by being exposed to the Ayn Rand cult (see below); while Ebeling’s (2016) road to the

Hillsdale College ‘Ludwig von Mises Professorship of Economics’ began in 1967 through what appears to be a cult-grooming operation:

When I was about seventeen, and living in Hollywood, I met two men who introduced me to the works of Ayn Rand. I ran into them at a restaurant called ‘Hody’s’ that was at the corner of Hollywood and Vine. Drawing me into a conversation, they asked if I had ever heard of Ayn Rand. I replied that I had heard of the Rand Corporation, but was an ‘Ayn’? They handed me a copy of Ayn Rand’s *Capitalism: the Unknown Ideal*, and told me to read it and come back in three days.

On the Future of Freedom Foundation website, Ebeling (2016) explained he had been taught that ‘liberty’ required blind obedience: three days later, ‘I did, and we met. I found her case for capitalism transformative. They then handed me a copy of her book, *The Virtue of Selfishness*, and again told me to read it and come back in three days. I did and we met again. They now handed me a paperback copy of *Atlas Shrugged*. My heart sank, fearing they’d again say to come back in three days! I wiped the sweat from my brow when they said to read it and come back in ten days.’

*The Story of Hollywood* describes the competition for Ebeling’s affection: ‘Hollywood became an internationally known around-the-clock prostitution and drug centre ... Jesus and Krishna disciples hustled pedestrians ... Gay drug dealers and hustlers made the Gold Cup restaurant (southwest Hollywood and Las Palmas) their hangout. In 1968, silent star Ramon Novarro brought two Hollywood Boulevard hustlers to his Laurel Canyon home, where they beat him to death ... The Howard Johnson’s operating at the former Hody’s on Hollywood and Vine removed outdoor pay phones because of the heavy drug traffic’ (Williams 2005, 325–326).

The 1960 ‘Sharon Statement’ (constructed on Buckley’s estate in Sharon, Connecticut) committed Young Americans for Freedom (YAF) to the ‘fusion’:

it is the responsibility of the youth of America to affirm certain eternal truths.

We, as young conservatives, believe:

That foremost among the transcendent values is the individual's use of his God-given free will, whence derives his right to be free from the restrictions of arbitrary force; ...

That the market economy, allocating resources by the free play of supply and demand, is the single economic system compatible with the requirements of personal freedom and constitutional government, and that it is at the same time the most productive supplier of human needs;

That when government interferes with the work of the market economy, it tends to reduce the moral and physical strength of the nation, that when it takes from one to bestow on another, it diminishes the incentive of the first, the integrity of the second, and the moral autonomy of both.<sup>63</sup>

In April 1969, the middle-aged Rothbard and YAF representatives met on the California State College at Long Beach campus in what became, for some, 'a drug-fuelled anarchist frenzy' (Chap. 5, below). It is 'widely whispered in the libertarian community' that FEE's founder, Leonard Read (1898–1983), 'joined his friends,' William Mullendore (1892–1983, president, Southern California Edison Company), James Ingebretson (1906–1999, Spiritual Mobilization), and Thaddeus Ashby (1924–2007, assistant editor of *Faith and Freedom*) in 'acid explorations' (Doherty 2007, 279–280; Rothbard 2007, Chap. 11; North 1971).

Mises was a card-carrying Austro-Fascist, member of the official Fascist social club, and quasi-official theorist of the Austro-German business lobby, many of whom funded Hitler (Hülsmann 2007, 677, n149; Leeson 2017a). Read (2001 [1973]) reflected about Mises and the 'free' market: 'The proudest tribute mankind pays to one it would most honor is to call him Teacher. The man who releases an idea that helps men understand themselves and the universe puts mankind forever in his debt. In whatever directions progress is possible, the Teacher is one who has moved out ahead of inquiring humanity and by the sheer power of ideas has drawn men toward him. Men would stagnate otherwise. Historians may label an age for some ruler, such as the age of Charlemagne or Louis XIV, but the true Teacher is not for an age; he is for all time. Ludwig von Mises is truly—and I use this term in the present tense—a Teacher. More than two generations have studied under him and countless thousands of others have learned from his books. Books and students



are the enduring monuments of a Teacher, and these monuments are his. This generation of students will pass away, but the ideas set in motion by his writings will be a fountain source for new students for countless generations to come. We have learned far more from Ludwig von Mises than economics. We have come to know an exemplar of scholarship, a veritable giant of erudition, steadfastness, and dedication. Truly one of the great Teachers of all time! And so, all of us salute you, Ludwig von Mises, as you depart this mortal life and join the immortals ... There is no moment in time brief enough to be called the present. All is past or all is future, which is to say that all is memory or expectation. True, the earthly expectations are over, but the memories go on forever and ever. Amen.'

The founder and president of The Future of Freedom Foundation explained that underlying Read's 'entire philosophy was a belief in God ... It was not long after I began reading the Gospels that I discovered that Read was right about this aspect of life as well ... No matter how urgent the needs of others, the coercive redistribution of wealth is still morally wrong. The Legal Aid Society was providing legal assistance to the needy with resources that had been forcibly taken from others through the political process. Realizing that I was participating in this wrongful conduct, I resigned my position with Legal Aid' (Hornberger 1988).

Bartley (1978), Hayek's third official biographer, became enamored of the cult-like Erhard Seminars Training: the first *est* course was held at the Jack Tar Hotel, San Francisco, in October 1971 (Leeson 2013, Chap. 9). According to a Professor of Philosophy (who insists on anonymity to avoid recriminations from what he calls the 'Popper Church'), Bartley gave a 'plenary session' lecture at an Alpbach European Forum in Austria (which Hayek may have attended) which was

was full of Californian 'New Age' rubbish about how hallucinogens can break down the 'bicameral mind' and put you in touch with your 'true self.' (See also Theroux 2015)

Apparently unable to gain admission to university, Ebeling (2016) enrolled in college. His 'first economics class, the assigned textbook was the seventh edition of Keynesian economist, Paul Samuelson's [1967] *Economics*' (the eighth edition was published in 1970). In '1972, while

still an undergraduate student,' Sacramento State College became a university (California State University at Sacramento)<sup>64</sup>; and in 1973, Ebeling (2010, xvi) was a CSU 'undergraduate.' Undergraduate degrees are usually completed in three years: Ebeling believes he took a degree but doesn't apparently know whether it was 'B.S.' or a 'B.A. in Economics (1976).'<sup>65</sup>

Buchanan (1992, 130) observed that at Mont Pelerin Society meetings there was 'too much deference accorded to Hayek, and especially to Ludwig von Mises who seemed to demand sycophancy.' With what appears to be sycophantic gibberish, Ebeling (1992) reviewed *The Collected Works of F.A. Hayek, Volume 4: The Fortunes of Liberalism, Essays on Austrian Economics and the Ideal of Freedom*: 'Hayek, unfortunately, is now gone. But luckily he continues to speak to us in this collection. And we should want to listen, because what he has to say will have value for the preservation of the how society [*sic*] long after we ourselves, his listeners, are gone.' Ebeling (1994) then uncritically repeated Hayek's fraud about Arthur Cecil Pigou being a Soviet spy; and Caldwell then recruited Ebeling to edit *The Collected Works of F. A. Hayek: Hayek and the Austrian Economists: Correspondence and Related Documents* (Hayek forthcoming).

Keynes (1936, 146) famously stated: 'When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.' There appears to be a gap in Ebeling's Citadel Military College CV between his 1976 B.A. (or 'B.S.') and the start of his academic career, 'Adjunct Instructor in Economics (1979–1981) Rutgers University Newark, New Jersey.'<sup>66</sup> In 'the 1970s,' Ebeling (2010, xvii) was 'working at the Center for Libertarian Studies' (CLS), and in Autumn 1977, was listed as 'a graduate student at NYU' and Inaugural Editorial Board member of CLS' *Austrian Economics Newsletter*.<sup>67</sup> Rothbard (1977), CLS' co-founder, reported that Ebeling was the Inaugural Editor of the CLS Occasional Papers series.<sup>68</sup> According to CLS president (and Chairman of the Mises Institute), Burton Blumert (2008, 327), one of his first executive directors committed suicide; and his successor, referred to only as 'Richard,' a 'partially recovered member of Gambler's Anonymous,' absconded, pursued by two mafia types from New Jersey.<sup>69</sup>

Ayn Rand met Frank O'Connor *en route* to the set of Cecil B. DeMille's *King of Kings* (where O'Connor wore a Roman toga); and, 'fixated' on

this ‘handsome stranger,’ for ‘months she sobbed audibly in her bedroom in the Studio Club, alarming the other girls.’ The romance blossomed after a chance encounter in a ‘library off Hollywood Boulevard’ (Burns 2009, 23). In ‘How I Became a Libertarian and an Austrian Economist,’ Ebeling (2016) described working part time at the ‘Hollywood Public Library in Los Angeles’ and visiting the *Goddess of the Market* in 1968: ‘Ayn Rand was dressed in a red denim railway man’s-like outfit with a train conductor’s cap, and her husband, Frank O’Conner [*sic*], was in a Nehru suit with beads. I have no idea of the meaning or reason for either one.’ Ebeling appeared to be equally befuddled about the instant privatization that he and his fellow travelers successfully sought to impose between the Collapse of Communism and the Rise of Russia of the Oligarchs (Haiduk 2015):

By the late 1990s, national income had fallen by more than 50% (compare that with the 27% drop in output during the great American depression), investment by 80%, real wages by half and meat and dairy herds by 75%. ... The numbers living below the poverty line in the former Soviet republics had risen from 14m in 1989 to 147m even before the 1998 financial crash. The market experiment has produced more orphans than Russia’s 20m-plus wartime casualties, while epidemics of cholera and typhus have re-emerged, millions of children suffer from malnutrition and adult life expectancy has plunged. (Milne 2001; see also Cohen 2001)

Ebeling (2010, xvii) reported that Shenoy and the other revivalists were ‘inspiring scholars and warm human beings’ who ‘influenced me greatly over the years.’ Shenoy (2003)—Hayek’s first authorized biographer—read *The Constitution of Liberty* (1960b) ‘when it first came out ... Hayek and Mises were household names in the family.’ In 1966, after five years as an ‘Economics (major) ... Special Subject: Monetary Economics,’ she obtained a lower-second-class undergraduate degree in economic history, which is below the conventional cut-off point for entry to graduate school.<sup>70</sup> Although Shenoy unsuccessfully undertook ‘Graduate courses in Economics, 1967–1968’ at the University of Virginia,<sup>71</sup> as early as 1977, she was referred to as ‘Dr Shenoy’ in FEE circles<sup>72</sup>; and in an IEA press release on privatization, their employee (1970–1977), ‘Dr Sudha Shenoy,’ was listed as the authority to be contacted.<sup>73</sup>

According to Shenoy (1969, 1987), ‘the market process’ is ‘adapted to the realization of hitherto latent and unknown possibilities’; and Mises ‘repeatedly emphasised’ that the ‘rationale of the market is the continuous displacement’ of incumbents by ‘other entrepreneurs, better-adapted to the new circumstances constantly appearing in the reality of the market.’ Shenoy, who held a visiting position at the ‘Market Process Center’ (later, the Mercatus Center), GMU (1983), enjoyed a career at the taxpayer’s expense, courtesy—not of the academic market process—but of special pleading by Hayek and the National Tertiary Education Union (of which she was a member). In 2001, near the end of her academic career, Shenoy (1943–2008) was given an Austrian-examined PhD.

Ebeling (born in 1950) believes that he has a postgraduate qualification but doesn’t apparently know whether it is an ‘M.S. Rutgers University’ or an ‘M. A. in Economics (1980), Rutgers University.’<sup>74</sup> He also believes that he studied for and in 2000 was given a ‘Ph.D. in Economics’ from Middlesex Polytechnic/University in ‘London, England’ while living over 6000 kilometers away in Michigan, as ‘Ludwig von Mises Professor of Economics (1988–2003) Hillsdale College.’<sup>75</sup>

Hayek (19 July 1971) informed Dennis Ainsworth that the University of Salzburg was completely unsuitable for advanced work in economics. Economics was still taught only as a subsidiary subject to law and therefore was on a completely ‘elementary’ level.<sup>76</sup> Referring to economics, Hayek (in a January 1977 letter to the editor of the newspaper *Die Presse*) bemoaned that the ‘University of Salzburg is not authorized to bestow doctorates. Thus, there are no serious students of economics here. I made a mistake in moving to Salzburg’ (cited by Ebenstein 2003, 254). In his 30s, ‘Dr’ Kurt Leube (1943–), Hayek’s fourth authorized biographer, attempted without success to acquire an undergraduate degree in economics from the University of Salzburg.

Apparently unable to gain admission to university, Boettke’s (2010b, 59–60) grades at Thiel College were ‘not exemplary’ and through ‘intervention’ was allowed to transfer to Grove City College to restart his college career. Even ideologically sympathetic observers detect a ‘tendency to ramble, interrupt and use salty language’ (K. Evans 2010b).

President Boettke of Hayek's Mont Pelerin Society described the 'gullible' historians of thought on the SHOE list as 'not necessarily high opportunity cost scholars':

Yes, I know that sounds elitist, but scholarship requires certain abilities and temperament, and is measured by very conventional standards of publication, citation measures, etc. and these are highly correlated with academic position. In addition, as the sociologists [sic] Peter Berger used to emphasize, you cannot expect those only capable of playing checkers to be able to play chess.<sup>77</sup>

At the Mont Pelerin Society, Paul Bede Johnson presumably heard Hayek (1949, 1978) referring to his disciples as the 'worst ... inferior ... mediocrities'<sup>78</sup>:

Of course, scientists are pretty bad, but they're not as bad as what I call the intellectual, a certain dealer in ideas, you know. They are really the worst part. But I think the man who's learned a little science, the little general problems, lacks the humility the real scientist gradually acquires. The typical intellectual believes everything must be explainable, while the scientist knows that a great many things are not, in our present state of knowledge. The good scientist is essentially a humble person.<sup>79</sup>

The devout Roman Catholic Johnson (1988, 2) posed some questions about secular *Intellectuals*: 'How did they run their own lives? With what degree of rectitude did they behave to family, friends and associates? Were they just in their sexual and financial dealings? Did they tell and write the truth? And how have their own systems stood up to the test of time and praxis?' The fallacy of *Argumentum ad hominem* invites a negative-sum-game counter-examination. Austrian School economists have participated in a damage-minimization '*esprit de corps*' silence (or distortions) about the sexual activities of their leaders (Schulak and Unterköfler 2011, 32; Leeson 2015c, Chap. 3). When Mises met Margit in 1925, she was a 35-year-old widow with two young children. Mises declined to marry her until 1938 after his own widowed mother had died:

He knew I needed a father for my children; he was aware of the fact that I gave them all the love and affection I was capable of. But children need more than a loving and doting mother. They need guidance and direction for their development, and I, as a mother alone, was well aware that I was not strong enough to give them what they deserved .... Soon after we became engaged, he grew afraid of marriage, the bond it would mean, the change that children would bring to a quiet home, and the responsibilities that might detract him from his work. So it was a stormy relationship, the old problem of Adam and Eve. But we did not live in Paradise—far from it. We never had a fight between us. Lu fought himself, and then made me suffer. (Margit Mises 1984, 18, 19; 1976, 27; Hülsmann 2007, 518–522)

Mises (1985 [1927], 42–43) sought to undermine ‘everywhere ridiculous’ democracy: ‘Those of the old regime had displayed a certain aristocratic dignity, at least in their outward demeanor. The new ones, who replaced them, made themselves contemptible by their behavior.’ Mises (1951 [1922], 100–101)—who apparently had to wait until his devoutly religious widowed mother was dead before he could marry—asserted that ‘The radical wing of Feminism ... overlooks the fact that the expansion of woman’s powers and abilities is inhibited not by marriage, nor by being bound to a man, children, and household, but by the more absorbing form in which the sexual function affects the female body ... the fact remains that when she becomes a mother, with or without marriage, she is prevented from leading her life as freely and independently as man. Extraordinarily gifted women may achieve fine things in spite of motherhood; but because the function of sex have first claim upon woman, genius and the greatest achievements have been denied her.’

Mises (1951 [1922], 85, 87, 90) justified his type of behavior: ‘In the life of a genius, however loving, the woman and *whatever goes with her* [emphasis added] occupy only a small place .... Genius does not allow itself to be hindered by any consideration for the comfort of its fellows even of those closest to it.’ With respect to women, ‘the sexual function,’ the urge to ‘surrender to a man,’ and ‘her love for her husband and children consumes her best energies’; anything more was ‘a spiritual child of Socialism.’

Boettke ‘loves Mises to pieces’ and North—a self-appointed member of the First Estate—insists that non-Austrians—‘epistemological child molesters’—must ‘stay out of print.’ In *Socialism: An Economic and*

*Sociological Analysis* Mises (1951 [1922], 87, 104, n1), ‘Waking and dreaming man’s wishes turn upon sex.’ His fiancé (1976, 28, 23) sometimes ‘did not see him for weeks. But I knew very well that he was in town. At least twice daily the telephone rang, and when I answered there was silence at the other end of the line—not a word was spoken. I knew it was Lu .... I was so tormented, so torn to pieces that the children must have felt it.’<sup>80</sup> Margit (1984, 44, 23) also recalled:

The one thing about Lu that was as astonishing as it was frightening was his temper. Occasionally he showed terrible outbursts of tantrums. I do not really know what else to call them. I had experienced them in Vienna on various occasions. Suddenly his temper would flare up, mostly about a small, unimportant happening. He would lose control of himself, start to shout and say things, which coming from him, were so unexpected, so unbelievable, that when it happened the first few times I was frightened to death. Whatever I said would enrage him even more. It was impossible to reason with him. So I kept silent or went out of the room. I gradually realized that these outbursts had nothing to do with me. I was just there, I was the outlet which gave him the opportunity to relieve himself.

Mises also relieved himself by feeling Margit’s six-year-old daughter: ‘I wanted to touch Gitta’s hair and think of you.’ When ‘pompous titles’ were ‘bestowed on unworthy men,’ Thomas Paine (2000 [1775]) felt ‘an indignity that instructs me to despise the absurdity.’ First and Second Estate titles ‘over-awe the superstitious vulgar, and forbid them to inquire into the character of the possessor: Nay more, they are, as it were, bewitched to admire in the great, the vices they would honestly condemn in themselves. This sacrifice of common sense is the certain badge which distinguishes slavery from freedom; for when men yield up the privilege of thinking, the last shadow of liberty quits the horizon.’ The sexual predators of the First Estate have been protected for decades—and there is strong circumstantial evidence that ‘von’ Mises was also a sexual predator: Gitta appeared to have been deeply traumatized by her childhood encounters with Second Estate ‘liberty’ (Leeson 2017a).

Rockwell (1994) explained what underpinned Austrian support for the decriminalization of drugs: he wants ‘the addicts to kill themselves instead of us.’ Rothbard (1926–1995) died age 69 of heart disease. Block

(1995, 21, 22) recalled that in the 1960s, Rothbard was a ‘little fat man’: when eating with Rothbard began to adversely affect his own weight, he was told that ‘every calorie says “yea” to life. What could I say?’ As Americans became trapped in a sugar addiction obesity epidemic, Lissa Jackson Roche, who directed Hillsdale’s seminar program, arranged for students to sit examinations after attending compulsory ‘speeches’ from Dave Thomas, founder of Wendy’s Hamburgers, and on ‘Keeping Free Enterprise Free,’ by Harry E. Teasley, Jr., the former CEO of Coca-Cola Foods: ‘The speeches are meant to validate what the students are learning in the classroom ... They represent the successful application of ideas’ (cited by Eakin 1996).

Lissa Jackson arrived at Hillsdale as a freshman in fall 1975, ‘four years after George III had taken over as president, primed by her education for sexual adventure.’ She ‘began her *high school education* [emphasis added] by flying to the Caribbean and becoming a passenger on a large sailing ship that housed what was then known as the Flint School, also known as the Boats, a floating academy whose purpose was to instill into young minds the philosophy of Ayn Rand’ (Jones 2000).

In ‘The Relevance of Hayek,’ Roche (1976, 2, 3, 4) explained that the ‘values’ which ‘men hold ultimately determine whether or not the market itself will be allowed to survive ... we owe it to ourselves, and most certainly to our children, to explore the alternatives to serfdom and to lay the foundations for the moral and intellectual regeneration which the future may bring and which the continuation of civilisation so desperately requires.’ Government was perpetrating a ‘monstrous deception’: the ‘working of a free economic order ultimately depends on the moral and spiritual underpinnings of the free society as a whole.’ The ‘collective ideal’ had ‘distorted the institutional and moral fabric of society.’ Until ‘advocates of a free society are willing to carry on the argument on a level which reaches the individual and his moral concerns, which reinstates the certitudes and institutions around which men can order their lives and establish their identities, we cannot hope to turn the tide.’

In ‘The Moral Requirement,’ Roche (1976, 5, 6) proclaimed that ‘no society’ can ‘effectively’ function for long without a ‘deeply felt’ consensus on what it means to be a ‘good man.’ The ‘free’ society rests upon a particular conception of what the ‘good man’ should be [Roche’s



emphases]. A ‘heartfelt moral consciousness’ was required. The ‘free’ society is ultimately based upon the capacity of the individual to ‘govern himself—from within’—a capacity which can and will break down without the ‘proper moral climate.’ Collectivism has destroyed the ‘free’ society and the ‘ethics’ of the individual—his ‘means to govern himself.’ This ‘perverted liberalism’ had left its victims to pursue happiness not in the ‘love of friends, family and community’ but in the ‘spoiled child psychology—in sensual gratification and material things’—which allows the government to take the place of ‘family and community.’ Roche was above such things: ‘Such remedies are never truly satisfying. The unquenchable thirst for greater satisfaction, for larger and larger doses of pleasure, impels such men into the arms of the state.’ Roche quoted Edmund Burke: ‘unbridled passion serves as the fire which forges its fetters.’

According to Roche (1976, 8), a society ‘cut loose from its ethical moorings, contemptuous of its moral heritage, will not long remain free.’ The ‘free’ society required ‘an institutional and moral framework’ which provides the individual with his ‘moral bearing, with a sense of freedom *and* responsibility [Roche’s emphasis].’ Hayek’s ‘Whig tradition’ preserved the ‘spirit of freedom and civility from collapsing into anarchy .... I myself am deeply attached to the necessity of tradition and I harbor a healthy suspicion for the excesses of utopian rationalism. A loyalty to one’s family, friends and institutions and preferences is the very stuff of which real individualism and healthy societies are made.’

In Buckley’s *Firing Line* with Hayek on ‘Is There a Case for Private Property,’ Roche (1977) complained that his ideological opponents had ‘undercut individual morality’ and had created ‘all sorts of departures from the idea that it is possible to establish a difference between right and wrong .... Morality is the difference between right and wrong in concrete, specific decisions and transactions between and among individuals.’ His own life experiences provided examples of the ‘responsibility of the parent to do something for the education of his own children.’ As an illustration, Roche reminded the audience that ‘none of our money comes from the federal government or the state government’; which Buckley reinforced: ‘You disdain it.’

Anderson (1999) revealed that Buckley had uncritically accepted Roche’s fusion lies: when Roche arrived in 1971, Hillsdale College was

participating in the federal government's 'work/study program' and, to 'meet federal guidelines, the college seemed to be engaging in some highly questionable student employment practices.' Roche insisted that he would terminate it 'as soon as possible'—but two years later, the government grants to Hillsdale College were still being reported by 'Congressman Ed Hutchinson' in the local newspaper. Roche then

began a publicity crusade, both in written advertisements and public speaking, declaring that the college had never accepted 'one cent of government funds in its entire history.' He knew, and he knew we knew, that this was a lie.

'Professor Boyer' challenged Roche and 'to this day he still believes it was the cause of his eventual termination.' Roche 'continued to profess the lie until today it is enshrined as part of Hillsdale College's heritage'—a 'false claim which George knowingly conveyed to all who would listen' and which illustrated how 'his rhetoric conflicted with factual reality.' How many donors 'have relied on that falsehood'?

Most Hillsdale undergraduates live in single-sex dorms 'under the watchful eye of a house parent.' According to one student, 'monitors' checked her room at 3 a.m. 'looking for boys. The penalty is twenty-five dollars if they catch you with someone.' According to Robert Blackstock, the Dean of admissions, Hillsdale rules tell students 'that there's something going on here about the male-female thing that we need to elevate ourselves above. Passions have to be controlled' (cited by Eakin 1996).

According to Roche (1976, 9, 11):

Since traditions are developed over time, and necessarily without pre-planning (that is, within the mode of spontaneous order) the Hayek idea reinforces the conservative respect for custom and the maintenance of viable tradition. For the libertarian, spontaneous order enshrines personal liberty as the sine qua non of its operation. Hayek shows how any society, if it is to be a stable and lasting order, must be free. For Hayek, liberty is a necessary precondition for order, virtue and economic stability ... the work of Friedrich Hayek may well show us the way for the years immediately ahead.

Between 1934 and 1949, Hayek apparently tried to persuade his wife to take their two children and relocate back to Vienna. When this failed, he relocated to America to have unrestricted access to his cousin whose cooking and conversation he could barely tolerate. Roche III left for a honeymoon, abandoning ‘his wife of 44 years who is suffering from liver cancer with a \$1000 check and the injunction to get out’ (Anderson 1999). According to Hayek (1988, 137), ‘the only religions that have survived are those which support property and the family.’ After the president of the Mont Pelerin Society, Bruno Leoni (1913–1967), was hacked to death by an underworld business associate, Roche III emerged as the premier Austrian family values promoter and fundraiser.

Roche III (1935–2006) became a fund-raising liability after Lissa Jackson Roche confessed to her husband, George Roche IV, that for 19 years she had been having sex with his father. Hours later, she was either murdered or committed suicide by firing a bullet into her brain (Rapoport 2001). Roche III was President Reagan’s director of the National Council on Educational Research (1984–6); William Bennett, Reagan’s Secretary of Education (1985–1988), resigned from the Roche replacement search committee because he suspected a Hillsdale College cover-up (Carson 1999).

## Notes

1. Coincidentally, but perhaps symbolically, ‘von’ Mises ‘played tennis—always with a trainer—but without enthusiasm. Once I watched him. When the ball was easy for him to reach, he returned it, otherwise he would not bother. When I asked him: “Why don’t you put a little effort into your game?” He replied, “Why should I? The fate of the ball does not interest me”’ (Margit Mises 1984, 27). Rockwell appeared to salivate over a photograph of the twelve year old Mises ‘holding a racket for sports’ (Hülsmann 2007, 40).
2. <https://www.clemson.edu/business/about/profiles/RTOLLIS>
3. <http://mason.gmu.edu/~rwagner/Vitae.pdf>
4. <http://econfaculty.gmu.edu/pboettke/cv.html>
5. <https://www.industrydocumentslibrary.ucsf.edu/tobacco/docs/#id=yqxm0123>

6. <https://www.industrydocumentslibrary.ucsf.edu/tobacco/docs/#id=lgkc0081>
7. It's not clear whether or not any of Boettke's op-ed pieces (if written) were published. <http://sciencecorruption.com/ATN166/01477.html>
8. Haberler Papers Box 39.
9. Burns joined the Mont Pelerin Society in 1948; his membership appears to have lapsed in the late 1960s.
10. Fürth Papers Hoover Institution Box 6.
11. 'Mises wrote that there was no contradiction between national self-determination and a monarchical regime, provided that the monarchy was established by a free referendum.'
12. Buckley (1998) 'affinity for the mind of Kuehnelt-Leddihn would prove extensive. He is the only writer whose column appeared in *National Review* when the magazine was founded and continued to appear in it for 35 years.'
13. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
14. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
15. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
16. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
17. 'I don't have many strong dislikes. I admit that as a teacher—I have no racial prejudices in general—but there were certain types, and conspicuous among them the Near Eastern populations, which I still dislike because they are fundamentally dishonest. And I must say dishonesty is a thing I intensely dislike. It was a type which, in my childhood in Austria, was described as Levantine, typical of the people of the eastern Mediterranean. But I encountered it later, and I have a profound dislike for the typical Indian students at the London School of Economics, which I admit are all one type—Bengali moneylender sons. They are to me a detestable type, I admit, but not with any racial feeling. I have found a little of the same amongst the Egyptians—basically a lack of

- honesty in them.’ Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
18. Hayek Papers Box 34.17.
  19. <http://www.margaretthatcher.org/document/114609>  
Hayek Papers Box 27.6.
  20. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  21. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  22. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  23. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  24. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  25. Friedrich Hayek interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  26. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  27. Friedrich Hayek, interviewed by Thomas Hazlett 12 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
  28. Hayek Papers Box 154. Handwritten note.
  29. To William Ballou (7 October 1979). Hayek Papers Box 11.19. The context of these remarks is not entirely clear from the correspondence.
  30. <https://jwvf.org/grants/>
  31. <http://jwvf.org/grants/focus-areas/education/>
  32. <http://www.donorstrust.org/>
  33. <http://www.donorstrust.org/news-notes/donorstrusts-new-ceo/>

34. <http://www.forbes.com/sites/lauriebennett/2012/03/31/tracking-koch-money-and-americans-for-prosperity/#1d35731c1822>
35. <https://jwvf.org/grants/>
36. <http://www.peter-boettke.com/curriculum-vita/>
37. <http://mercatus.org/all-people/1287>
38. Boettke (2010a) added: ‘but if you want to know outside of academy who has influenced me the most in my outlook it is a businessman in investment—Edward Weick—and a foundation representative/businessman/author/philanthropist—Richard Cornuelle.’
39. Friedrich Hayek, interviewed by Robert Chitester date unspecified (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
40. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
41. Since the Papal-sanctioned military campaigns that began in the late 11th century, nuclear silos have injected a more lethal element into the religious silos of ‘Crusaders.’
42. <http://contemporarythinkers.org/friedrich-hayek/multimedia/interview-hayek-gary-north-part-1/>  
<http://contemporarythinkers.org/friedrich-hayek/multimedia/interview-hayek-gary-north-part-2/>
43. Friedrich Hayek, interviewed by Jack High date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
44. <https://www.thiel.edu/about>
45. <http://www.coordinationproblem.org/2014/06/robert-leeson-hayek-and-the-underpants-gnomes.html>
46. ‘Claims of high academic standards can be misleading. Back in the late eighties a Hillsdale official commented to me, “Hillsdale students have an average SAT score in the nine hundreds and, yet, almost eighty percent of them are on the dean’s list. What does this say for our academic standards?”’ (Anderson 1999).
47. [http://austrianeconomists.typepad.com/weblog/2007/03/austrian\\_vices\\_.html](http://austrianeconomists.typepad.com/weblog/2007/03/austrian_vices_.html)
48. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
49. <http://jwvf.org/grants/focus-areas/education/>

50. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
51. <http://lib.hillsdale.edu/about/collections>
52. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
53. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
54. <http://mises.org/etexts/mises/anticap.asp>
55. <http://www.gcc.edu/about/whoware/faithandfreedom/Pages/Faith%20and%20Freedom.aspx>
56. Boettke (2010a) 'laughed and said, ok, lets get to work on that. He did a refined analysis of development planning and examined the role of government in the East Asian tigers in the 1980s, the Celtic tiger of the 1990s and the failure of government in Japan in the 1990s. All three of his papers where published in [Austrian?] refereed journals. He has had great jobs. He has developed into a great economist.'
57. Friedrich Hayek, interviewed by James Buchanan 28 October 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
58. 'Perhaps it's the degree of constant communication with the media (now one has to call it media; it used to be the press) which is much greater than you would expect of a people with the same general level of education. Compared with current influences, the basic stock of education is rather low. It's the contrast between the two. The European peasant has less basic education but is not subject to the same stream of constant current information. Usually people who are subject to such a stream of current information have a fairly solid stock of basic information. But Americans have this flood of current information impacting upon comparatively little basic information.'
59. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
60. Friedrich Hayek, interviewed by Robert Chitester date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).

61. Friedrich Hayek, interviewed by Leo Rosten 15 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
62. Friedrich Hayek, interviewed by Earlene Craver date unspecified 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>). Hayek was referring to the University of Vienna.
63. <http://www.yaf.org/news/the-sharon-statement/>
64. <http://sacramento.stateuniversity.com/>
65. <http://www.citadel.edu/root/csb-faculty-staff/48-academics/schools/business/badm/22431-ebeling>
- [http://www.citadel.edu/root/images/business\\_administration/2016\\_faculty\\_cvs/ebeling\\_cv\\_2016.doc.pdf](http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf). Accessed 15 April 2017.
66. [http://www.citadel.edu/root/images/business\\_administration/2016\\_faculty\\_cvs/ebeling\\_cv\\_2016.doc.pdf](http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf). Accessed 15 April 2017.
67. [https://mises.org/system/tdf/aen1\\_1\\_1\\_0.pdf?file=1&type=document](https://mises.org/system/tdf/aen1_1_1_0.pdf?file=1&type=document)
68. YAF's journal, *New Guard* (1977–1978, 25), also reported that the CLS 'has begun a new series of Occasional Papers under the general editorship of New Guard contributor Richard Ebeling.'
69. A different 'Richard' perhaps.
70. 'In the second year of college, I took a course in economics ... and I quite liked it.' Shenoy (2003) took a B.A. from Gujarat University in 1963 ('Economics major'), where her 'father was teaching,' and which had copies of some 'Mises books. I read them and was hooked ... I eventually attended the LSE' (1963–1966).
71. Shenoy's CV. University of Newcastle, Australia. The Office of the University of Virginia Communications (email to Leeson 24 October 2016) have confirmed that she was enrolled (Fall 1967–Spring 1968).
72. Hayek Papers Box 20.1.
73. Mont Pelerin Society Papers Box 2.7.
74. <http://www.citadel.edu/root/csb-faculty-staff/48-academics/schools/business/badm/22431-ebeling>
- [http://www.citadel.edu/root/images/business\\_administration/2016\\_faculty\\_cvs/ebeling\\_cv\\_2016.doc.pdf](http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf). Accessed 15 April 2017.
75. [http://www.citadel.edu/root/images/business\\_administration/2016\\_faculty\\_cvs/ebeling\\_cv\\_2016.doc.pdf](http://www.citadel.edu/root/images/business_administration/2016_faculty_cvs/ebeling_cv_2016.doc.pdf). Accessed 15 April 2017.
76. Hayek Papers Box 9.9.
77. <http://www.coordinationproblem.org/2014/06/robert-leeson-hayek-and-the-underpants-gnomes.html>



78. 'It seems to be true that it is on the whole the more active, intelligent, and original men among the intellectuals who most frequently incline toward socialism, while its opponents are often of an inferior calibre.' Nobody 'who is familiar with large numbers of university faculties (and from this point of view the majority of university teachers probably have to be classed as intellectuals rather than as experts) can remain oblivious to the fact that the most brilliant and successful teachers are today more likely than not to be socialists, while those who hold more conservative political views are as frequently mediocrities' (Hayek 1949).
79. Friedrich Hayek, interviewed by Robert Bork 4 November 1978 (Center for Oral History Research, University of California, Los Angeles, <http://oralhistory.library.ucla.edu/>).
80. Margit (1984, 20–21) attributed Mises' behaviour to shyness: 'He wanted to hear my voice.'

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