

WHEN MOVEMENTS BECOME RACKETS AND OTHER SWINDLES

THE PFS TRILOGY



DOUGLAS E. FRENCH

FOREWORD BY JEFFREY A. TUCKER

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EDITED BY STEPHAN KINSELLA



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To the racketeers of all movements—and their victims

Every fraud begins as a dream, and ends in a scam.

—Hallucinated by ChatGTP and falsely
attributed to James Baldwin

Men are so simple and so much inclined to obey immediate needs that a deceiver will never lack victims for his deceptions.

—Niccolò Machiavelli, *The Prince*

Every crowd has a silver lining.

—P. T. Barnum

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Foreword: The Nonprofit Racket

Dante Alighieri in his book *Inferno* places those who betray benefactors in the deepest circle of hell. If that is true, the place is likely overpopulated with the managers and executives of nonprofit organizations.

In recent years, such organizations have been implicated in egregious schemes to launder money and influence for every sundry and malevolent cause and hundreds of billions in taxpayer money. But even those not on the take from taxpayers have vast problems, so much so it is a wonder why anyone donates to them at all.

The more you study this stuff, the more cynical you become. The pandemic period gave rise to hundreds of these things designed to plan for pandemics and end them. Many were funded by crypto scams born of stimulus payments provided so that people could work from home. Some had fancy philosophical cover such as “effective altruism,” about which the scandals never end. Tens of billions in fraudulent court judgments have come down.

Sometimes the racket benefits forever just from a name. Consider the American Society for the Prevention of Cruelty to Animals, or ASPCA. My God, who doesn’t want to stop cruelty to animals? It was founded in 1866 and maybe did some good, I don’t know. But these days, it is a main

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force to stop working-class people from making money by breeding and selling dogs and cats, taking from people a lucrative business that also helps people have companions at a low price. This doesn't stop cruelty; it bolsters an industrial cartel of professional breeders.

But then you look up the organization. Assets: \$553,325,000; contributions: \$338,217,130; programs: \$25,068,713; investment income: \$13,573,862; book royalties: \$3,953,489; fundraising fees: \$11,884,368. The CEO gets a million plus a year. The fundraiser alone makes \$500,000. The 14 top executives earn more than \$275,000 a year each. More than a thousand people work there. I cannot say with certainty but this has all the earmarks of a racket, all in the name of stopping but actually creating "puppy mills."

With those kinds of assets, why doesn't it just become a foundation? Because it has a massive organization to support and can raise \$338M per year. Why leave that kind of money on the table? But being a nonprofit also requires them to raise money to keep up appearances, per rules via the IRS. So the fundraising letters arrive like a tsunami, every dime pouring in in order to keep up appearances.

For all I know, that might be among the best. No comment is necessary on the Southern Poverty Law Center (as ably exposed and surveyed by Doug French in chapter 1), which depends foundationally on spreading the word that America has a massive problem with racism and Nazism that they alone can solve. Ex-employees have blown the whistle many times on this scam but it never makes a dent in the organization, which everyone knows is a scam but it somehow keeps lasting.

As for Harvard University, another nonprofit but with assets of \$53 billion, the less said the better. I would also put in this bucket countless fake libertarian organizations such as the Cato Institute, which somehow weighed in eight months after the start of the pandemic period to endorse lockdowns, masking, tax-funded medical interventions, and mandatory injections.¹ There's some liberty right there!

¹ Jeffrey A. Tucker, "Why Elite Libertarians Failed so Miserably on COVID," *The Epoch Times* (May 12, 2023; <https://perma.cc/W3YG-7NUB>); *idem*, "The Disgrace of the Old Guard," *The Epoch Times* (Sep. 5, 2022; <https://perma.cc/3R7G-PH86>); *idem*, "The Downfall of the Gurus," *The Epoch Times* (Jan. 23, 2022; <https://tinyurl.com/2mf9dv9r>); Robert A. Levy, "Vaccine mandates: A liberty-minded perspective,"

Concerning French's discussion of the Foundation for Economic Education, I looked up the 990s of this organization founded in the postwar period that has long since abandoned its core mission, which was once about backing economic freedom with serious but accessible content; indeed now supports a few influencers vamping for social media. What I found was a long list of legacy foundations, institutions that are forced to give a percentage of interest and dividends to other nonprofits. It's a gravy train. Once you are on it, you stay there seemingly forever even if your nonprofit only pretends to operate and do what it claims to do.

And yet people are still employed there. As a long-time employee of nonprofits, there are many stories I could tell: incompetence, waste, fake jobs, preening frauds, underhanded fundraising strategies, bullying bosses, surreptitious survival strategies, hapless donors pillaged, preposterous spending schemes, managerial and intellectual hoaxes, and internal politicking so vicious that it shocks to the core.

In his chapter on movements, my old friend Doug French riffs on a theme from Murray Rothbard in observing that what starts as a mission somehow and seemingly inevitably turns into a racket. True words. French isolates a main structural feature of the nonprofit world that makes it particularly vulnerable. The consumers of the product are different from the sources of the revenue. It's a three-way exchange: donors, consumers, and producers. This creates a huge space for racketeering. This is unlike the for-profit sector in which the direct exchange between producer and consumer minimizes the persistence of scams.²

That's a solid technical explanation but there is more going on still. Stung by the nonprofit sector, I threw myself into the for-profit sector in the belief that it was better suited to the pursuit of serious ideas.

The Hill (Aug. 18, 2021; <https://tinyurl.com/4ucn6yk9>); Thomas A. Firey, "Government in a Pandemic," Cato Institute *Policy Analysis* No. 902 (Nov. 17, 2020; <https://perma.cc/DS6Y-YLEV>); David E. Harrington, "Birx Reconsidered," *Regulation* [Cato Institute] (Summer 2021; <https://tinyurl.com/kpuwevnf>); Matt Welch, Ronald Bailey, Jeffrey A. Singer, and Sandy Reider, "Should Vaccines Be Mandatory?," *Reason* (April 2014; <https://perma.cc/V4M5-VJH9>); David Boaz, "Cato Scholars on Vaccine Policies," *Cato at Liberty Blog* (Aug. 13, 2021; <https://perma.cc/A4JS-ACBD>).

² This also explains why some groups, such as PFS (as noted in the addendum to ch. 1), are not prone to the same problem, since there, the donor *is* the consumer of the service provided. More on this below.

I encountered the world French exposes in his chapter 2 on newsletters. In this world, the rule is to say anything for a quick buck. Sure, there is a consumer-producer relationship but what are the consumers getting and what is being produced? The illusions outnumber the actual services, from what I could tell. I suspect the people managing them know this.

Stung again, and several times, by the idea that human freedom and for-profit are synonymous, I plunged back into the nonprofit sector. After all, it's not as if the nonprofit designation is inherently corrupt. Most private schools are nonprofit. So are churches and many good charities. Great hospitals, orphanages, religious houses, and universities in history have been nonprofit organizations. They have done great good for the world at great sacrifice for donors and those who work for them. They could not have successfully reorganized as for-profit organizations simply because the service they provide goes mostly to nonpayers: that is, they have a mission that is inconsistent with a for-profit model.

If that is true, what mechanisms are in place to keep them from becoming a racket? There can only be good structure and a management system in place to keep them from falling into the pit. When I formed Brownstone Institute, this was my number one fear. I did not want to found an institution that would go the direction of most of them. Thinking it through carefully, I realized that a main feature of corruption comes down to institution building. In time, the managers care far more about their own operations and stability than the mission to which they publicly swear fealty. One sign of this is the construction of a fancy building for a headquarters.

How to stop that? My first step was simply to limit the number of personnel: only the best with high work load so that everyone was genuinely working a full-time job. No idle hands doing the devil's work. I mapped out a structure of ten people and eventually reduced that to four. That is where it has stayed. Any other services we need that are outside the skill set of these four are contracted out on a temporary basis.

My second step was thinking through the mission itself to which we hope to devote 90 percent of the resources. Based on what I could see at the time, and continue to see, what the world needed more than anything else was sanctuary for dissident intellectuals—not a permanent home but a quick bridge to another path in the presence of cancel

culture. I certainly could have used such an organization in the course of my career.

The key is that the unrestricted financial support is temporary, just one year, while their presence in the community is lasting. This model also becomes scalable: whether we have three fellows or three hundred, we can scale up and down based on resources. Hence, if we gain or lose a million dollars, we are perfectly positioned to plough those resources into or out of a program that serves the mission primarily rather than simply builds the institution.

That's the theory and it has worked so far. It's based largely on the structure that ended up saving Ludwig von Mises from doom when he was drummed out of Vienna in 1934.³ He landed in Geneva at an institute that saved him for six years (during which time he wrote *Human Action*) before he found another lifeline in the US thanks to some benefactors who helped him get an academic position.

Brownstone is designed to serve that role in our time. The hope that it doesn't become a racket is built into the structure itself: no physical headquarters, a tiny staff, and a mission that is distinct and established as inherent in the protocol of our operations. That's the idea in any case. I'm not so naive as to believe that this is an impenetrable edifice, however. I would rather it close its doors before it went the way of most nonprofits.

I've thrown around the word mission often here, and this deserves some elaboration. Missions are bound up with movements and groups, and each poses grave dangers on its own. One of the more revealing accounts of groups and movements I've seen is from one of Mises's influences, Sigmund Freud and his powerful tract *Group Psychology and Analysis of the Ego*.⁴ In his view, the group has no actual physical existence; it is purely a sociological fiction. It is a metaphor, not a reality. As such, all its members are in a continuing state of existential fear: it could evaporate in an instant. Some measures are necessary to sustain the fiction of its existence.

³ Jörg Guido Hülsmann, *Mises: The Last Knight of Liberalism* (Auburn, AL: Mises Institute, 2007; <https://mises.org/library/book/mises-last-knight-liberalism>), ch. 16.

⁴ Sigmund Freud, *Group Psychology and Analysis of the Ego*, James Strachey, trans. (London and Vienna: The International Psycho-Analytical Press, 1922; <https://www.gutenberg.org/ebooks/35877>).

He gives the examples of the church and the military. What do they have in common? They are enormously welcoming on the way in and viciously punishing on the way out. They promise grace, eternal life, peace and contentment, adventure, heroism, manliness, valor and recruit members based on this. But if any member leaves, the exiting person is met with cruelty: excommunication, shunning, disgrace, death, and burial outside favored plots. The only difference in the person is the direction of joining or leaving: depending on the direction you go, you are either showered with praise and promises or denounced or even shot.

This is the essence of the group: manipulative, lying, duplicitous, deceiving, and ultimately cruel. This is one reason Hans-Hermann Hoppe refers to the state as “the great fiction.”⁵ The reason traces to the ultimate fiction that there is such a thing as a group, which there is not, but we speak of them as if they do exist. Nonprofits often lead groups and are thus subject to all the pathologies Freud names. They can be warm and welcoming until they are not; then they can be vicious and horrible in contradistinction to all their professed missions and purposes.

Once you have a group, you form a movement, which is another fiction. Still, creating the appearance of a movement requires a guru leader and compliant followers who are making a dent in public opinion. It requires compliance with the leadership principle but the leaders are more often than not led to corruption, sometimes of unspeakable types. These mortals aspire to immortality in reputation as “great men” who lead others but such power corrupts.

That’s not to say leadership itself is a myth but there are two kinds. There are those leaders who seek to surround themselves by talent and intelligence and who see themselves as servants of a cause, airways ready to praise and credit others. And there are those who beat back and eschew talent and intelligence, regarding them as a threat to their own valor. These are the insecure types who have minions do their writing and obsequience servants praise their glories nonstop. There is no end to the flattery they demand; far from being taken in by it, they revel in it.

⁵ Hans-Hermann Hoppe, *The Great Fiction: Property, Economy, Society, and the Politics of Decline*, Second Expanded Edition (Auburn, AL: Mises Institute, 2021; www.hanshoppe.com/taf), a book I am proud to have published during my tenure at Laissez Faire Books, in 2012, around the time I attended the PFS. See Jeffrey A. Tucker, “The Center of the Conspiracy,” *Laissez Faire Books* (Sep. 29, 2012; <https://perma.cc/5ZM9-BEF3>).

Another feature deserves comment: the ubiquity of infighting among groups, movements, and nonprofits. As anyone who has worked in this sector, big or small, can affirm, infighting and factionalism are the true *desiderata* of nonprofit life. How to explain this? Hegel's theory of self identity is helpful.⁶ Most people involved in intellectual and mission pursuits want to believe they are making a difference in the world but what constitutes the "world" for marginal movements is subject to unrelenting shrinkage.

As it turns out, people want to be heard and they want evidence that they matter. But given that the bigger world cares nothing about their stupid cause, they turn toward internal fighting to prove to themselves that they are making a difference. After all, the only people who really care what they think are others in their community. "Every man takes the limits of his own field of vision for the limits of the world," says Schopenhauer.

Seeking a hearing and validation, they fight, purge, denounce, refute, lobby, and break into ever smaller factions, with the perpetrators of such absurdities mainly seeking a sense of self affirmation. These little fish flop around in ever smaller ponds and will do so forever so long as the donors are there to change their water. There is a reason, after all, behind the saying "Academic politics are so vicious precisely because the stakes are so small."⁷ Something similar is true of out-of-the-mainstream think tanks, movements, activism, and so on.

In evaluating the importance of any particular group, movement, or nonprofit, I've come to use what we can call the Seventh Day Adventist test. This is a church started in 1863 with a few thousand members. Today it has 23.6 million members and some 20 different break off sects in every country. Some of these breakoffs are large and some tiny. Most people think nothing of all about this revivalist offshoot. For its members, however, it is the most important thing in the world. The test: your group should always compare itself with this church, which is massive but without much of a cultural importance. Just remember: there is no reason to take yourself seriously until you approach the level

⁶ Georg Wilhelm Friedrich Hegel, *Phenomenology of Spirit*, Terry Pinkard, trans. (Cambridge: Cambridge University Press, 2018; <https://perma.cc/G8WW-GGF2>).

⁷ Wikipedia, "Sayre's law" (https://en.wikipedia.org/wiki/Sayre%27s_law).

of size and scope of some portion of the Seventh Day Adventists. Until then, it is likely that you are taking yourself too seriously.

The first two of French's truth-telling essays were first delivered at the Property and Freedom Society as founded by the good Doctor Hoppe, and the third originally planned for presentation at the PFS. The question came up in the Q&A following the first lecture: why is the PFS exempt from the logic of decline into scammy? The answer is similar to my own concerning Brownstone: we have *a refined purpose* and *scale to meet that purpose*. PFS holds one meeting a year. Its budget consists of fees paid to attend that meeting. It is not an attempt to build an empire or institution or employ as many people as possible. It is there to do a job that needs to be done: provide intellectual camaraderie among dissidents who accept the values of the organization.

That's why there is little danger it will become a racket. It puts mission and its values first with refined operational limits. That's the test. With those parameters, it is also less subject to the pathologies of group psychology and factionalism that doom so many other nonprofits. It is also not robbing people, which means it is not only doing good work. It will also keep its members and managers out of the circle of hell into which Dante places those who betray their benefactors.

I worked for a time with Doug French as my boss. He did his best to make sure that the institution he served was on the up and up: efficient, functional, broad minded, effective, and mission-driven. Not a cult, not a scam, not an excuse for self-aggrandizement and pillaging. That's the ideal and he worked toward it like an old-fashioned idealist. We have this in common, and share a career history of frustration in finding too many institutions and sectors in which ideals are buried or nonexistent. We have both discovered a sad truth: that once an organization becomes a racket, there is often no turning back, no final reform efforts that work, no real path to redemption.

It's not all despair, however: in my encounters with Hillsdale College these days, and in contrast to what French maps out in chapter 3—on the teaching entrepreneurship racket—I've found the implausible: an actual functioning, old-world college with great professors, great students, and a real mission that is being realized. That gives me hope, and so does the continued thriving of the Property and Freedom Society.

In the for-profit world of endless institutional churning, scams come and go. But at least competition in the quest for monetary profits imposes some discipline. In the nonprofit world, whether in politics or academia, they last and last. So long as the money is flowing, and the bills are being paid, the rest takes care of itself. The key lesson for donors: know the difference between an organization with a purpose and an obvious racket. Sadly, the latter far outnumber the former, in both this world and the next.

Jeffrey A. Tucker
West Hartford, July 2025

Preface

In 2006 Turkey sounded like an exotic place to a naive guy of mid-western upbringing. The only common reference to the country from friends was *Midnight Express*. It was Hollywood's interpretation of a Turkish prison where the guards spoke no English and everything was chaos. Turks were portrayed as brutes or corrupt.

So much for Hollywood. The movie featured no shimmering Bosphorus, no crystal clear Aegean sea, no ancient ruins of Ephesus. Describing modern Turkey, the late Norman Stone, who was a frequent speaker at Property and Freedom Society salons and an eminent scholar, in his book *Turkey: A Short History*, wrote, "Turkey had become an important place again, and, be it said the only country between Athens and Singapore where, judging by the refugees, people actually wanted to live."¹ (To my surprise and delight, I discovered this tattered copy of my friend Norman's book in the guest cabin of local boat some friends and I chartered for a three day excursion on the Aegean Sea following the 2023 PFS meeting.)

Professor Hoppe and Gülçin did everything right, and have done so for twenty years now. The food, the mood, a Philosopher in Black, Turkish baths, belly dancers, boat rides, and for me, barbers.² Deanna

¹ Norman Stone, *Turkey, A Short History* (Thames & Hudson, 2010), p. 177.

² Douglas French, "A Haircut in the Turkish Style," *Laissez Faire Books* (Oct. 3, 2012; <https://perma.cc/WJ9B-HL4X>). For my reflections on the first PFS meeting in 2006, see

and I fell in love with the place. Bodrum was immediately home away from home. The Doctors Hoppe would hold a lavish wedding ceremony for us at the Karia Princess five years later during the 6th annual PFS.

Hans's salon idea of conference, conversation and relaxation makes PFS the best event of its kind anywhere.³ It can't be replicated. Invites are prized. Yes, and there are speeches as well.

I suppose the racket idea came to me first when I read Murray Rothbard's 1961 memo "What Is to Be Done?," in *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard*.⁴ This is a book of immense treasure that most Rothbard fans have not read. The opening memo, "What is to be done?," is Murray candidly speaking his mind. Murray liked clear thinkers of whatever stripe. He had no use for toadies. One of our textbooks for the U.S. Economic History he taught us at UNLV was Gabriel Kolko's *The Triumph of Conservatism* about the progressive era.⁵ Kolko, who was no fellow traveler, wrote in a letter to *Reason*,

I have been a socialist and against capitalism all of my life, my works are attacks on that system, and I have no common area of sympathy with the quaint irrelevancy called "free market" economics."⁶

idem, "Hoppe Talks Turkey," *LewRockwell.com* (May 30, 2006) and *idem*, "Property and Freedom," *LewRockwell.com* (June 21, 2006). Other pieces about the PFS and its annual meetings may be found at www.propertyandfreedom.org/press.

³ For more on this, see the PFS "History and Principles," available at www.propertyandfreedom.org/about.

⁴ Murray N. Rothbard, "Rothbard's Confidential Memorandum to the Volker Fund, 'What Is to Be Done?'," in *idem*, *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard*, David Gordon, ed. (Auburn, AL: Mises Institute, 2010; <https://perma.cc/Q5NV-SNYG>).

⁵ Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History, 1900–1916* (Glencoe, Ill.: The Free Press, 1977). My and other former students' memories of Rothbard as a teacher are the subject of two panel discussions I participated in: Douglas E. French *et al.*, "Memories: Murray N. Rothbard (1926–1995) as Mentor and Teacher," Property and Freedom Society 2015, Bodrum, Turkey (Sep. 11, 2015), available at "PFP129 | Memories: Murray N. Rothbard (1926–1995) as Mentor and Teacher, Hoppe, DiLorenzo, French, Igloidy (PFS 2015)," *Property and Freedom Podcast* (May 20, 2022; available at www.propertyandfreedom.org/pfp), and Douglas E. French *et al.*, "Murray Rothbard as a Teacher: The UNLV Years—A Panel with Rothbard's Former Students," Austrian Economics Research Conference 2023, Auburn, Alabama, Mises Institute (Oct. 7, 2017), available at "PFP252 | Bonus: Murray Rothbard as a Teacher: The UNLV Years—A Panel with Rothbard's Former Students (AERC2023)," *Property and Freedom Podcast* (Oct. 2, 2023; available at www.propertyandfreedom.org/pfp).

⁶ Gabriel Kolko to Manuel Klausner (Feb. 27, 1973), reprinted in Jesse Walker, "Gabriel Kolko, RIP," *Reason* (May 20, 2014; <https://perma.cc/39NH-PRTG>).

I can hear Murray cackling; he often cited Kolko to buttress his case that “big business” in America often leapt into bed with the state for favors and protection from competition.⁷ In the new William F. Buckley biography, author Sam Tanenhaus writes,

Thoughtful critics on the right, including the libertarian Murray Rothbard, a sophisticated and serious writer, had joined critics on the left in calling Panama a boondoggle, “the treaty that Wall Street wrote,” a “covert bailout operation” for the Panama government, which was heavily indebted to “a handful of US banks.”⁸

Brian Doherty wrote in the foreword,

Intellectually, [Rothbard] was the most prolific and active advocate and scholar for the ideas and concerns that most vividly mark libertarianism as a distinct tendency and movement; he brought together Austrian economics, natural-rights ethics, anarchist politics, and a burning interest in history—in the actual facts of the intellectual heritage of antistate thinking, and of how and why in specific incidents governments oppress and rob the bulk of the populace.⁹

Strictly Confidential was started before I arrived at the Institute. The book was classy, hard cover, with a bold title and cover. It did not sell. We tried mightily to give the books away. In fact, we placed one at each place setting at an award dinner one year. That year I thought the award winner would surely donate back the considerable monetary prize. But not only did the recipient want the money, he insisted it be in cash. Scrambling ensued late that Friday afternoon in Auburn. At the end of the night it was as if no one could be bothered hauling their gifted hardback copy of *Strictly Confidential* home with them.

⁷ See Murray N. Rothbard, “Confessions of a Right-Wing Liberal,” *Rampart Journal* 6, no. 11 (June 15, 1968): 48–52, reprinted as *idem*, “Confessions of a Right-Wing Liberal,” *Mises Wire* (March 2, 2022; <https://perma.cc/3WJP-EPQM>); see also *idem*, “Origins of the Welfare State in America,” *J. Libertarian Stud.* 12, no. 2 (Fall 1996; <https://perma.cc/8PQA-M7VC>): 193–232, reprinted in *idem*, *The Progressive Era* (Auburn, AL: Mises Institute, 2017; <https://mises.org/library/book/progressive-era>).

⁸ Sam Tanenhaus, *Buckley: The Life and the Revolution That Changed America* (New York: Random House, 2025), p. 802, quoting Murray N. Rothbard, “The Treaty That Wall Street Wrote,” *Inquiry* 1, no. 2 (Dec. 5, 1977; <https://perma.cc/3DZT-HBC7>): 9–14.

⁹ Brian Doherty, “Foreword,” in Rothbard, *Strictly Confidential*, p. ix.

I scooped up what seemed like a hundred books and hauled them back to the Institute.

More than a decade after reading Rothbard's memo, an idea for a speech at PFS came together after reading about Morris Dees and the Southern Poverty Law Center and the fracas at Hillsdale College.

After working at the Mises Institute, I worked short stints at two financial newsletter publishers. When I read Helaine Olen's *Pound Foolish: Exposing the Dark Side of the Personal Finance Industry* and Alan Pell Crawford's *How Not to Get Rich: The Financial Misadventures of Mark Twain*,¹⁰ combined with my personal experience, I knew I had a follow up to the How Movements Are Turned Into Rackets speech (ch. 1), which became chapter 2. Teaching the unteachable (ch. 3) had been gurgling in my head for years as entrepreneurial studies began to grow and many Austrians associated with the Institute were pumping out books and teaching classes about entrepreneurship.

I'd been skeptical. After all, as Rothbard wrote in *Man, Economy, and State*,

This necessity of guessing the course of the relevant conditions and their possible change during the forthcoming action is called the *act of entrepreneurship*. Thus, to some extent at least, every man is an entrepreneur. Every actor makes his estimate of the uncertainty situation with regard to his forthcoming action.¹¹

In other words, every student choosing to take an entrepreneurship class or any other class or skip class is already an entrepreneur.

Health issues have kept me from returning to Bodrum to deliver the third speech. Brain surgery, what was I thinking? The Mises Institute published the entrepreneurship piece and it is included here to complete the trilogy. The idea for this small book came from the PFS impresario Hans-Hermann Hoppe. Stephan Kinsella selflessly did all the hard work putting it together. Jeffrey Tucker's preface was written quickly and

¹⁰ Helaine Olen, *Pound Foolish: Exposing the Dark Side of the Personal Finance Industry* (Penguin, 2013); Alan Pell Crawford, *How Not to Get Rich: The Financial Misadventures of Mark Twain* (Mariner Books, 2017).

¹¹ Murray N. Rothbard, *Man, Economy, and State, with Power and Market*, Scholars ed., 2d ed. (Auburn, Ala.: Mises Institute, 2009; <https://perma.cc/XU3J-NRTQ>), p. 64 (second emphasis added). See related references in ch. 3.

brilliantly, giving me fond memories of working next to him and being constantly amazed at his talents. Juan Carpio provided a dandy cover. I thank all of you.

Douglas E. French
Las Vegas, July 2025

1

How Movements Turn Into Rackets

Introductory Remarks

I'd like to first thank the Doctors Hoppe [Dr. Hans-Hermann Hoppe and Gülçin Imre Hoppe], for inviting me back to do this again. I was thinking earlier that Joe Biden had said it was the Russians' fault for all the inflation in America, and now Dr. Hoppe has confirmed, in his introductory remarks, that it is indeed the Russians' fault. So, we can say that Hoppe and Biden are right together. [Laughter, applause.] How about that?

So, I've got this terribly sweet spot between Sean Gabb and lunch,¹ and my talk will be a little different. It's called "How Movements Turn

¹ Sean Gabb, "Emperor Andronicus I Comnenos (1118–1185)—The Trump of Constantinople," speech delivered at the 2022 Annual Meeting of the Property and Freedom Society in Bodrum, Turkey (Sept. 16, 2022), available at *idem*, "PFP235 | Sean Gabb, Emperor Andronicus I Comnenos (1118–1185)—The Trump of Constantinople (PFS 2022)," *Property and Freedom Podcast* (June 12, 2023; www.propertyandfreedom.org).

This chapter is based on Douglas E. French, "PFP236 | Doug French, How Movements are Turned into Rackets (PFS 2022)," *Property and Freedom Podcast* (June 19, 2023; www.propertyandfreedom.org), a speech delivered at the 2022 Annual Meeting of the Property and Freedom Society in Bodrum, Turkey (Sept. 16, 2022), a version of which appeared in *idem*, "How Movements are Turned into Rackets," *The Rude Awakening* (Sept. 16, 2022; <https://perma.cc/WYT5-FT4W>). The informal tone of the speech as delivered in Bodrum has largely been retained.

Into Rackets,” and it was inspired by a gentleman I studied under, Murray Rothbard. A few people in the room may have had the pleasure of meeting or working with Murray. He wrote a memo to F.A. Harper and George Resch entitled “What Is to Be Done?,” which I’ll get to in a second. A few of us know George—we used to call George to buy coins from him when he worked for Burt Blumert. So, it is indeed a small world.

Introduction

This analysis draws inspiration from Murray N. Rothbard’s 1961 memo “What Is to Be Done?” written to F.A. Harper and George Resch.² In it, Rothbard warned that libertarian and conservative movements risk becoming “rackets” when the imperative to fundraise and wield influence eclipses principle. What follows are three examples across the ideological spectrum—left, right, and libertarian—that confirm his warning.

From the Left: Southern Poverty Law Center

My story about how movements become rackets begins not with what Murray talked about, which I’ll get to in a moment, but with one of our favorite organizations, I’m sure, in this room: the Southern Poverty Law Center, founded in 1971 by Morris Dees. Dees was a “super-salesman and master fundraiser” who viewed civil-rights work mainly as a marketing tool for bilking gullible Northern liberals out of their money. “We just run our business like a business,” Dees told reporter John Egerton. “Whether you’re selling cakes or causes, it’s all the same.”³

² Murray N. Rothbard, “Rothbard’s Confidential Memorandum to the Volker Fund, ‘What Is to Be Done?’”, in David Gordon, ed., *Strictly Confidential: The Private Volker Fund Memos of Murray N. Rothbard* (Auburn, AL: Mises Institute, 2010; <https://perma.cc/Q5NV-SNYG>).

³ This and other quotes in this section, unless otherwise noted, are from Bob Moser, “The Reckoning of Morris Dees and the Southern Poverty Law Center,” *The New Yorker* (March 21, 2019; <https://perma.cc/2DJQ-NKRO>). John Denson, who went to law school with Morris Dees, personally confirmed to me that various stories about Dees such as those mentioned here and in the Moser article are true. Denson and I saw each other

While studying law at the University of Alabama School of Law, in the late nineteen-fifties, “Dees sold holly wreaths and birthday cakes, published a student telephone directory, dabbled in real estate,” Egerton wrote. I don’t know how much law he learned, but he certainly was an entrepreneurial force at the law school.

Upon graduating in 1960, Dees teamed up with another ambitious student, Millard Fuller, who would go on to found Habitat for Humanity. They opened a direct-mail business in Montgomery, selling doormats, tractor-seat cushions, and cookbooks. “Morris and I, from the first day of our partnership, shared the overriding purpose of making a pile of money.”

In 1971, Dees opened the SPLC. Already a colorful and controversial figure in Alabama, he volunteered to raise money for George McGovern’s Presidential campaign, and, with McGovern’s blessing, used its donor list of seven hundred thousand people to help launch the SPLC’s direct-mail operations. Having been somewhat in the business, I can tell you that having a big mailing list is the key to raising a lot of money.

The very name Southern Poverty Law Center might lead one to think that its mission was to help poor people who are having trouble in the legal system. Dees and the SPLC soon realized that cause didn’t raise much money.

So the SPLC abandoned its focus on actual poverty and poverty law, stayed in the South, and “went into the hate business,” as insiders put it—raising money by fighting the Ku Klux Klan and rallying support and money from liberals up North. Its direct-mail campaigns painted an exaggerated picture of a small, brave legal team under constant death threats—a narrative that belied the SPLC’s reality: a massive, fortified, glass-and-steel “Darth Vader building” (as James Howard Kunstler dubbed it), guarded with heavy security.

Along the way, it had accumulated an endowment topping \$120 million while paying lavish salaries to its highest-ranking staffers and spending far less than most nonprofit groups on the work that it claimed

often socially when I worked at the Mises Institute. He and his wife Roseann attended PFS in 2011 when Deanna Forbush and I were married in a ceremony held at the Karia Princess Hotel.

to do. At the same time, Dees started earning a reputation for hitting on young female staffers. That's a hint for things to come throughout this presentation—hitting on young female staffers.

In fact, as recounted by former staffer Bob Moser, who left in 2004, SPLC colleagues used to tell jokes “to keep ourselves sane.” When they'd walk by its Maya Lin-designed memorial to civil rights martyrs, they'd cast a glance at the inscription from Martin Luther King, Jr., etched in black marble: “Until justice rolls down like waters.” Except they'd say, in their deepest voices, “Until justice rolls down like dollars.” It was an obvious grift. Moser recounted that

The Law Center had a way of turning idealists into cynics; like most liberals, our view of the S.P.L.C. before we arrived had been shaped by its oft-cited listings of U.S. hate groups, its reputation for winning cases against the Ku Klux Klan and Aryan Nations, and its stream of direct-mail pleas for money to keep the good work going. The mailers, in particular, painted a vivid picture of a scrappy band of intrepid attorneys and hate-group monitors, working under constant threat of death to fight hatred and injustice in the deepest heart of Dixie.

But this all took place in its massive, security-riddled “Darth Vader” office building in downtown Montgomery, Alabama, which made social justice ‘look despotic.” A co-worker told Moser soon after his arrival, “Well, honey, welcome to the Poverty Palace. . . . I can guaran-damn-tee that you will never step foot in a more contradictory place as long as you live.”

As Moser later wrote in the *New Yorker*, after Dees's dismissal,

The work could be meaningful and gratifying. But it was hard, for many of us, not to feel like we'd become pawns in what was, in many respects, a highly profitable scam.

And as profitable as it was before, when The Donald and Melania came gliding down that escalator in 2015, the money really started rolling in. Because, as everybody knows, when Donald took office, it was hate-a-palooza in the United States, and it opened up a gusher of donations for the SPLC. They raised \$50 million in 2016 and took in \$132 million in 2017. The new money pushed its endowment past \$450 million, which is more than the total assets of the American Civil

Liberties Union. In 2019, they employed an all-time high of around 350 staffers.

Having been in Montgomery, Alabama, in the afternoon, I can tell you it seems like the whole downtown area is 350 people. But none of that has slackened its constant drive for more money. “If you’re outraged about the path President Trump is taking, I urge you to join us in the fight against the mainstreaming of hate,” a direct-mail appeal signed by Dees in 2018 read. “Please join our fight today with a gift of \$25, \$35, or \$100 to help us. Working together, we can push back against these bigots.”

Morris Dees had turned over the reins to Richard Cohen in 2003, but at age 82, the #MeToo movement caught up with him; he was dismissed by SPLC in 2019 “amid a staff revolt over the mistreatment of nonwhite and female staffers.”

But the work goes on. The annual hate-group list, which in 2018 included 1,020 organizations in the United States, both large and small, remains a valuable resource for journalists and a masterstroke of Dees’s marketing talents. Each year, when the Center publishes it, mainstream outlets write about the “rising tide of hate” in the United States discovered by the SPLC’s attorneys. And so, the money just keeps rolling in.

From the Right: Hillsdale College

It’s not just the left that has this going on; we’ve got it on the right. Maybe you’ve heard of Hillsdale College. Maybe some people in the room have sent money to Hillsdale College. They send out this *Imprimis* newsletter.⁴ You’ve all seen it.

The guy who really got that geared up was a guy named George Roche III. A former senior-level employee of Hillsdale College called Roche “one of the great fund-raisers in the history of political ideologies.”⁵

⁴ <https://info.hillsdale.edu/imprimis-subscription>.

⁵ This and other quotes in this section are from Jonathan Ellis, “Sex, lies and suicide,” *Salon* (Jan. 19, 2000; <https://perma.cc/6RQG-YJ6F>), unless noted otherwise. See also John J. Miller, “Horror at Hillsdale,” *National Review* (Nov. 12, 1999; <https://www.nationalreview.com/1999/11/horror-hillsdale-john-j-miller/>); Robyn Meredith, “Scandal Rocks a Conservative Campus,” *New York Times* (Nov. 15, 1999; <https://www.nytimes>).

Roche raised millions to build modern facilities and provide ample student aid to any of Hillsdale's 1,200 students who needed it. If Roche seldom made rounds on campus, it was understood: He was out raising money to beat back the liberal devils lurking outside Hillsdale's gates.

Roche was very charismatic and considered a "conservative celebrity" and "a hero to the movement." William F. Buckley called Hillsdale "the most prominent conservative college in the country." But said one Hillsdale professor of Roche, "This man is a phony and a fraud." A Roche family member explained, "He's not really the type of person that everybody thinks he is. He's kind of like a Jekyll and Hyde."

He also had a reputation for possessing a free-range phallus rumored to have visited students and college employees. A senior-level employee who marveled at Roche's fund-raising skills claims to have fled Hillsdale when he suspected Roche was putting the moves on his wife. Roche was considered downright ruthless by those unfortunate enough to cross him.

Ultimately, George Roche III shocked Hillsdale by divorcing his wife of 44 years—she had cancer—and remarrying just five months later. That's where the story gets really interesting. His daughter-in-law, Lissa, was married to George IV, who was a professor at Hillsdale, so this was all a big family business, so to speak. She was very disturbed by the presence of a new woman in her father-in-law's life.

Roche was hospitalized with complications from diabetes, and his distraught daughter-in-law threatened to kill herself in a phone conversation with him. The older Roche's secretary interrupted a class taught by the younger Roche, his son, and told him what was going on. So, the younger Roche, George IV, rushed to his wife, Lissa. She was obviously upset. She didn't care what her husband thought; she insisted on going to see her father-in-law, who was in the hospital.

There, in front of him—George III—his son, George IV, and his new wife, she blurted out that she and her father-in-law had been

com/1999/11/15/us/scandal-rocks-a-conservative-campus.html); Joseph Sobran, "Tragedy in Paradise," *Sobran's* (Nov. 11, 1999; <https://perma.cc/SW4C-V36Y>); An Anonymous Alumnus, "Is It True What They say About Hillsdale?," *Liberty* (Feb. 2000; <https://perma.cc/99N7-8F6L>; <https://perma.cc/A5XA-CG54>): 29–32; Gary Wolfram, "The Truth About Hillsdale," *Liberty* (April 2000; <https://perma.cc/5TJE-JHFB>; <https://perma.cc/9YYP-L4FP>), p. 44; R.W. Bradford, "The Lessons of Hillsdale," *Liberty* (May 2000; <https://tinyurl.com/y63hpsz5w>), p. 28; and Robert Campbell, "Hillsdale as an Ordinary College," *Liberty* (May 2000; <https://tinyurl.com/y63hpsz5w>), p. 30.

having an affair for the past 19 years. The son then asked the father, “Is she telling the truth, or is she having some sort of breakdown?”⁶ The younger Roche said his father “didn’t say a word. I could tell by looking at him that she was telling the truth. I saw that look in his eyes. He was caught.”

Lissa returned to her campus house after the confession, armed herself with a .38-caliber handgun, walked out her backyard through the college’s arboretum to a stone gazebo, and killed herself.

Hillsdale’s trustees, who reportedly believed Roche “walks on water,” tolerated his behavior—including rumors of advances on students, employees, and even a senior staffer’s wife—so long as he continued to bring in millions. But the public revelation of his 19-year affair with his daughter-in-law Lissa and having her commit suicide when it became public—proved too much to ignore.

Roche had hauled in nearly \$325 million by the time he resigned. He increased Hillsdale’s endowment from \$4 million to \$184 million. Students and their parents were worried the scandal might cause donations to drop, that it would crimp Hillsdale’s future. That hasn’t really happened.

Roche resigned after his lover’s suicide. A member of the Roche family said that the elder Roche’s golden parachute was \$3 million.

These days, Hillsdale’s making news by cozying up to Florida Governor Ron DeSantis. The Christian school has been described as a “citadel of American conservatism.” Donald Trump has connections there. Ted Cruz and Clarence Thomas have given commencement addresses, and the school has started a series of leadership seminars that sound like right-wing TED Talks. Hillsdale is also a champion of what it calls “patriotic education.”

From Libertarianism: Foundation for Economic Education

That brings us to what Murray Rothbard was writing about in his 1961 memo. There are some fascinating things in there. Murray’s memo was written to Baldy Harper and George Resch, and its subject was Leonard

⁶ Miller, “Horror at Hillsdale.”

Read, who co-founded the Foundation for Economic Education in 1946 and served as president from 1946 until his death in 1983. Read was a well-known figure in the freedom movement for decades. According to Rothbard, writing Read's obituary in 1983: "More than any other single person, Leonard was the founder of the modern libertarian movement. ... In addition, more than anyone else Read coined the name 'libertarian' for the current movement."⁷

Read was handsome and charismatic, but in Rothbard's words, the Read of 1961 was

Hardly appreciative of scholarship or of the conditions of free inquiry and research, Read stifled the scholarly and creative productivity of everyone on his staff

Instead, the FEE founder

increasingly pitched [FEE publications] toward housewives, rather than scholars, which immediately tossed away the importance of the "pyramid of influence" from intellectual to mass. (15)

Speaking of housewives, Mr. Read, who again was remembered as a giant in the libertarian movement, is also known for his prurient interest in housewives. Brian Doherty even compared Read's romantic exploits to Wilt Chamberlain's, who famously claimed 10,000 lovers—earning him the nickname "Wilt the Stilt."⁸ I suppose I'm just now realizing what the "stilt" meant. It's a bit mind-boggling Read would be placed in the same ballpark as Wilt Chamberlain.

Murray was more delicate, telling Harper and Resch, "purer libertarian thought was not only discouraged by Read but bitterly attacked" (15). "Read just wanted to offer his own way of understanding the freedom philosophy, in a manner more preacher than teacher," Doherty wrote (164). That approach attracted businessmen supporters, who proselytized to their employees. But what Read did best was raise

⁷ Murray N. Rothbard, "Leonard Read, RIP," *Libertarian Forum* XVII, no. 5–6 (May–June 1983): 1–2, in *The Complete Libertarian Forum* 1969–1984, Volume 2: 1976–1984 (Auburn, AL: Mises Institute, 2006), pp. 1103–1104; Stephan Kinsella, "Rothbard on Leonard Read and the Origins of 'Libertarianism,'" *StephanKinsella.com* (Nov. 17, 2014; <https://perma.cc/3VMH-4G2C>).

⁸ Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement* (New York: PublicAffairs, 2008), p. 164.

money while FEE became what Rothbard derisively called the “high school of liberty.”

Murray wrote to Harper and Resch:

It is the thesis of this memorandum that the problem of tactics and strategy for advancement of the libertarian-individualist cause is at a critical crossroads, a crossroads in the historical development of this stream of thought, transcending even the important problems of establishing a possible libertarian institute, or of deciding how to rechannel educational funds from various blind alleys into which they have fallen. (7)

... The FEE literature in sticking to generalities—and low-grade generalities at that—fell between two stools and has therefore lost influence both among the intellectuals and among the “mass base.” (15)

Rothbard in his mid-thirties was more than concerned with such thinking. In the Harper, Resch memo, he wrote,

the danger is less apparent and more insidious. For it is the danger of the hardcore libertarian being swamped by a growing mass of “conservative” and right-wing thinkers. (19)

Read, according to Rothbard, had

rationalized the processes one of “training” libertarians and then sending them off to better things, thus functioning as a “high school” of liberty. He thus ignores the fact that it could have been a lot more. (15–16)

Rothbard wrote that FEE served only as a gateway to the libertarian movement and not a libertarian center, let alone scholars forming a libertarian cadre. Addressing the influence of the right, he wrote:

This transformation, led by the theoreticians of *National Review*, has transformed the Right from a movement that, at least roughly, believed first of all in individual liberty (and its corollaries: civil liberties domestically, and peace and “isolation” in foreign affairs) into a movement that, on the whole, is opposed to individual liberty—a movement that, in fact, glorifies total war and the suppression of civil liberty; it also glorifies monarchy, imperialism, polite racism, and a unity of Church and State. (20)

From FEE’s launch in March 1946 to the early 1980s, Leonard Read generated a million dollars a year from some of America’s biggest

businessmen. A million dollars a year might not sound like much today, but if you inflation-adjust it, that means in 1946, he raised the equivalent of \$13.8 million in today's dollars. In 1980, it was about \$3.4 million. You can kind of fill in the blanks in between, and it added up to a whole lot of money that Leonard Read was able to raise, creating content for, as Murray says, housewives.

Rothbard finished the section of the memo entitled “The Decline of FEE” with

Another danger which the history of FEE and other right-wing organizations tells us: the tendency for the fellow who can obtain money to be in control of policy, and the corollary tendency to begin to trim the output of the organization to what will attract the money. When the latter happens, the gathering of money begins to become the end, not the means, and the organization begins to take on the dimension of a “racket.” (16)

Conclusion

As Rothbard foresaw, the SPLC, Hillsdale, and FEE examples illustrate a troubling pattern: when charismatic fundraisers prioritize money over mission, organizations drift from their ideals, becoming rackets where fundraising dictates policy and principles are sacrificed for profit. Morris Dees, George Roche, and Leonard Read show that Murray was right. Movements ultimately become rackets.

Thank you.

Addendum

During the Q&A, we had the following interchange:⁹

Hans-Hermann Hoppe (Audience)

For Doug: You said movements turn into rackets. Are there movements that didn't?

⁹ Andreas Tögel *et al.*, “PFP240 | Tögel, French, Groezinger, Model, Gabb: Discussion, Q&A (PFS 2022),” *Property and Freedom Podcast* (July 17, 2023; www.propertyandfreedom.org).

Doug French

It's hard to imagine. Even with the best intentions, you'd need angels running these organizations. A wise man once told me, "No tank, no think." If you want a think tank, you need to raise money, but then money becomes the mission. It's not too different from the private sector, but in the private sector, people pay directly for a good or service, so it's not a scam. In nonprofits or politics, you raise money from one group and give it to another, which is always an issue. Your customers aren't your donors. Only in a private capitalist society does a movement for a good avoid turning into a scam.

Hans-Hermann Hoppe

So, the PFS isn't a racket, right?

Doug French

In the case of PFS, the consumers are the payers, like a private business. That means we're angels, yes. [Applause] I assume you took that from my comment. The doctors are angels; they only reach out for funds when they have a fabulous product to provide. It's not like Hans [Hoppe] and Gülçin [Imre Hoppe] are building pyramids in Istanbul or Bodrum for underemployed academics to do deep thinking. We provide funds willingly, enjoy the fruits, and 16 years prove it's worth it—not a scam. Hopefully, it lasts 16, 32, or 48 more years. How long will you live, since you're an angel?

Hans-Hermann Hoppe

I haven't decided yet.

2

The Financial Newsletter Racket

Introductory Remarks

Thank you, Hans, and of course, the other doctor and the family, Gülçin [Imre Hoppe], who evidently hasn't made it up this morning yet—or at least isn't in the room. I certainly want to thank her, and I want to thank you for the invitation, your friendship, and your hospitality, as always. Anybody who's been in the conference business knows that this is very difficult to pull off, and the Hoppes make it look very easy—and it's not. So, we're all very thankful.

I don't see her in the room, but I'd also like to thank Lala, Gülçin's daughter, for being behind the scenes for many years here, keeping things moving. Also, the newest member of management, Nick Hoppe, has been a great addition. If you haven't met Nick, you should. And of course, the indispensable Jay [Caner (Jay) Baykal]—only goes by one letter—but Jay has been here for years, and I'm not sure what some of us would have done without him.

Having said that, this is called “The Financial Newsletter Racket.” This is probably not one of the weightier papers you will hear presented

This chapter is based on Douglas E. French, “PFP266 | Doug French, “The Financial Newsletter Racket” (PFS 2023),” *Property and Freedom Podcast* (Jan. 1, 2024; www.propertyandfreedom.org), a speech delivered at the 2023 Annual Meeting of the Property and Freedom Society in Bodrum, Turkey (Sept. 24, 2023). The informal tone of the speech as delivered in Bodrum has largely been retained.

this weekend, but hopefully, it'll jumpstart the Sunday program. It is the second iteration in my planned "racket" trilogy. The first was delivered last year, and the third remains to be completed.

Introduction

Those of us of a certain age get emails constantly, many informing us there are easy ways to get rich. Here are just a few I picked out. The first one: "THIS PORTFOLIO HASN'T LOST THIS CENTURY" is what's being advertised by one newsletter operator out there. And the second: "THESE COMPANIES ARE THE FUTURE OF STOCKS, MY *MOONSHOTS*." And my favorite: "BE READY TO ACT WHEN THE WORLD STOPS." That's the one you really need to pay attention to. After all, we all need to be ready to act when the world stops.

Now, maybe you were around in 2002 to receive an email from a certain newsletter company—and we will refer to them as "The Newsletter Company." They had a subject line like: "DOUBLE YOUR MONEY ON MAY 22ND ON THIS SUPER INSIDER TIP." The email claimed analysts at The Newsletter Company had come into possession of certain details of a pending approval of a major international agreement that "will create more than \$2.5 billion in profits for one small company." The email identified the issuer as a company that was involved in the nuclear energy field and that would benefit from the arms reduction treaty between the U.S. and Russia.

The email, sent on May 14, 2002, it claimed that investors would "make a fortune" because The Newsletter Company had a "senior executive inside the company" as a source for its inside information. The Newsletter Company claimed that the executive was "definitely in a position to know the intimate details of this agreement" and when it would be approved. Therefore, according to the email, The Newsletter Company was in a position to "tell you EXACTLY WHEN" the deal would be finalized and announced to the public.

So, the email encouraged recipients to stake their entire investment portfolios on this unnamed company and suggested investors would be able to double their "investment dollar in a single day." Finally, the email stated The Newsletter Company "can even tell you exactly which

day to buy,” which was May 21st of 2002, “and which day to sell,” which was May 23rd. So, you buy one day, and two days later, you would sell. There was absolutely nothing else you had to do, according to the email.

The email did not give the name of the company, but it indicated it was listed on the NYSE and offered to sell a full report, including the name of the company, to subscribers for the princely sum of \$1,000. Five years later, The Newsletter Company paid a significant fine to the SEC. And by the way, the tip did not pan out.

Someone working for this The Newsletter Company is reported to have heard the head man saying to his staff, “We are not a financial news service. That’s what the *Wall Street Journal* is for. We’re a marketing company. Subscribers come to us for actionable ideas.” The above was an actionable idea that sold over a million dollars in newsletters, according to the SEC.

But the head man, he’s been quoted as saying, “Our company publishes ideas—useful ideas, information, and opinions that make people more independent financially, physically, and intellectually.”

Now, this pitching of actionable ideas started a long time ago. In fact, in 1862, Mark Twain began writing for the *Territorial Enterprise* in what was then “the richest place on Earth,” Virginia City, Nevada. He started as a newspaper reporter making \$25 a week and eventually got a raise to \$40 a week. But he didn’t need his salary. When he wrote about the mines, speculators would give Twain shares in their mines. He would sell the shares and live comfortably off the profits. Reporters were given shares on the assumption that they would promote the mines in the newspaper.¹

Now, that may seem crazy, but to this day, newsletter writers in the junior gold space—junior resource space—are frequently given shares and warrants to pump up shares in their newsletters. So, it’s a practice that continues until this very day.

Now, Twain learned very valuable lessons in branding and marketing. He learned the value of promoting a product, especially when

¹ See Alan Pell Crawford, *How Not to Get Rich: The Financial Misadventures of Mark Twain* (Mariner Books, 2017); also Mark Twain, *Roughing It* (Signet, 2008 [1872]); Gregory Crouch, “Mark Twain’s Real Name: How Samuel Clemens Picked a Pen Name,” *Time* (June 19, 2018; <https://perma.cc/L98E-2455>); Wikipedia, “Mark Twain at the Territorial Enterprise” (<https://perma.cc/LXK9-GC9K>).

it was worthless, and how to do so persuasively, with cunning. Mine owners didn't care what the paper reported, provided they just said something. Twain wrote,

Consequently we generally said a word or two to the effect that the "indications" were good, or that the ledge was "six feet wide," or that the rock "resembled the Comstock" (and so it did—but as a general thing the resemblance was not startling enough to knock you down). If the rock was moderately promising, we followed the custom of the country, used strong adjectives and frothed at the mouth as if a very marvel in silver discoveries had transpired. If the mine was a "developed" one, and had no pay ore to show (and of course it hadn't), we praised the tunnel; said it was one of the most infatuating tunnels in the land; driveled and driveled about the tunnel till we ran entirely out of ecstasies—but never said a word about the rock.²

Twain would squander half a column of adulation on a shaft, or a new wire rope, or a dressed pine windlass, or a fascinating force pump, and close with a burst of admiration of the "gentlemanly and efficient superintendent" of the mine—but never utter a whisper about the rock. Mine owners, Twain wrote, "were always satisfied."³ As Twain wrote,

Occasionally, we patched up and varnished our reputation for discrimination and stern, undeviating accuracy by giving some abandoned claim a blast that ought to have made its dry bones rattle—and then someone would seize it and sell it on the fleeting notoriety thus conferred upon it.⁴

In this environment,

investment money came roaring in, and the price of shares kept pushing skyward. From San Francisco and other cities, even 'washerwomen and servant girls' would pool their resources and send agents to buy shares for them.⁵

Now, Twain, during this time, amassed a box of stock certificates, and in fact, he resigned from the *Territorial Enterprise* and moved to San Francisco.⁶

² Twain, *Roughing It*, ch. XLIV.

³ Crawford, *How Not to Get Rich*, p. 53.

⁴ Twain, *Roughing It*, ch. XLIV.

⁵ Crawford, *How Not to Get Rich*, p. 53.

⁶ *Ibid.*

This reminds me of a certain newsletter publisher—he might have appeared at this conference once before, I’m not sure—but this newsletter publisher has created the “Eight P’s” of resource stock valuation. The first one is *People*: “Who are the key players involved in the company?” Number two, *Property*: Keep in mind, 95 to 99% of the land owned or controlled by mining companies will never become mines. *Phinancing*—with a “ph,” of course—finding financing at a reasonable price. Number four is *Paper*: Some companies will too quickly dilute existing shareholders by raising money from sweetheart financings.

In fact, all mining companies will dilute their existing shareholders. Most mining companies are very inept at mining minerals, but they are very adept at mining the pockets of shareholders. Number five is *Promotion*: The fine art of being able to communicate your story to the broad community of investors and analysts. *Politics*: Research the political climate in a country where your company wants to go mining. The fact of the matter is, even in the United States, it is very risky to mine—not as risky as South America, where once you find the material, once you start mining the material, then the government will quickly—or the shareholders can quickly watch the government—take over the mine or nationalize the mine, and they lose their investment.

Push: Something called push—any important development that either adds value to the company or removes a negative. And then, of course, *Price*: A deposit may be worthless if the price of an embedded material or minerals is “X,” but may become economic if the embedded mineralization goes to “2X.” At “3X,” the project may be worth hundreds of millions of dollars. But again, through these Eight P’s, what is never mentioned is anything about the rock.

Now, the business plan for the modern financial newsletter is, first, you give away something for free. It’s a daily newsletter, and many of us of a certain age get these newsletters sent to us, whether we want them or not. The free newsletter may give us something amusing to read. In fact, there’s at least one attendee at this conference—not necessarily this particular conference, but in years past—who has been in this business. I was on the free end of the newsletter chain, but what is always gently upsold is the next layer or next step, and that is the newsletter with some good stuff for \$89 a year.

And then, once you get the \$89-a-year newsletter, they will gently upsell you, the subscriber, to get the “double top secret” information to make sure that you get rich, and that goes for, say, \$999 a year. Now, the managers of these operations constantly hector writers at all stages to provide actionable ideas. The writer doesn’t have to be right, but if he or she does happen to be right, it will add longevity to their writing career. The Newsletter Company doesn’t care how well the subscribers do with their investments. If they unsubscribe, new writers and new pitches will be found—pitches like “DOUBLE YOUR MONEY ON MAY 22ND ON THIS SUPER INSIDER TIP.”

Now, besides actionable ideas, the other thing that was stressed to employees of The Newsletter Company is that the writing cannot be too complicated. The writer’s work is run through the Flesch-Kincaid Grade Level test. The company wanted the writing to be at the sixth-grade level and certainly no more than the eighth-grade level. If it was at the 11th or 12th-grade level, that is far too complicated. So, for instance, any of the material on the desk out in front of this room that is for sale would be considered too complicated. And in the case of Stephan Kinsella’s book, far too heavy.⁷

Now, the way the pay worked is that, using the insider tip case, the newsletter writer would get 10% of, say, the million dollars that was brought in on a particular idea, beyond a small salary. But the pitch writer would also get 10%. It’s the person who comes up with the idea to write “DOUBLE YOUR MONEY ON MAY 22ND ON THIS SUPER INSIDER TIP.” Those are the people who are revered in the newsletter industry. Those are the people who inspire action from subscribers, and these are the people who are held in the highest esteem.

The companies also hold conferences, of course, so subscribers can hear from their newsletter heroes. Past symposium recommendations generated gains as high as 167%, 331%, 458%, even 1,035% in one year. It’s always advertised that if you go to one of these conferences, you’re going to hear something that’s going to make you a lot of money.

⁷ Stephan Kinsella, *Legal Foundations of a Free Society* (Houston, Texas: Papinian Press, 2023; <https://stephankinsella.com/lffs/>), presented and published at the 2023 PFS Annual Meeting; see Stephan Kinsella, “Kinsella’s *Legal Foundations of a Free Society* Published,” *Property and Freedom Society Blog* (Oct. 12, 2023; www.propertyandfreedom.org).

Helaine Olen, who authored a book called *Pound Foolish: Exposing the Dark Side of the Personal Finance Industry*, interviewed a gentleman by the name of Barry Ritholtz. I've been on at least one panel with Barry, but he described the whole shebang as a place where "the wealth to unhappiness ratio is simply astounding." She asked Ritholtz why the well-off would attend such a conference. He replied, "Talk of doom often appeals to intellectuals and others who traffic in ideas."⁸ And of course, that may remind us a little bit of yesterday's presentations.⁹

I've heard it said that optimists get rich while pessimists sound smart. But in fact, Olen writes, "Almost all sellers of doom are excellent marketers." In fact, they market every day. They send you an email every day that the world is coming to an end, the value of your money is going away, the government's going to steal your money, and they are relentless, and they market you constantly.

Speaking of doom and gloom, some of you may remember Howard Ruff, the late Howard Ruff, who wrote a book called *How to Prosper During the Coming Bad Years*.¹⁰ At one time, he was bringing in \$90 million a year from newsletters, boot camps, a precious metals company, even a board game called *Life is Ruff*. Eventually, his subscriptions dropped from 175,000 to 3,000, and he would lose his home to foreclosure in the early 2000s.

So, in 2021, The Newsletter Company I spoke of earlier that had been fined by the SEC—this time it and several of its affiliates agreed to pay a \$2 million fine to settle a Federal Trade Commission charge that they tricked seniors into buying newsletters that falsely promised a cure for type 2 diabetes.¹¹ This is also fertile ground in the newsletter business—not just investments. People aren't just worried about their

⁸ Helaine Olen, *Pound Foolish: Exposing the Dark Side of the Personal Finance Industry* (Penguin, 2013), p. 140.

⁹ See, e.g., Thorsten Polleit, "The Economics of The 'Great Reset': Getting To The Truth," speech delivered at the 2023 Annual Meeting of the Property and Freedom Society in Bodrum, Turkey (Sept. 23, 2023), available at "Thorsten Polleit: 'The Economics of The 'Great Reset': Getting To The Truth' (PFS 2023)," *Property and Freedom Podcast* (Sept. 24, 2023; www.propertyandfreedom.org).

¹⁰ Howard Ruff, *How to Prosper During the Coming Bad Years in the 21st Century* (Penguin, 2008).

¹¹ Federal Trade Commission, "Publisher Will Pay More Than \$2 Million to Settle FTC Charges That It Targeted Seniors with Phony Diabetes Cure and Money Making Schemes" (Feb. 8, 2021; <https://perma.cc/22GS-BX3G>).

money; they're worried about their health. So, you can always make outrageous claims to them and sell newsletters that way.

The offending publication was called *The Doctor's Guide to Reversing Diabetes in 28 Days*. According to the FTC, The Newsletter Company falsely marketed the *Doctor's Guide* as a simple and scientifically proven protocol that can permanently cure type 2 diabetes in 28 days, without any changes to diet or exercise—that was the beauty of it. The FTC alleged that the defendants falsely touted a “100 percent success rate” and claimed that mainstream treatments are ineffective and may even make consumers' diabetes worse. The Newsletter Company's marketing materials for the *Doctor's Guide* deceptively advertised that the disease—which the company claimed was caused by electronic devices—could be cured by a combination of natural products called “Himalayan Silk,” “Epsom Blue,” and “Chromanite.”

In its complaint, the FTC also alleged that the company and a second group of related defendants marketed other publications, including a book titled *Congress' Secret \$1.17 Trillion Giveaway*, that falsely promised it would show consumers how to claim hundreds of thousands of dollars to which they are entitled in “Congressional Checks” or “Republican Checks.” Consumers who bought these products, however, found that they merely described an investment strategy focused on dividend-paying stocks, which would require consumers to risk thousands of dollars to obtain the promised amounts.

Now, back to Mark Twain. Poor Mark—and of course, as hopefully everybody in the room knows, or at least most people know, Mark Twain was a very famous humorist and probably one of the prominent men of letters, wrote *Huckleberry Finn* and other works, at least in the English language. At one time, the Comstock mines were valued at \$40 million, and back in the 1860s, \$40 million was real money. But the value of those mines fell to \$12 million in 1863, and by the end of 1863, they had fallen to \$4 million.

During the boom, Virginia City—and if you ever go there, it's a single street of saloons and things, people selling quartz rocks and things like that—it's just a little tourist area. It's a single street, but at one time, it had a population of 25,000 people. But most of them left in 1864 and 1865. Twain recalled,

The wreck was complete. The bubble scarcely left a microscopic moisture behind it. My hoarded stocks were not worth the paper they were printed on. I threw them away. I, the cheerful idiot that had squandered money like water and thought myself beyond the reach of misfortune, had not now \$50 when I gathered together my various debts and paid them.¹²

Now, I want to end on a positive note. The company head—the head man for The Newsletter Company that I’ve referred to a couple of times with the FTC and the SEC allegations—he’s still looking for copywriters, and there could be copywriters in this room, who knows? He says, “I’m always looking for more copywriters, lots more. There just aren’t enough to write the thousands of letters my company needs written every year. And I’m not alone. The whole industry needs more copywriters.”¹³

He even has something—if you don’t think you have the secret sauce to make this happen—he has a secret; it’s called “indirection.” He calls it not straightforwardness or clear writing, nothing like that. He calls it indirection, a copywriting technique that keeps your reader glued to the page by leading him or her seamlessly through a series of persuasive and compelling ideas.

So, the good news is, ladies and gentlemen, you can buy the secrets to indirection for \$29, and you too can be part of the financial newsletter racket.

Thank you.

Addendum

During the Q&A, we had the following interchange:¹⁴

¹² Crawford, *How Not to Get Rich*, pp. 54–55, quoting Twain, *Roughing It*, ch. XLIV. ch. LVIII.

¹³ American Writers & Artists Institute, “Bill Bonner: A Driving Force in the Direct-Response Industry” (no date; <https://perma.cc/UJ95-GGSZ>).

¹⁴ Douglas E. French *et al.*, “PFP269 | French, Hoppe, Šima, Richard, Kinsella, “Discussion, Q&A” (PFS 2023),” *Property and Freedom Podcast* (Jan. 22, 2023; www.propertyandfreedom.org). This excerpt from the transcript has been lightly edited.

Unknown Speaker (Audience)

I have three quick questions. For Doug: What are your three favorite financial newsletters? ...

Doug French

First of all, my favorite, by far—and I am a paid-up subscriber—is *Grant's Interest Rate Observer*, which has been in business for 40 years. The primary writer and proprietor is James Grant. If you haven't read James Grant, he has many books and is a big fan of the Austrian School. It's probably in every other newsletter he mentions Austrian work in one way or another. It's expensive, I will tell you that, but it's not as big on actionable ideas and hyperbolic pronouncements. A lot of it is economic history. So if you have the time and you're interested in just great financial writing, *Grant's Interest Rate Observer* is a wonderful publication.

Secondly, I also subscribe to what I consider a financial newsletter, even though they are videos online, and it's called *Real Vision*. *Real Vision* follows the same format. It has a free daily that you can get either on X or you can sign up for it. You get long-form, 30-minute interviews that are quite insightful by people who are outside the CNBC typical financial framework.

Then they have a next step, which is called the Essential step—I forgot what they're charging for that—and then beyond that, if you really want to dive deep into this stuff, they have another level. It's set up just like a financial newsletter. Raoul Pal is the proprietor of this. He lives very nicely in the Cayman Islands, it sounds like. I find it very useful because it gives a variety of points of view and makes me think, even though I'm listening to somebody that I don't necessarily agree with. Sometimes, Keynes said that at some point, you don't judge the merits of individual securities; you try to guess what the public is going to do next. From that kind of newsletter, from *Real Vision*, I would recommend trying to do that.

I struggle to find a third because it falls off very quickly, but there probably are others out there. I know people who, until his recent death, were dedicated subscribers to Gary North, and who a few of us know. They were very happy with his work. Those are the two that I can think of.

As far as general advice is concerned, somebody like Doug Casey is, of course, useful, but there's not so much direct financial advice but simply making you aware of the dangers of the world and how you can protect yourself against those dangers. He thinks along the same lines that we think. I had him here a number of years ago too. He has this website, *International Man*, I think it is called, that is useful to read, but not if you think, "I will become rich and follow his advice." He advises you just if you want to protect yourself from inflation, investment in gold and gold mines might be a good idea, and things of that nature—very useful but not directly useful on your way to becoming a multimillionaire.

Unknown Speaker (Audience)

A short question for Doug: I was curious if you're going to have a third part of your series and what it might be about.

Doug French

Did you have a question for me? What was it? If there's a third part of your series, what would it be? Well, our gracious host here has not signed on to this yet, but yes, I do have a third part planned. It's already written, and I'll tell you what it is: it's the entrepreneurship academic entrepreneurship racket of teaching entrepreneurship, or as I might call it, teaching the unteachable.

I've done the work already; I've done the paper. Yes, if there is interest in hearing about that, I know that there are plenty of Austrian friends of ours who are making a handsome living at various US universities, but virtually every US university is now adding an entrepreneurship program because young people view entrepreneurship as being rich. They want to be rich; they want to own their own company, and they believe that's something you can sit in a classroom and learn. History certainly defies that.

So, yes, that would be the third part to the racket series if there is an interest in anyone wanting to hear it.

Hans-Hermann Hoppe (Audience)

To these people, I would also say, if you are so smart, why ain't you rich?¹⁵ No, entrepreneurship cannot be taught. The only thing that economists can do for entrepreneurs is to help them avoid absolutely stupid mistakes. But that's the most that they can do. If you see the money supply going up all over constantly, and then people expect that prices will fall next year, obviously, they are making a big mistake. But those are the only things that we can tell them.

There are many successful entrepreneurs who are dumb when it comes to passing a microeconomics class with myself, but nonetheless, they are far richer than I am. Obviously, they have skills that I don't have, and you cannot teach these sorts of skills. If you could teach them, then you could not even explain why there are successful people and unsuccessful people because then there would be some sort of algorithm that you have to follow, and then you will be a successful man. I don't know anything about these artificial intelligence things so far, but some people think that artificial intelligence will allow us to make successful predictions in terms of the stock market.

I think that is also all nonsense. If that would really be the case, then all people would use the same sort of artificial intelligence and make the same forecast. But if all people make the same forecast, then these people will not be rich because all buy the same stocks. So, artificial intelligence will not help us. They help us to do certain routine things more easily. I think judges will have difficulties keeping their jobs in the same number because artificial intelligence will tell them all the judgments that were made in similar cases. People who write fundraising letters or something like that—there exist probably thousands of fundraising letters, and artificial intelligence will write a nice letter to tell people why they have to donate for this or that instead of employing deep thinkers to write these fundraising letters. Artificial intelligence can probably just turn them out in a minute for any type of purpose for which you want to raise funds. But entrepreneurship cannot be taught.

¹⁵ See also Stephan Kinsella, "*Verstehen* and the Role of Economics in Forecasting, or: If You're so Rich, Why Aren't You Smart?", *StephanKinsella.com* (Sep. 1, 2009; <https://perma.cc/TKW7-U92C>).

Peter Wong (Audience)

I have some statements to make in response to Doug as well as Dr. Hoppe's comment on Doug Casey. I try to defend the indefensible regarding newsletters because I'm currently a writer in a financial column. I don't know whether I should be classified as one of those newsletter producers, and in a way, maybe I'm also selling snake oil.

Personally, I write a financial newspaper column not because I want to teach people how to get rich—firstly, I'm not rich, so I cannot teach people how to be rich. But before I wrote the financial newspaper, I ran a think tank with Nick for a period of time. I tried to get donations from donors and offered the material basically for free regarding free-market teaching. From my point of view, it didn't work very well. It's free material, and not many people care.

But as soon as I put something financial on—what I'm saying is basically the same thing, but I just change the terms with different marketing—people listen to me. I have no intention of making them rich, and I think this is not teachable. Of course, I need to say something, "Oh, this company, based on my knowledge in economics, I think this company runs very well." I don't give the timing of when you should buy, I don't give the entry price, I don't give at what price you should sell. I just say, "This is a good company because they run it this way. I would love to own the share." But if you can make money or not, I have no guarantee.

In the past, I needed to get money from donors, offer the material for free, but as soon as I change the clothes, people pay me to say the same thing. I don't know the other people in the newsletter industry; maybe they just want to make money, maybe they just want to sell snake oil, but for me, it's just a market technique to draw eyeballs.

Doug French

Yeah, we agree on this, right? I give financial advice sometimes too. I just think that might be a good idea, or that one, no, I don't think I would touch that. Everybody does it. I think Josef is in that business also, right? You give advice. Say something.

Peter Wong

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Hans-Hermann Hoppe

Basically, we agree on this, right? I give financial advice sometimes too. I just think that might be a good idea, or that one, no, I don't think I would touch that. Everybody does it. I think Josef is in that business also, right? You give advice.

3

Teaching the Unteachable: The Teaching Entrepreneurship Racket

In order to succeed in business a man does not need a degree from a school of business administration. These schools train the subalterns for routine jobs. They certainly do not train entrepreneurs. An entrepreneur cannot be trained. A man becomes an entrepreneur by seizing an opportunity and filling the gap. No special education is required for such a display of keen judgment, foresight, and energy.

—Ludwig von Mises¹

Fox Business reported in 2016 that more than 2,000 colleges and universities in the US offer a course in entrepreneurship.² And why not? Fifty-four percent of Millennials want to start a business. Twenty years ago, fewer than 50 universities offered degrees in entrepreneurship.

¹ Ludwig von Mises, *Human Action: A Treatise on Economics*, Scholar's ed. (Auburn, Ala: Mises Institute, 1998; <https://mises.org/library/human-action-0>), p. 311.

² Emily Driscoll, "Entrepreneurship Courses: What Students Can Expect," *FOXBusiness* (Feb. 6, 2013; <https://perma.cc/5ABQ-BDWD>).

This chapter is adapted from Douglas E. French, "Entrepreneurship Can't Be Taught in a College Classroom," *Mises Wire* (June 21, 2025; <https://perma.cc/VX2S-6HTL>). As mentioned in the Preface and ch. 2, it was originally intended for presentation at the Property and Freedom Society.

In 2023, there are 150 entrepreneurship programs, including most of the top business schools in the country. The top ten schools for entrepreneurship include prestigious universities like MIT, University of California, Berkeley, Penn, University of Utah, Babson College, University of Michigan, Baylor, and North Carolina, Chapel Hill.

While querying Google “What is an entrepreneur?” pictures of these individuals appeared: Richard Branson, Steve Jobs, Bill Gates, Elon Musk, Jeff Bezos, and Oprah Winfrey. Branson has dyslexia, did poorly in school, never went to college, and reportedly started his first business at 16. Steve Jobs dropped out of Reed College after one semester. Bill Gates left Harvard after two years. Elon Musk earned a bachelor’s degree in economics and physics from Penn, but dropped out of Stanford after two days. Jeff Bezos graduated from Princeton University in 1986 with degrees in electrical engineering and computer science. Oprah Winfrey said in a commencement address, “So I got my degree from Tennessee State, right around the time I got my third Emmy.”³ That same year she was also in the beginning stages of launching her own production company Harpo Studios.

While all are (or were) great entrepreneurs, few earned college degrees and none were schooled in entrepreneurship. Media mogul Ted Turner studied the classics at Brown but was expelled before graduating. Kirk Kerkorian dropped out of the eighth grade. Sheldon Adelson attended City College of New York but did not graduate. For sure, none of these famous entrepreneurs took inane courses with titles such as: “Business Model Development,” “Corporate Entrepreneurship: Initiating and Sustaining Innovations,” “Business Problem Formulation and Solving,” or “Social Entrepreneurship in Action.”

Dina Dwyer-Owens—CEO of The Dwyer Group (now Neighborly)⁴ who informally teaches entrepreneurship courses at Baylor University—told *Fox Business*, “I actually spend a good 30 minutes in my presentation talking about the importance of getting clear about what your values are in operating your business and how you can attract the types of team members that are like minded,” she says. “You

³ Rayna Reid Rayford, “Oprah Tells Graduating Class That It Took Her 10 Years To Get Her College Degree,” *Essence* (May 9, 2023; <https://perma.cc/FJY8-68HH>).

⁴ Dina Dwyer-Owens (<https://www.dinadwyerowens.com/>); Neighborly (<https://www.neighborlybrands.com/>).

certainly want team members that have strengths and weaknesses that complement yours, but having the same values in mind is key in building a business.”⁵ “Values” and “team members” doesn’t sound like entrepreneurship but instead, political correctness.

In an utterly laughable statement, Ms. Dwyer-Owens claims students can learn how to identify and establish a strategic planning process for a future business through their coursework. The country should have successful entrepreneurs popping up like dandelions any-time now.

According to Ludwig von Mises,

What distinguishes the successful entrepreneur and promoter from other people is precisely the fact that he does not let himself be guided by what was and is, but arranges his affairs on the ground of his opinion about the future. He sees the past and the present as other people do; but he judges the future in a different way.⁶

A college degree is certification that the student has learned what was and is. Success at university is not formulating opinions about the future but to learn and memorize the opinions of professors, who learned from their professors, who learned from their professors, and so on.

Frank Knight distinguished entrepreneurs from other business-people by their willingness to act in the face of uncertainty. Entrepreneurs often don’t know whether their product will work, how it will be manufactured, who the customers will be, or how they can be reached. For Knight, in the face of uncertainty entrepreneurs act while others dither. Spending four or more years working toward a college degree is dithering, if nothing else.

For Israel Kirzner (according to Murray Rothbard), the entrepreneur is a person who,

upon seeing a \$10 bill in front of his nose, is alert to the existence of the money and leaps to grab it. The alert man will grab the \$10 note rapidly; the less alert man will take longer to see his opportunity and to take advantage of it.⁷

⁵ Driscoll, “Entrepreneurship Courses: What Students Can Expect.”

⁶ Mises, *Human Action*, p. 582.

⁷ Murray N. Rothbard, “Professor Kirzner on Entrepreneurship,” in *Economic Controversies* (Auburn, Ala.: Mises Institute, 2011; <https://mises.org/library/economic-controversies>).

But action by the entrepreneur alone is insufficient; others must be convinced and motivated.

University courses cannot teach what these three economists describe: innate qualities that the very few possess. Or, as Investopedia offers, “Entrepreneurship can be seen as the *secret sauce* that combines all the other factors of production into a product or service for the consumer market.”⁸

Early Apple employees describe Steve Jobs as being able to “convince anyone of practically anything.”⁹ Andy Hertzfeld—an engineer for Apple—said Jobs had a “reality distortion field,” a “confounding mélange of a charismatic rhetorical style, an indomitable will, and an eagerness to bend any fact to fit the purpose at hand.”¹⁰

Entrepreneurs must be able to persuade investors, lenders, vendors, employees, landlords and many others to suspend disbelief. To, as writers for the *Harvard Business Review* opine, “see the opportunity the entrepreneur sees: a world that *could be* but is not now.”¹¹

The entrepreneur must have an enormous appetite for risk. The 18th-century economist Richard Cantillon called entrepreneurs a “special, risk-bearing group of people.”¹² And with risk comes conflicts of interest and the opportunity to bend the truth.

While some may have the talent, they may not be able to, in a word, lie—and lie with conviction to the point they believe the lies themselves. Entrepreneurs are constantly trying to convince others so the

controversies), p. 282; also in *idem*, *The Logic of Action* (Edward Elgar, 1997); originally published as *idem*, “Professor Hébert on Entrepreneurship,” *J. Libertarian Stud.* 7, no. 2 (Fall 1985; <https://mises.org/journal-libertarian-studies/professor-hebert-entrepreneurship>): 281–286. See also Frank H. Knight, *Risk, Uncertainty, and Profit* (Boston and New York: Houghton, Mifflin Company, 1921; <https://tinyurl.com/2aw2rne2>).

⁸ Sean Ross, “Is Entrepreneurship a Factor of Production?”, *Investopedia* (Dec. 11, 2024; <https://perma.cc/9SP5-5J3F>) (emphasis added).

⁹ Walter Isaacson, *Steve Jobs* (Simon & Schuster, 2011), ch. 11.

¹⁰ *Ibid.*

¹¹ Kyle Jensen, Tom Byers, Laura Dunham and Jon Fjeld, “Entrepreneurs and the Truth,” *Harvard Bus. Rev.* (July–August 2021; <https://perma.cc/P5JE-7GYS>).

¹² Ross, “Is Entrepreneurship a Factor of Production?”; see also Richard Cantillon, *An Essay on Economic Theory*, Chantal Saucier, trans., Mark Thornton, ed. (Auburn, AL: Mises Institute, 2010 [1755/1931]; <https://mises.org/library/book/essay-economic-theory>) and Mark Thornton, “Turning the Word Upside Down: How Cantillon Redefined the Entrepreneur,” *Q. J. Austrian Econ.* 23, no. 3–4 (Fall/Winter 2020; <https://perma.cc/E42D-AZN8>): 265–80.

opportunities to stretch the truth are many, and they have a lot on the line. There is the asymmetric information problem. The entrepreneur is not starting or running a transparent company. He or she possesses information no one has and, thus, can easily exaggerate, or just plain distort the facts to suit their needs.

The *Harvard Business Review* writers cite a 2018 *Entrepreneur* magazine interview with Stonyfield Farm founder Gary Hirshberg. The yogurt vendor rationalized any untruths he told along the way as,

I think lying, if we want to call it that, which I guess is what it should be called, for the common good, because in the end it didn't help the vendors for me to go under either, is OK as long as you ultimately do deliver.¹³

The utilitarian ends justify the means, if everything works out OK. “[I]t is the greatest happiness of the greatest number that is the measure of right and wrong,” Jeremy Bentham wrote.¹⁴

Hirshberg saw himself as the champion not only for those involved in his business, but friends and family.

We were fighting for employees' jobs and our mothers' and mothers-in-laws' and friends' investments. Fighting for our lives. And I think anything goes, as long as you're not injuring anybody.¹⁵

After all, it's just business, right?

He wasn't doing anything that any other business person wasn't doing. Hirshberg said of his vendors, “It's not like they haven't seen it before.”¹⁶

The entrepreneur must stretch the truth to convince others he or she can predict the future when, in fact, that's impossible, but not radically impossible. Stephan Kinsella writes, “My view is the Misesian-Rothbardian-Hoppean one, which I understand to be that the future is

¹³ Quoted in Jensen *et al.*, “Entrepreneurs and the Truth.”

¹⁴ Jeremy Bentham, *A Fragment on Government* (1776; <https://www.earlymoderntexts.com/assets/pdfs/bentham1776.pdf>), Preface.

¹⁵ Quoted in Jensen *et al.*, “Entrepreneurs and the Truth.”

¹⁶ *Ibid.*

uncertain, but not radically so; that knowledge of economics laws can help, *ceteris paribus*—but that usually other factors are dominant.”¹⁷

Kinsella goes on to mention a conversation with an economist specializing in entrepreneurship, Peter Klein, who told Kinsella,

the question of why or how someone has the better skill at forecasting is really meta-economics—more of a psychological field, which is studied at Effectuation, from a Kirznerian perspective.¹⁸

Rothbard explained that

the forecaster attempts to predict the events of the future on the basis of present and past events already known. He uses all his nomothetic knowledge, economic, political, military, psychological, and technological; but at best his work is an art rather than an exact science.¹⁹

And:

This necessity of guessing the course of the relevant conditions and their possible change during the forthcoming action is called the act of entrepreneurship. Thus, to some extent at least, every man is an entrepreneur. Every actor makes his estimate of the uncertainty situation with regard to his forthcoming action.²⁰

Hans-Hermann Hoppe echoes Rothbard’s view, writing,

while economic forecasting will indeed always be a systematically unteachable art, it is at the same time true that all economic forecasts must be thought of as being constrained by the existence of a priori knowledge about actions as such.²¹

¹⁷ Stephan Kinsella, “*Verstehen* and the Role of Economics in Forecasting, or: If You’re so Rich, Why Aren’t You Smart?”, *StephanKinsella.com* (Sep. 1, 2009; <https://perma.cc/TKW7-U92C>).

¹⁸ See Effectuation.org “The Story of OneWorld Health” (May 10, 2016; <https://perma.cc/NP79-XVE8>).

¹⁹ Rothbard, “Praxeology as the Method of the Social Sciences,” in *Economic Controversies*, p. 41.

²⁰ Murray N. Rothbard, *Man, Economy, and State, with Power and Market*, Scholars ed., 2d ed. (Auburn, Ala.: Mises Institute, 2009; <https://perma.cc/XU3J-NRTQ>), p. 64, second emphasis added.

²¹ Hans-Hermann Hoppe, *Economic Science and the Austrian Method* (Auburn, Ala.: Mises Institute, 1995; www.hanshoppe.com/esam), p. 44.

As an example, the quantity theory of money, writes Hoppe, is not an empirical theory but a praxeological theory which would act as a logical constraint on prediction-making. “It means that in the long run the praxeological enlightened forecaster would average better than the enlightened ones.”²²

However, for the entrepreneur, the long run means little to nothing. There is money to raise, rent to pay, payrolls to make, and dozens of other pressing issues. The praxeologically-enlightened entrepreneur could go bankrupt waiting to be right in the long run.

What Rothbard and Hoppe call art, Ludwig von Mises called speculation. As he wrote,

Like every acting man, the entrepreneur is always a speculator. He deals with the uncertain conditions of the future. His success or failure depends on the correctness of his anticipation of uncertain events. If he fails in his understanding of things to come, he is doomed. The only source from which an entrepreneur’s profits stem is his ability to anticipate better than other people the future demand of the consumers.²³

It should be remembered that much of the foundational work on entrepreneurship and uncertainty was written while the US and many other countries were on a gold standard—a system which kept prices steady and, in many ways, decreased the number of financial market manias and panics vis-à-vis today’s fiat money standard, or (as Jim Grant terms it) the PhD standard.²⁴ Liquidity episodes are now common and banking panics come every decade or so. This environment creates more uncertainty for today’s entrepreneurs. The other change is the amount of regulation has exploded from all levels of government from when Knight and Mises theorized. As Peter Klein wrote in his book *The Capitalist and the Entrepreneur*,

When an industry is regulated, deregulated, or re-regulated, economic calculation becomes more difficult, and entrepreneurial activity is hampered.

²² *Ibid.*, p. 46.

²³ Mises, *Human Action*, p. 288.

²⁴ See, e.g., Nathan Lewis, “The Gold Standard Vs. The PhD Standard,” *Forbes.com* (Dec 07, 2016; <https://perma.cc/CYS2-5T8M>); William Maximilian Digby, “Replacing the gold standard with the PhD standard,” *The Intelligent Investor* (Mar 27, 2020; <https://tinyurl.com/z86hf9wc>).

It should not be surprising that poor long-term performance is more likely under those conditions.²⁵

One of the entrepreneurs mentioned above, Elon Musk, by some accounts is less an entrepreneur than a rent seeker, building his fortune on government subsidies. In a 2014 *Bloomberg* article, Barry Ritholtz wrote,

almost all of Musk's companies rely in some form on government subsidies or tax breaks. Tesla's earnings, according to *Forbes*, aren't derived from selling automobiles, but from selling "emissions credits mandated by the state of California's electric vehicle requirements."²⁶

The financial press desperately wants fresh, young entrepreneurial geniuses to report on. But the current, heavily-regulated, fragile financial system environment makes it more difficult for young entrepreneurs to blossom. Two of the most celebrated young entrepreneurs of the past decade—Elizabeth Holmes and Sam Bankman-Fried—are both serving prison time. Not so long ago, Holmes graced the cover of *Inc.* magazine which touted her as "The Next Steve Jobs."²⁷ *Fortune* featured a 30-year old Bankman-Fried on its cover asking if he was "The Next Warren Buffett?"²⁸

²⁵ Peter G. Klein, *The Capitalist and the Entrepreneur: Essays on Organizations and Markets* (Auburn, AL: Mises Institute, 2010; <https://mises.org/library/book/capitalist-and-entrepreneur-essays-organizations-and-markets>), p. 84.

²⁶ Barry Ritholtz, "Elon Musk: Visionary or Rent-Seeker?", *Bloomberg* (Feb. 28, 2014; <https://tinyurl.com/3z8umab6>), citing Patrick Michaels, "If Tesla Would Stop Selling Cars, We'd All Save Some Money," *Forbes* (May 27, 2013; <https://perma.cc/A7MY-9YKK>).

²⁷ See *Inc.*, October, 2015 issue (<https://www.inc.com/magazine/oct-2015>); Kimberly Weisul, "How Playing the Long Game Made Elizabeth Holmes a Billionaire," *Inc.com* (October 2015; <https://www.inc.com/magazine/201510/kimberly-weisul/the-longest-game.html>); Marco della Cava, "She was 'the next Steve Jobs.' Now, Theranos founder Elizabeth Holmes is charged with fraud," *USA Today* (March 14, 2018; <https://perma.cc/UA4X-72VD>).

²⁸ *Fortune* Magazine, August/September 2022 (<https://fortune.com/packages/august-september-2022/>); Tweet by <https://x.com/chrisdonovan> (Nov. 2, 2023; <https://perma.cc/YT5J-EB3Q>); Jeff John Roberts, "Exclusive: 30-year-old billionaire Sam Bankman-Fried has been called the next Warren Buffett. His counterintuitive investment strategy will either build him an empire—or end in disaster," *Fortune* (Aug. 1, 2022; <https://tinyurl.com/4yma8hj4>).

In his 2023 book *Chaos Kings: How Wall Street Traders Make Billions in the New Age of Crisis*,²⁹ Scott Patterson chronicles the stories of Mark Spitznagel and Nassim Taleb whose threefold trading strategy assumes; the future is impossible to predict, extreme events are now more devastating than many people assume, and drawdowns (failures) mean more than wins.

While it's clear entrepreneurship cannot be learned, the covid recession served to accelerate the number of entrepreneurship programs. Timothy Mescon wrote for AACSB (the Association to Advance Collegiate Schools of Business—International),

in March 2020—perhaps the most disruptive time of the pandemic—demand for entrepreneurship education was up 66 percent year-on-year. This is a strong indication that, during times of great crisis, students perceive new business creation as a catalyst for helping them overcome challenges and find opportunities.³⁰

Vincenzo Esposito Vinzi—dean and president of ESSEC Business School in France—noted, “Students increasingly consider entrepreneurship an efficient way to impact the world,” he said. “They realize that creating their own businesses or joining young and agile companies can provide significant opportunities to shape the world and solve environmental and social problems.”³¹ Again, this is not entrepreneurship but political correctness.

Descriptions of entrepreneurship programs do not mention risk-taking, acting in the face of uncertainty, forecasting, and speculation. These university programs are simply attempting to attract would-be lawyers or engineers with heady pronouncements that an entrepreneurship degree will allow them to make the world a better place, not by creating new products or services, but by saving the environment and solving society's ills.

Many entrepreneurs created through these covid-fueled programs will likely be failures, wasting not only the cost of the education but any

²⁹ Scott Patterson, *Chaos Kings: How Wall Street Traders Make Billions in the New Age of Crisis* (Scribner, 2023).

³⁰ Timothy Mescon and Edwin van Rest, “Entrepreneurship Is an Opportunity for Education,” *AACSB* (March 15, 2021; <https://perma.cc/VF64-WFCA>).

³¹ *Ibid.*

capital used to start their world-saving dreams. Thankfully for these entrepreneurial failures, a routine job awaits.

The title of this essay is, of course, a play on Walter Block's classic *Defending the Undefendable*.³² Rothbard's comment about *Defending*, that "many of 'our people' are not ready for this exciting and shocking adventure"³³ comes to mind as "our people" (Austrians) and others make their living teaching what can't be taught—entrepreneurship.

³² Walter E. Block, *Defending the Undefendable* (Auburn, AL: Mises Institute, 2018 [1976]; <https://perma.cc/AV69-VK8H>).

³³ Mises Institute Bookstore page for Block, *Defending the Undefendable* (<https://perma.cc/MNB7-HECY>); see also Rothbard's Foreword to same, at p. x: "This book will be an exciting and shocking adventure for most readers, even for those who believe that they are already converted to the merits of the free-market economy."

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¹ <https://perma.cc/FLV6-MMR8>

² Douglas E. French, *Early Speculative Bubbles & Increases in the Supply of Money*, 4th Expanded Edition (Palmetto Publishing, 2024; <https://perma.cc/4JLW-8BC4>); *idem*, *Early Speculative Bubbles & Increases in the Supply of Money*, 2d ed. (Auburn, AL: Mises Institute, 2009; <https://perma.cc/4SU8-XW6V>).

³ Douglas E. French, *Walk Away: The Rise and Fall of the Home-Ownership Myth* (Mises Institute, 2010; <https://perma.cc/E6JE-LE55>).

About the Property and Freedom Society

The Property and Freedom Society (PFS) was established in 2006 at the initiative of world-renowned libertarian philosopher and Austrian economist Hans-Hermann Hoppe (hanshoppe.com). The Inaugural Meeting and subsequent annual meetings have been held at the Hotel Karia Princess in Bodrum, Turkey. Programs and video of previous presentations are available on its website at www.propertyandfreedom.org.

The PFS is an international society for the promotion of “Austro-Libertarianism,” the economic and social philosophy most prominently represented during the 20th century by the Austrian economist Ludwig von Mises and his leading American student Murray N. Rothbard, and tying back to the 19th century French economists Frederic Bastiat and Gustave de Molinari.

As such, the PFS stands for an **uncompromising intellectual radicalism**: for justly acquired private property, freedom of contract, freedom of association—which logically implies the right to not associate with, or to discriminate against—anyone in one’s personal and business relations—and unconditional free trade. It condemns imperialism and militarism and their fomenters, and champions peace. In the words of Professor Hoppe in 2010, at the Fifth Annual Meeting:

After the first meeting, 5 years ago, here at the Karia Princess, my plan became more specific still. Inspired by the charm of the place and its beautiful garden, I decided to adopt the model of a salon for the Property And Freedom Society and its meetings. The dictionary defines a salon

as “a gathering of intellectual, social, political, and cultural elites under the roof of an inspiring hostess or host, partly to amuse one another and partly to refine their taste and increase their knowledge through conversation.” Take the “political” out of this definition—and there you have it what I have tried to accomplish for the last few years, together with Gülcin, my wife and fellow Misesian, without whose support none of this would be possible: to be hostess and host to a grand and extended annual salon, and to make it, with your help, the most attractive and illustrious salon there is.

For more information, see <https://propertyandfreedom.org/about>.

Douglas E. French is President Emeritus (2009–2011) of the Ludwig von Mises Institute. He received his Masters degree in economics from the University of Nevada Las Vegas under Murray Rothbard with Professor Hoppe serving on his thesis committee, after many years in banking industry. He is author and contributor to numerous books and articles, including the acclaimed *Early Speculative Bubbles & Increases in the Supply of Money* (2d ed., Mises Institute, 2009; 4th Expanded Edition, Palmetto Publishing, 2024), the first major empirical study of the relationship between early bubbles and the money supply, and *Walk Away: The Rise and Fall of the Home-Ownership Myth* (Mises Institute, 2010), a monograph assessing the philosophy and morality of strategic default.

This monograph is based on speeches from the 2022 and 2023 Annual Meetings of the Property and Freedom Society and a final article from 2025 concerning three forms of “rackets” endemic to the freedom movement: movements and institutes, financial newsletters, and programs that purport to “teach entrepreneurship.”



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