

FOR INTELLECTUAL PROPERTY

lute and she doesn't have to give a reason. Would anyone claim that it was ethical for the man to proceed as long as in his opinion he will do her no harm? What if he drugs her so that she has no recollection of the event? What if she never learns that it happened? Would his actions be ethical, or would they constitute the crime of rape? The obvious answers to these questions bear on intellectual property theft.

If I had an actress friend who was paid as a percentage of ticket sales, would I tell her that instead of buying a ticket I had watched an unauthorized copy of her movie on the Internet and expect her not to care? Would I watch it, but not tell her? Would it matter that she was my friend? What if I didn't know her? Would it then be ethical to watch the movie without paying? What if I was sure that she would never find out? What if most people approved of it? Would it then be ethical for me to do it? Would it be unethical of her to try to stop the unauthorized uploading and downloading? The ethical answers to these questions should also be obvious.

FINALLY, JUSTICE FOR ALL

GALAMBOS GAVE US some additional definitions which, along with those of property and coercion, would be part of what I'll call Galambosian Common Law.

Crime: Any successful act of coercion.

As previously defined, coercion is any attempted, intentional interference with property. Property interference can also occur unintentionally, such as by accident or through incompetence. To deal with all forms of interference, Galambos proposed a justice system that would be privately administered and based on restitution rather than punishment. Refusal to make restitution would itself be a crime. Although most people today aren't aware of it, this is generally how the common law justice system worked, and worked well, before the state gradually took over hundreds of years ago as a means of generating income for the rulers.³³

Injustice: A crime to which there is no recourse to the victim.

Justice: The elimination of injustice.

One of Galambos' goals was to reduce injustice to near zero via a proprietary justice system. Its major, profit-seeking participants would be arbitrators, investigators, security forces, and insurance companies. Various authors (see the Bibliography) have written brilliantly on how a state-free

³³ See Bruce L. Benson, *The Enterprise of Law*, in the Bibliography.

voluntary society would provide every needed product and service, including a justice system. Reading their analyses should firmly establish that a totally private, voluntary society would be both practical and successful. However, that is not a claim of perfection, but of relative success.

As Michael Huemer says, “The question is not whether anarchy is perfect, but whether it is better than government.”³⁴ I believe that Galambos would agree, although he would use his own definitions. What Huemer calls “government,” Galambos calls “state,” and he defines the words in a way that makes government the moral alternative to the immoral state.

***State:** Any organized coercion which has general accreditation and respectability by the people; a monopoly of crime.*

***Government:** Any person or organization which offers services or products for sale for the purpose of protecting property, to which the owners of property can voluntarily subscribe.*

Huemer defines “anarchy” not as a condition of *disorder*, but as a condition of privately-created *order*. In other words, as the opposite of a government that is coercive rather than voluntary, and which has a monopoly in the services rendered, or what Galambos calls a state. I believe that Huemer and Galambos are in complete accord here. However, Galambos pointed out that the Greek root of “anarchy” means “without leadership.” In that sense, Galambos said, he was not an anarchist. Instead, Galambos proposed that leadership be ideological, not political, and it was clear that he wanted to be a major part of that leadership.

In thinking about a voluntary, state-free society, and what should or shouldn’t be protected by common law, we must take into account the things we call incentives and disincentives. Any attempt to make ideas “free” by allowing them to be used without permission or payment will be perceived as a disincentive by innovators, entrepreneurs,

³⁴ “Michael Huemer Responds to Critics, Part 1”
<http://bleedingheartlibertarians.com/2013/08/michael-huemer-responds-to-critics-part1/>

and investors. In a society that accepts this practice, there will indeed be “free” ideas. Once again, that is what will be seen. But what will not be seen are the innovations that will never happen or, if they do, will not be introduced into that society’s marketplace. Innovators, entrepreneurs, and investors will have an incentive to move to a community where ideas are protected.

But, asks Kinsella, what is the net effect on society of protecting ideas? Is it good or bad? He answers that it’s “not clear” and “debatable.” In other words, he doesn’t know. But just look at the immense cost of doing so, he says. Shouldn’t the proponents of intellectual property have to justify this cost? However, the cost he’s referring to is not a free market cost, but that of the legislatively-created, coercively-enforced monopoly system under the state, with taxpayers coercively forced to foot part of the bill, and patent holders spending fortunes on both moral and immoral patent litigation. Galambos visualized a state-free world where private, profit-seeking companies would compete to provide the protection their customers wanted at the lowest possible cost. This is how all forms of property would be protected, and there is no reason why the cost of protecting intellectual property would be anything other than reasonable.

Kinsella also says that “it has not been shown that IP leads to net gains in wealth [of society].” But he’s ignoring his own premise: “Wealth maximization is not the goal of law; rather the goal is justice—giving each man his due.” Galambos would agree, and so would I, adding that protecting an individual’s property in all its forms satisfies that requirement. It follows that protecting individuals would have a positive net effect on society.

In addition, Kinsella says that if in the course of providing that protection you are going to “advocate the use of force against others’ property you should satisfy a burden of proof.” He’s referring to what he calls the “unethical violation of some individuals’ rights to use their own property as they see fit.” This is what political operatives call “spin.” What he’s referring to are the various actions that one might take in

defense of primary property. He wants us to “prove” that defending our property is ethical.

Further, he assumes that *aggressive* force is required. However, to employ principles that have already been stated, blocking someone’s fist as it races toward my nose, putting a deadbolt on my door, and making my ideas available only with my permission, are non-aggressive, ethical measures to defend my property. If my defensive measures fail and I am harmed, my actions to seek restitution from the aggressor via insurance or by directly obtaining a judgment in a private court are also ethical. So too would be my refusal to transact with the aggressor in the future, and the very real possibility that others would follow suit. To call any of these actions unethical because they might violate the aggressor’s right to use his property would void the moral concept of self-defense.

To achieve justice, all forms of property must be protected. Justice is not about society, but about the individual. Societal well-being will follow. As I heard John Stossel say, “Free people, left alone, will make themselves prosperous.” Being “left alone” means that your property in all its forms is not interfered with. Such was largely the case in roughly the first 125 years of the United States, producing the greatest increase in the well-being of the average citizen in the history of man.

THE FOUNDATION OF THE SCIENCE OF VOLITION

NOW I'LL INTRODUCE what I believe was Galambos' most important idea, the First Postulate of Volition. (There is a Second Postulate, but a discussion of it would go beyond the scope of this book.) All sciences have postulates. They are sometimes called axioms, or first principles. Galambos preferred "postulate" so I'll continue his usage. A postulate is an original premise of a science. It's where you start and what you build upon. Galambos' definitions regarding volition follow from this postulate.

The First Postulate of Volition: All volitional beings live to pursue happiness.

Despite my belief that this was Galambos' most important idea, it's a safe bet that you didn't feel the earth move under your feet as you read it. It is likely that because the phrase "pursuit of happiness" appears in the Declaration of Independence your brain took a shortcut and assumed that the postulate said the same thing. But that's not the case. Rather, as will soon be seen, it is a profound insight into human nature.³⁵

³⁵ Some might see a similarity between this and Ludwig von Mises' statement that human action is "the striving for happiness." This appears in his book, *Human Action*, Henry Regenery Company, 1966, p. 14. Galambos sold that book in the FEI bookstore, and had Mises as a guest lecturer. However, Galambos' formulation is clearer, and is by far the stronger statement about how things *are*, i.e., this is a law of nature.

For the postulate to be complete, it was necessary for Galambos to define “happiness,” and doing that required him to define “good” and “bad.”

Good: The subjective valuation of a preference.

Bad: The subjective valuation of a dispreference.

Happiness: The totality of all the ‘goods’ that a person has subjectively experienced throughout his lifetime up to the point he’s making the evaluation, less all the ‘bads’ that he has experienced.

On first hearing, some people will dispute the proposition that *everyone* is seeking happiness. For example, what about the person who is intent on committing suicide? With a little thought we realize that for him death is seen as the way to end his continuing and possibly increasing state of unhappiness. In his mind death would be subjectively preferable, a “good” thing.

Galambos was a great admirer of the Declaration of Independence and its significance in the march toward freedom, and he brought it up frequently. His insight was that although life and liberty are rights that can be secured contractually, *the pursuit of happiness is not a right, but human nature*. It is observable that all people pursue happiness during every waking moment. We can’t help it, and no one can stop us from doing it. I’m doing it now, and so are you. It’s what we do. This, said Galambos, is a law of nature. I believe that this is his most important idea because it drives everything else, underlying his definitions and proposed rules regarding individuals and society. All of them conform to and accommodate this fundamental truth.

To repeat and reinforce the concept, it is a law of nature, specifically human nature, that every person is pursuing happiness all the time. Therefore, any proposed social organization or law has to take that into account. Since it is impossible to violate a law of nature, attempts to do so will always fail, and there will be a net loss from the effort (although, per Bastiat, what might be *seen* are things like “free”

education). It follows that if we expect to have a society of freedom the rules must not ignore or attempt to violate this law just as we must not ignore or attempt to violate the law of gravity. It is a requirement that we acknowledge this law and work with it, as the Wright brothers did with the law of gravity when they invented the airplane. To Galambos, the first step was to make property—in all its forms—the central component of society.

I know that some people, perhaps most, would say, “Freedom as Galambos defined it might be possible, but it is a bad idea. Giving people 100% control of their property would mean that we couldn’t require them to pay for things that are good for them, as we can now by means of taxes. For example, who will build the roads?” Larken Rose, who is perpetually engaged in discussions of this sort, says that he often responds with another question: “How would *you* do it?” Quite often the skeptic will come up with a free market solution such as, “Well, I guess I would get some investors...” He says that they seem to know what to do, but “it has just never occurred to them that they are already in charge of themselves, their futures, and the future of the world.”³⁶

Many readers of this book will already be well-versed in how a market economy can deliver all of the property protection products and services now supposedly supplied by the state, so I won’t deal with that here. But what about property in ideas? As I understand Mr. Kinsella’s position, no matter how society is organized, whether under a state or without one, ideas should not be protected like other forms of property because to do so would be harmful to civilization. Not only would Galambos dispute that, he would claim that the protection of primary property is absolutely necessary. That’s because of the First Corollary to the First Postulate.

³⁶ Larken Rose, *The Most Dangerous Superstition*, published by the author, 2011, p. 171

A corollary is a restatement of a postulate. Galambos restated the First Postulate, which is, once again, “*all volitional beings live to pursue happiness.*” By restatement, we have this corollary.

The First Corollary to the First Postulate: All volitional beings live to acquire property.

We are all seeking to acquire property all of the time. This is a law of nature and is true without exception. (If you think there are exceptions, please wait for the discussions of philanthropy and altruism below.) If it is human nature to acquire property as Galambos says, then attempts to take property from us without our permission will be resisted and resented, which accounts for the poor results and outright failure of laws that do this.

Galambos’ definition of property to include ideas fits human nature. Just as we naturally say “*my life*” and “*my automobile*,” we say “*my idea*.” As with other natural phenomena, we don’t know *why* this is so, we just know that it is the way we behave. I believe that this behavior is seen in humans everywhere and that its universality explains the very existence of the term, “*intellectual property*.”

The anecdotal evidence in support of the above claim about human nature and ideas is overwhelming. It is essentially self-evident that we treat our ideas as our property. Everyone reading this will have had many ideas in his lifetime. Who hasn’t said, “That was *my idea*?” We have all encountered the expression, “I *gave* him that idea.” We’ve also heard, “He *stole* that idea from me.” We know what these expressions mean: our ideas are our *property*; our *property* was transferred as a gift, or our *property* was stolen.

But anecdotal evidence, no matter how compelling it might seem, can do no more than suggest what the truth might be. However, although Galambos taught that we must have scientific evidence to corroborate our contentions, to the best of my knowledge he never offered any in support of his hypothesis. It appears that it would have been impossible for him to have pointed to such evidence, because the research that

would have provided it had not yet been done. It remained for others to use the scientific method to verify what Galambos called a theory, but which in his own time remained an uncorroborated hypothesis.

In a way, Galambos was like Albert Einstein, who was supremely confident of the correctness of the Theory of General Relativity, but ultimately dependent on the observational corroboration provided by Arthur Eddington's experiment. We must remember that Einstein could have been wrong, and that Eddington and others could have failed to corroborate, or even falsified, his hypothesis. Galambos' hypothesis meets Karl Popper's requirement of falsifiability, but Kinsella has not falsified it. Rather, as you have already seen, published research corroborates Galambos, and you are about to be introduced to research that goes to the heart of the issue.

EMPIRICAL EVIDENCE SUPPORTS TREATING IDEAS AS PROPERTY

RECOMMENDATIONS AND RULES regarding property and property rights have traditionally been made by those in the domains of philosophy, religion, economics, politics, and law. Most of these fields do not involve conducting experiments following scientific method and subject to peer review. To be sure, experiments are occasionally carried out, but most research in the above disciplines involves data gathering and statistical analysis.

Galambos, for all his talk about scientific method and the need for corroboration of hypotheses, did not provide that for his own hypotheses, at least in a rigorous fashion. Even while I was his student, and now with hindsight and more experience, this is one of several things that I think he could have done better, and which would have made him better known, and possibly more influential, today.

The assertion that it is human nature to treat ideas as property is something that can be tested. Galambos could have provided the results of research had they existed when he was lecturing. But, as I now know, they did not, as he would have discovered. Alternatively, he could have sponsored such research and experimental tests, but he did not.

Around the time that I published the first edition of this book I decided to look for relevant research that might have been conducted by psychologists. In the field called experimental psychology, researchers can and do conduct experiments with humans. For example, some readers will be familiar with the Milgram Experiment and the Stanford

Prison Experiment. Through such experiments we may learn how humans behave in certain circumstances. Ideally we might learn how they *always* behave, but there is enough variability among humans, as volitional beings, to not expect such a result. However, through careful study we can learn how humans will *tend* to behave. When that can be established we then have no rational choice but to take it into account when proposing standards for societal organization.

There is one thing about which we are certain: all people *will* pursue happiness, with happiness being the subjective sum of perceived good things less perceived bad things. Putting this another way, all people live to acquire property, with property being a person's life and all non-procreative derivatives thereof, consisting of thoughts, ideas, actions, and tangible goods. Galambos proposed that society be built around this concept of property.

There is almost universal agreement that life and tangible things are property and that people should have rights to them. Societies that have experimented with not recognizing rights in either or both of them have failed, and disastrously so. Galambos argued that not recognizing property in ideas leads to the same result. The weak or non-existent protection of intellectual property, as well as the attempt to protect that property by using the coercive tools of the state, has contributed to mankind's sad historical record of war, poverty, and oppression. To Galambos, a world in which people have full control of their property in all its forms—his definition of freedom—would be a world of peace, prosperity, and liberty. This would not be an impossible Utopia, but it would be as close to it as we imperfect humans can get.

I contacted a prominent professor of psychology, asking whether he knew of any research into how humans naturally view property, and he was kind enough to refer me to several studies. My hope was that they would corroborate Galambos. Those papers led me to other professors, not just psychologists, but sociologists and lawyers, and to other papers. Several of the papers are listed in the Bibliography, and I believe that any serious student of how humans see property will want to read them.

In looking at the results of experiments designed to reveal human nature, the question that must always be asked is: does the observed behavior represent natural behavior or learned behavior? Is it nature or nurture? A common way to deal with this issue is to study the behavior of children at ages old enough to deal with the concepts, but young enough to reduce the possibility that their behavior is the result of nurture. Using this approach, researchers have studied children's attitudes toward property. It is here that we find corroboration of Galambos.

Anyone who has children or who has simply watched them knows that they have a strong sense of property rights in tangible things. Numerous studies show that children understand the concept of property and of who owns it at very early ages, perhaps even before language has been learned. Children's natural understanding of tangible property ownership and, equally important, of non-ownership, is well-established.

Some of the researchers who conducted studies of tangible property ownership suggested that children also have an understanding of intellectual property ownership, but conducted no experiments specifically designed to address that issue. For a while I was concerned that perhaps none had been done and, if not, two possible reasons occurred to me.

One reason would seem to be the apparent difficulty of investigating "ideas" when dealing with children. Does a child know what an "idea" is? It's relatively easy to deal with property in tangible things like teddy bears and toy cars, but can children's attitudes toward property in intangibles be studied at an age young enough to have not yet had them shaped by parents or others?

A second possible reason might be that perhaps few researchers are interested in the answer, or see the answer as so obvious that it needs no study. And yet, the answer will forever be important to the rules of every society, so we'd better not assume anything, and make sure that we've got it right. Galambos maintained that the very survival of our species depended upon it. *If he was right in saying that humans naturally think of their ideas as their property, then he was also right in saying that society must treat them so or suffer the negative consequences.* In his view the historical

failure to do so has led to most of society's problems, to include the phenomenon referred to as "decline and fall."

I've long believed that well-designed studies would show that children see their ideas as their property. After all, it seemed to me, what would be more likely to be thought of as your property than something that was born between your ears and still resides there? However, it remained to be seen whether any such studies had been done. Fortunately they had, and the results were as I expected.

In what may come to be seen as a historic series of experiments, researchers Alex Shaw, Vivian Li and Kristina R. Olson obtained results that are reflected in the title of their 2012 paper, "Children Apply Principles of Physical Ownership to Ideas." According to the Abstract, "Adults apply ownership not only to objects but also to ideas. But do people come to apply principles of ownership to ideas because of being taught about intellectual property and copyrights?" In an attempt to answer that question they sought to "investigate whether children apply rules from physical property ownership to ideas."

The researchers found that children as young as six "determine ownership of both objects and ideas based on who first establishes possession of the object or idea." In addition, "children use another principle of object ownership, control of permission—an ability to restrict others' access to the entity in question—to determine idea ownership." The Abstract concludes, "Taken together, these results suggest that, like adults, children as young as 6 years old apply rules from ownership not only to objects but to ideas as well." (See the Bibliography to download the full paper at no charge.)

So there we have it: empirical evidence that it is human nature to see ideas as property that can be owned, and to naturally apply the first occupier homesteading rule and the right to exclude. Is this study "definitive?" I won't go that far. But, combined with other studies and the apparent absence of evidence to the contrary, Galambos' conjecture seems solidly supported. (In truth, would anyone imagine that another study would show that children *don't* view ideas as property, or that they

outgrow it?) If the results of this research by Shaw, Li, and Olson are replicated by similar experiments, as I'm quite confident they would be, then the issue of whether to treat ideas as property will be as close to settled as anything in science can be, and there will be no other rational way to treat them.

It seems clear that, whether one likes it or not, people naturally treat ideas as property. But for the sake of argument let's say that Kinsella is right when he proclaims that ideas *can't be* property, so that even if it's natural for us to think of them that way, it is simply one of the many defects of our species. Even so, I would argue, if this is the way we humans *are*, the best thing to do would be to "humor us" and adopt moral standards and laws that treat ideas *as though* they are property. Not to do so would cause conflicts such as we see today when ideas don't have good legal protection. And since there is no harm in respecting ideas as property, as is amply demonstrated elsewhere in this book, there is no reason not to do so.

In addition, virtually every society and major religion endorses the principle of what Westerners call the Golden Rule, "Do unto others as you would have them do unto you."³⁷ The behavior that fits this pronouncement is to defer to an innovator's wishes regarding his ideas, just as you would want him to defer to yours. If you aren't willing to agree to his terms and conditions, then *leave his property alone*. It's as easy as that. Surely Mr. Kinsella would not have us violate this fundamental moral precept.

37 Galambos favored what he called "a better interpretation which is the double negative form: 'Do not do unto others as you would not have them do unto you.' That is not subject to meddlesome interpretation." SIAA, p. 92. My own formulation is, "Do unto others as you would have them do unto you, but get their permission first." (If you don't obtain it, you risk interfering with their property in a way that harms them. You can, of course, take that risk.)

ARE WE REALLY TRYING TO ACQUIRE PROPERTY ALL THE TIME?

AS ANTICIPATED ABOVE, someone might say, “Wait a minute, I disagree that everyone is always trying to acquire property. That doesn’t apply to me. I create ideas for the good of mankind, and I give them to anyone who wants them, free of charge. I spend countless hours writing articles and blogging, and I give my work away, all for the good of my fellow man. And what about all the scientists who are working on curing cancer and the like, and who gladly share their research, and the billionaire philanthropists who donate huge sums to worthy causes, and the poor people who still manage to give something to charity? Aren’t such acts the *opposite* of acquiring property? Isn’t giving your property away a selfless act of altruism? Doesn’t that prove that your corollary is false?” The answer is “No.”

To explain, we begin with Galambos’ definitions of profit and plunder.

***Profit:** An increase in happiness acquired by moral means.*

***Plunder:** An increase in happiness acquired by immoral means; property is converted to plunder when coercively transferred.*

We live in a world where profit and plunder are almost always thought of in terms of money or other tangible things. These are *secondary* property, and profits in the form of secondary property are *secondary* profits. People who are “against profit” are thinking of *secondary* profit. It is from this view that the catchy slogan, “people before profits,” was born. However, that phrase loses all meaning when we come to understand the other form of profit, *primary* profit. That concept shows us the truth of the corollary.

PRIMARY PROFIT

GALAMBOS SAW THAT with *primary* property, which is intangible, we can have *primary* profit, which is also intangible.³⁸ This, in my view, is a brilliant insight, and has great utility in understanding human behavior. Primary profit consists of things like the satisfaction one feels when reaching a goal, the increase in self-esteem from having done something moral in the face of temptation to do otherwise, or from helping someone, or the improvement of one's professional or personal reputation. This book is being written mostly for primary profit. Practicing the Golden Rule usually produces primary profit. Some people are motivated almost entirely by the prospect of earning a primary profit.

Framing these human emotions as a form of profit to correspond with monetary profit makes it possible to compare the two and to consider the fact that we make exchanges between them. When I pay to download a movie even though a pirated version is available “free,” I feel good about myself—a primary profit. I could watch the movie without paying and preserve my secondary property (money) but I choose to exchange that money for a primary profit measured in self-esteem. I also know that the “free” movie is not really free; the price I would pay to accept stolen property would be a reduction in my self-esteem—a primary loss. What's more, the stolen property in my possession would not be my property, because theft transfers control but not ownership. I would be

³⁸ It may be the same thing that Ludwig von Mises called “psychic profit.” *Human Action*, p. 289.

holding plunder and, if found out, would suffer a primary loss in the form of damage to my reputation.

The concept of primary profit explains what we call altruism. Galambos pointed out that there are no “selfless” acts, and no such thing as altruism in that sense. He said that Ayn Rand had made this point so well in her book, *The Fountainhead*, that “it would be a waste of time to put that into this course other than to refer to it.”³⁹ All “altruistic” acts represent an attempt to earn a primary profit and increase one’s primary property. Seen in this way, a donation of money to a charity, for example, is an exchange of secondary property for primary property in expectation of receiving a primary profit. The so-called “not-for-profit” organizations actually are *for* profit, but of the primary kind. Primary profit is a beautiful and useful concept.

All of us are pursuing happiness, and seeking to acquire property, all of the time. Both happiness and property come in different forms, and individuals ultimately pursue the kinds of property and profit they prefer. Galambos had an opinion about this that was shared by Mises. He believed that scientists and other producers of primary property are drawn to socialism out of the feeling that it is unfair that they, the ones with all the brains, and the ones doing really important things, make little money, while entrepreneurs engaged in mundane pursuits make millions. To Galambos and Mises this was envy, and Galambos referred his students to Mises’ book, *The Anticapitalistic Mentality*, for more on the subject.

The point is that the relatively low-paid intellectual and the high-paid business executive are pursuing the same thing: *profit*. The difference is in the type of profit they’ve chosen to pursue, and in how their results are measured. If profits and wealth are measured only in terms of secondary property, as they typically are today, the businessman seems rich and the intellectual poor. But when the measurement is made in primary property the opposite may be true.

39 SIAA, p. 276.

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When a society teaches children the concepts of primary property, primary profit, and primary wealth, its later adults will have that as part of their world view. One of the positive effects will be a reduction or even elimination of the envy that can be triggered by disparities in secondary property. Rather than despising the very idea of profit as they sometimes do today, and perhaps favoring schemes to forcibly redistribute secondary property, the producers of primary property will embrace profit in its primary form. Having pursued happiness in their own way, they will see that they have accumulated primary wealth. For many of them, perhaps most, the satisfaction of doing this will be enough. Others will explore ways to use their primary wealth to earn secondary profits.

PRIMARY CAPITAL

WHEN PEOPLE SEEK and earn primary profits from their investment of time and money in the process of formal education, or simply earn them from the experiences of their life, they accumulate primary wealth. This wealth can be used as *primary capital*. That capital can be invested to produce additional primary profits and, as noted, it can be used in the pursuit of secondary profits.

The production of secondary profits generally requires an investment of both primary and secondary capital. A person or entity that has accumulated primary capital and wishes to earn a secondary profit by, for example, licensing its use or directly manufacturing a product, will often need to attract secondary capital from licensees or investors. The surest way to attract such capital is to demonstrate that there is a large secondary profit potential and little or no risk of immediate competition. But if the primary capital becomes available to everyone without the permission of its owner via illicit “sharing” and becomes a “free good” subject to unrestricted use with no requirement to pay for it, its potential to produce secondary profits for the original primary and secondary investors will clearly be damaged or destroyed. It is ludicrous to contend that using someone’s primary property without their permission does them no harm because “they still have the idea.” The harm suffered by the primary and secondary investors can be both subjective and objective, and will be the basis for restitution.

OUR CHANGING PROPERTY PREFERENCES

BECAUSE OF GALAMBOS we now know that every human action is an action in the pursuit of happiness. We are all doing it, all the time. We are all seeking to acquire property in its various forms, all the time. We are all trying to come out “ahead” in everything we do, whether it is a primary gain or a secondary one. This can now be considered a *fact*.

What has long been understood (as the concept of diminishing marginal utility) is that as our secondary property needs are met and our secondary wealth increases, further increases tend to motivate us less. When this happens, the appeal of primary property and primary profit becomes relatively greater. We may engage in musical or artistic activities, or pursue learning simply for the fun of it. Some people will seek primary profit by engaging in activities that increase self-esteem. As discussed above, this explains the philanthropic activities of not just the wealthy, but of everyone.

Note: those persons receiving property via philanthropy are not getting it “free.” Property can never be acquired without cost, which can be tangible, intangible, or both. Once again, there is no such thing as a free lunch.

THE PROBLEMS OF PROPERTY OWNERSHIP

ALTHOUGH THERE ARE certain specific difficulties with the ownership of ideas, *all* property has problems associated with its ownership. It is impossible to have property without risk of loss. Let's look at some property ownership problems, category by category.

Primordial Property. Life has the problem that it must be *kept* alive. It's quite an effort to sustain a human life. We perish rather easily in temperatures that are outside a very narrow range, and we have to be sheltered and clothed in most conditions. There are also the problems of ensuring a supply of potable water, enough calories to avoid starvation, and the correct array of nutrients required for health. There are illnesses and injury, and there are animals and other humans who might attack us. We must work to maintain the property we have in our lives. But finally, despite our best efforts, we die and our primordial property falls to zero.

Secondary Property. Our tangible possessions present us with innumerable challenges. Every possession is subject to the possibility of theft or of destruction by accident, natural disaster or malicious action. Most things can be damaged in normal use, and eventually everything wears out or becomes useless through obsolescence. The more secondary property one amasses, the more effort must be put into taking care of it. And if you acquire a lot of material things there are those who would criticize you for your success, and attack you for having "too much," even though you acquired it by moral means.

Despite these problems and more, we are still eager to claim our lives and our tangible possessions as our private property. However, some societies have experimented with not treating them so. Those societies have failed, some spectacularly, with great loss of life and much suffering. Nevertheless, there remains a contingent that hasn't learned this lesson and still argues, if not for the outright abolition of private secondary property, then at least for its substantial redistribution by coercive means. It is well to remember that coercion is not limited to force, but can be by fraud, which may be used to "sell" various redistributionist social and economic policies by attempting to justify them as coming from the moral high ground. Every effort in this direction is an attempt to violate a law of nature and will fail, producing on net balance outcomes that are the opposite of those intended. Sometimes this is obvious, and sometimes we must look to Bastiat's identification of "that which is not seen."

Primary Property. In principle, this is the easiest property to care for. There is no required maintenance, and there are no physical problems. Ideas may lose utility over time, but they don't wear out in the conventional sense, and they can't be consumed. Ideas can be lost, but not destroyed. If lost, someone will inevitably discover them again, so the loss can be seen as a temporary setback at most. This is especially true in what we call modern civilization where the search for useful ideas is relentless.

Compared to other property, primary property seems to have few problems. However, there are three potentially significant ones, but they can be dealt with easily.

The first potential problem of owning primary property is what Galambos called "promiscuous disclosure." This means *non-contractual* disclosure. Promiscuous disclosure is analogous to giving control of one of your tangible possessions to someone without an explicit agreement as to its allowed use and their responsibility for taking care of it, or even proof that it's yours so that you can reclaim it without incident.

Galambos cautioned students against making promiscuous disclosures of ideas from his courses. But sometimes, spurred by their desire to get a friend, relative, or business associate to attend, they answered questions such as, "What's it about?" or "Tell me what you are getting out of it," by disclosing a tidbit from the course that they found particularly interesting. But, by being out of context, this usually made it harder to get the person to attend. It is important to note that despite the fact that Galambos had his students' written agreement not to disclose, he didn't use that as a legal club. He only mentioned the practical aspect of disclosure being counterproductive as a marketing tool.

Innovators themselves are capable of making the blunder of promiscuous disclosure. One can envision a drunken inventor blabbing his secrets in a bar, with a sober competitor listening intently. Although most promiscuous disclosures happen less colorfully than that, when an innovator makes a non-contractual disclosure he has begun to lose control of his primary property. In the worst case, he totally loses control and the idea becomes generally known and without an apparent owner.

From a moral perspective, unless coercion was used to pry the idea loose from its owner, anyone receiving an idea through promiscuous disclosure is free to use it. However the recipient might see it as taking advantage of another person's error and choose not to use it, following the Golden Rule out of consideration for his own self-esteem and reputation, as when one returns a lost wallet to its owner. Realistically, almost all ideas are of such little importance and value that they can be disclosed without any precautions. But for those ideas believed by their innovator to have present or future commercial value, care should be taken to document their development and register them in a way that establishes independency and creates the basis for borders.

The second potential problem has to do with those borders, which, as Mr. Kinsella correctly observes, must be *visible*. As a patent attorney, Mr. Kinsella has experience in the creation of the very documentation that makes them so. The patent process, fatally flawed though it is, at least attempts to make borders visible by articulating the details of an

invention and identifying the person who claims ownership. The same thing would be done in the state-free world envisioned by Galambos, except that unlike patents, the details would be disclosed only with the innovator's permission, such as in the course of selling licenses or proving independency. Mr. Kinsella would find plenty of opportunities to profit from his skill. In Course V-201, whose title is "The Nature and Protection of Primary Property," Galambos went into substantial detail about how innovators would register their ideas with companies that provided registration services on a proprietary basis. In addition, printed notices or markings could make it clear that someone had claimed ownership. Ideas that are well-documented have good borders.

The third potential problem that comes with the ownership of primary property also applies to secondary property. It stems from what is known in physics as the principle of least action, but as applied to volition. This was alluded to above as the desire to pursue happiness with the least effort possible, and in the ideal (but impossible) case getting something for nothing. With humans, the least action may be to use coercion, in the form of force or fraud, to obtain control of tangible property or the use of an idea. Knowing that humans have this underlying motivation, the solution is to make it *unprofitable* to act on it. The restitution-based justice mechanism envisioned by Galambos would make immoral behavior such as stealing far less profitable than moral behavior. He posited that crime of all kinds would be so unprofitable that the number of incidences would approach zero.

RESOLVING CONFLICTS OVER PRIMARY PROPERTY

THE RESOLUTION OF all disputes involving all forms of property begins with asking the question, “Whose property is it?” (Jay Snelson dubbed this question “the universal can opener.”) In general, we will be able to provide the answer via various items of evidence. The property owner’s wishes will then rule. But property borders for ideas may not always be clear, especially for less important and/or poorly documented ideas. If the question of their ownership is unanswered and the idea is minor, there is unlikely to be any conflict.

However, when the idea is a significant one, the border will usually be very clear. That is because from the outset the innovator himself knows that it is *his* idea and if the idea is a “big” one, he is unlikely to forget that he thought of it. If he cares about establishing his ownership he will register and document it. If it is not his idea, then by definition it

is someone else's, and to claim otherwise or to use it without permission would make him a primary property thief.⁴⁰

Moral behavior requires that we determine whose property it is and the terms of use. This will not be hard because databases will contain this information. Nor will it be a frequent task. The duty of establishing ownership and securing the use of ideas will be that of product manufacturers and service providers, not consumers, with the cost built into the selling price.

When there are competing claims about the ownership of an idea and the conflict cannot be resolved by the parties, if the idea is important enough to pursue a resolution then the insurance and arbitration

40 Murray Rothbard believed in intellectual property (IP), as can be seen in his opus, *Man, Economy, and State, The Scholar's Edition*, Ludwig von Mises Institute, 2004, pp. 745-750, under the heading, "Patents and Copyrights." However, problems begin when, on p. 11, he introduces the concept that one of the factors of production is the "technological idea" (clearly IP) that is turned into part of a "plan" (clearly IP) that becomes a "recipe" (clearly IP). He goes on to say that once the recipe is learned it doesn't have to be learned again, and becomes "an *unlimited* factor of production" that "never wears out or needs to be economized by human action." True enough: ideas don't wear out and can be used by an unlimited number of people. But then, perhaps without realizing it, he makes a giant leap. He says, "[The recipe] becomes a general condition of human welfare in the same way as air." However, he neglects to tell us by what means the recipe goes from being someone's property to being a free good. How does the idea make the transition from being protected by contract, which was Rothbard's concept of protection, to becoming free like air? I don't think that Rothbard knew, and quite possibly never focused on it. But surely he wouldn't have approved of theft as a legitimate mechanism. (Rothbard's mentor Mises addressed the issue in the same way in *Human Action*, p. 661. If either of them answered the question elsewhere—or if anyone else has—I would appreciate being told.) Fortunately, Galambos gave us a workable answer, much of which is described here.

mechanisms can be brought to bear. Insurers and arbitrators and their agents will do detective work and employ various tests for independency of discovery or creation. So-called “reverse engineering” would not be an independent creation, but theft.⁴¹

In Galambos’ view, each bona fide independent innovator has the same ownership rights to the innovation as the first innovator. This position was shared by Lysander Spooner⁴² and Murray Rothbard.⁴³ Without a state, no monopoly rights are awarded as they are today with patents. There is no special status accorded to the person who first had the idea other than what we might call “bragging rights.” Although a competitive advantage would probably accrue to whoever was first with a marketable innovation, that advantage would not be protected against competition from a later independent innovator. (Galambos remarked lightheartedly that as a high school student he was quite excited to have discovered a mathematical principle, only to learn that it already had a name—the binomial theorem—and had been discovered by Isaac Newton more than 250 years earlier.)

The fact that all independent innovators have equal standing eliminates one of Kinsella’s biggest concerns. He fears the consequences of an innovator owning an idea in perpetuity and controlling the use and further development of that idea, to be succeeded by generations of heirs who had nothing to do with the innovation. Quoting Kinsella, “No one

41 In Course V-201 Galambos suggested nine tests of independency to determine the legitimacy of claims. And now in today’s Internet world anyone can create a secure historical record of his work by keeping automatic backups via such services as Carbonite. A real innovator will be able to document the lineage of his innovation, whereas a copycat will not. Backups could be designed to be unalterable, with no deletions or backdating possible, thereby preserving every step of an innovator’s journey. This would provide a strong defense against false claims of independency, as dishonest claimants would not be able to produce such a record.

42 Lysander Spooner, *The Law of Intellectual Property*, pp. 68-69. (See Bibliography.)

43 Murray N. Rothbard, *Man, Economy, and State*, Ludwig von Mises Institute, Scholar’s Edition, 2009, p. 748.

would be able to manufacture—or even use—a light bulb without getting permission from Edison’s heirs.”⁴⁴ Galambos’ idea of giving equal status to independent innovators, inherent in his definition of property, makes this a non-problem. In the worst possible case, society simply has to wait for the independent innovation of the same thing or something equivalent or even better. No one has a right to “have it now,” or a right to have it at all, let alone a right to steal it, regardless of the “social benefit.” Arguments to the contrary smack of an entitlement mentality.

If we have to wait, market mechanisms will ensure that it won’t be for long. Ideas are only valuable because they fill some perceived need. The greater the need, the more people will be trying to meet it, and the sooner the solution will occur to another innovator. Perhaps that innovator will have an even better idea, thereby damaging or even destroying the value of its predecessor. As it happened, Thomas Edison’s competitor, Nikola Tesla, not only had a competing light source (fluorescent) but a competing and ultimately victorious system of power delivery—alternating current. This sort of thing has occurred over and over again. Matt Ridley makes a convincing case that it is in fact the norm, noting, as just one of many examples, that at least 23 people invented versions of the incandescent bulb before Edison. Sole possession of an innovation for which there is no substitute is likely to be fleeting.⁴⁵ More will be said about this in the Appendix, to include the role of Edison’s and other innovators’ heirs.

In an environment where technological and scientific development is proceeding at a rapid rate, and where there is no state and therefore no coercively-enforced patents, the feared monopolies charging “outrageous” prices will be short-lived. And when they come into existence the surest way for the enterprise to survive is to maximize profits, which almost always comes from low prices, high volume, and continued innovation.

44 The “use” claim is silly. Few light bulbs would be sold without the right to use them freely, and the impracticality and virtual impossibility of anyone tracking such use is obvious.

45 Matt Ridley, *The Evolution of Everything*, HarperCollins Publishers, 2015, page. 119.

AN UNAPPRECIATED VIRTUE OF PRIMARY PROPERTY

UNLIKE A CAR, a chair, a piece of pie, or any secondary property, *the use of the same primary property can be sold to multiple users who can use it simultaneously.* This is a benefit to both innovators and users. The innovator can spread his development costs over many sales, thereby allowing him to make use of the idea available at an affordable but still profitable market price. His rational goal is to maximize his profit, and that is usually accomplished by selling things in large numbers. It is seldom, if ever, accomplished by selling just a few things at a high price when the demand is for many examples of the item. (Many of us remember the hardwired “car phones” that only the wealthy could afford. Now there are literally billions of handheld and vastly more capable devices that are affordable for almost everyone.)

It is a fallacy that protecting the ownership of primary property by the means described here will choke off production of useful things. Rather, it will lead to increased production because innovators, entrepreneurs, and investors, incentivized by the prospect of earning primary and secondary profits, will know that the market value of their property will not be destroyed by theft. Therefore, they will not be deterred from innovating in the first place, nor will they have to build an estimate of the theft risk into the selling price of their innovation, thus enabling a lower price to the purchaser. Additionally, the knowledge that an independent innovation of the idea, or of a substitute idea, might come into the market tomorrow, gives them an incentive to keep the price low and continue to innovate. In any event, unless we want a society where

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stealing is approved as a way of acquiring property, we have to live with the outcome of accepting the ownership of ideas, and allowing the market to set the price of their use.

CONCLUSION

IDEAS ARE PROPERTY, and should be treated as such. Kinsella's argument to deny this fails because

- It attempts to violate human nature.
- Something need not be scarce to be property.
- Even if scarcity were required, the ideas that matter *are* scarce.
- Ideas can be homesteaded and justly owned by more than one person.
- Ideas can have visible borders.
- Treating ideas differently from other property violates Occam's razor.
- Protecting one's ideas does not unethically control the property of others.
- Using ideas without permission is not always harmless.
- Using ideas against the owner's wishes violates the Golden Rule.
- The ownership of ideas by innovators will not choke off civilization's growth.

Galambos' argument succeeds because

- It is human nature to treat ideas as property.
- Ideas meet Kinsella's own criteria for treatment as property.
- His definition of property conforms to Occam's razor.

- Ideas are automatically owned in perpetuity.
- Protecting ideas is beneficial to both the individual and society.
- Not protecting ideas can harm both the individual and society.
- Respecting property in ideas is consistent with the Golden Rule.
- Keeping track of ideas will not be costly or cumbersome.

Although the first edition of this book was shorter and less robust than what you are reading here, the counter-arguments to Kinsella and the Galambosian principles I have presented are largely the same. Together with the added empirical evidence they represent an existential threat to Kinsella's position, in which he is heavily invested as an author and lecturer.

When the first edition was published on the website of The Voluntarist, Mr. Kinsella quickly posted the first comment: "It staggers the mind that a libertarian site would publish this complete and utter nonsense. Wow." This was a disappointing reaction from a supposed intellectual, appearing to be a preemptive strike in an attempt to dissuade others from reading—let alone re-publishing—something that challenged his opinion.

Rather than providing facts and reasoned argument to show why it was "nonsense"—or why *even one* of its points was wrong—in a series of comments Kinsella simply labeled them "stupid arguments" which he claimed to have "already rebutted" and "debunked." He doesn't tell us where, and in whose opinion, he succeeded in this. In my view, it is his arguments in *Against Intellectual Property* which have been rebutted and debunked. He went on to label me a "well-intentioned half-wit." Here I'll agree in part: I am well-intentioned.

Kinsella dealt with Galambos by saying that his ideas are "as bad as naziism [sic], fascism, taxation, Georgism, the drug war," are "evil stuff," "completely unlibertarian," and "would lead to human genocide." To him, "Galambos had no interesting ideas that I can see. He was a

complete nutcase.” (Apparently he forgot about his praise for Galambos’ Course V-76.)⁴⁶

He ignores or doesn’t understand the fact that any decision to use Galambos’ ideas would be entirely *voluntary*, their operation is inherently *coercion-free*, and people can *stop using or modify them* if they don’t like the results. And surely they would do that if any of Kinsella’s predicted consequences came to pass.

I find Mr. Kinsella’s pronouncements to be baffling, and the ad hominem attacks unworthy of a supposed intellectual leader. The most charitable conclusion I can come to is that he still does not know what Galambos’ ideas are. We cannot be blamed for what we don’t know unless our ignorance is willful. This book should remove all doubt as to what Galambos proposed, but if uncertainty remains I’ll do my best to explain it further on request.

My claim is not that those ideas are perfect (although I think they’re close), but that implementing them would make things better than they are now—significantly better. I don’t know of any proposals that are superior.

Ideas, especially those claimed to be good and important, as Galambos said his were, should be challenged and tested. If after reading this book Mr. Kinsella or anyone still believes that ideas shouldn’t be treated as property and that a society based on Galambosian principles would suffer net negative consequences, I ask them to make explicit, step-by-step predictions of the specific things that would happen—a chain of events—which would result in a bad outcome for society. Real world examples would be even better. It’s not enough to simply assert that Galambos’ ideas will produce disastrous consequences. Intellectual

46 The original version of this book from June, 2015, and all comments, are archived at http://voluntaryist.com/property/boren_ip.html#VlpJPcaFOHs

honesty requires the rigorous application of facts and reason, and adhering to the outcome.⁴⁷

As I review the above I cannot know whether I have said too much or too little. I cannot know whether my explanations are clear and satisfactory, or have further clouded the issues. I could make this book much longer, but then I would be teaching Galambos' courses, and my goal is only to counter the arguments of those who are against intellectual property, and to show you the basics of the Galambosian alternative.

Free people make their own rules. I think you will conclude that rules based on the principles set forth by Galambos would result in a society that was just, peaceful, and prosperous. I believe that it is possible to build a society where moral behavior includes respecting each other's property rights in ideas, meaning specifically not using them without permission. I can see no harm to society in that.

If you have questions, or challenges, or would like to discuss these issues, to include how to put the ideas into action, I would be glad to correspond with you, time permitting. Please email richard@galambos-fei.com.

47 Richard Dawkins gives us this inspirational and memorable tale of intellectual honesty. "I have previously told the story of a respected elder statesman of the Zoology Department at Oxford when I was an undergraduate. For years he had passionately believed, and taught, that the Golgi Apparatus (a microscopic feature of the interior of cells) was not real: an artefact, an illusion. Every Monday afternoon it was the custom for the whole department to listen to a research talk by a visiting lecturer. One Monday, the visitor was an American cell biologist who presented completely convincing evidence that the Golgi Apparatus was real. At the end of the lecture, the old man strode to the front of the hall, shook the American by the hand and said — with passion — 'My dear fellow, I wish to thank you. I have been wrong these fifteen years.' We clapped our hands red. No fundamentalist would ever say that. In practice, not all scientists would. But all scientists pay lip service to it as an ideal — unlike, say, politicians who would probably condemn it as flip-flopping. The memory of the incident I have described still brings a lump to my throat." Richard Dawkins, *The God Delusion*, pp. 283-4

APPENDIX: THE MORAL TREATMENT OF PRIMARY PROPERTY IN THE MARKET

I'D LIKE TO bring into sharper focus the feasibility and beneficial outcomes of using the principles and definitions you've just read. I'll begin by introducing another Galambos concept, a convenient system of notation to be used in discussing property. Influenced by his background in mathematics and the physical sciences, Galambos identified the three types of property—primordial, primary, and secondary—by using the written notations P_0 , P_1 , and P_2 . In lectures, he would verbalize primary property as “P one,” and secondary property as “P two.”

In correspondence with other former Galambos students I've noticed some of them typing P1 rather than P_1 and P2 rather than P_2 . What a relief, at least for me, who struggles at the keyboard. I have adopted this new convention. From here on, primary property is P1, and secondary property is P2.

Let's envision a society operating on the principles identified by Galambos. As part of the basic instruction given to children by parents and teachers, P1 will be considered to be property just as P2 is today. Children will learn that it is wrong to steal, and that stealing applies to P1 as well as P2. Children will learn to respect other people's property rights, and those include P1 as well as P2.

Children who are educated and trained in this way will always see ideas as property, in accordance with their natural instinct. They will never look at them any other way. Children will learn that everyone is

seeking happiness, and that it is a perfectly normal pursuit which they can't help doing, so their own pursuit of happiness is nothing to be ashamed of. They will be taught that morality consists of not interfering with anyone else's property, whether it is P0, P1, or P2. (You can, of course, teach these things to your children today.)

The total number of items in the property category of P1 is beyond counting. For example, my decision regarding the placement of a lamp on my desk, or which drawer is best for my toothpaste, is P1. The design of a restaurant menu is someone's P1. The ingredients and manufacturing process of a given kind of plastic is someone's P1. A Facebook post is someone's P1. Everyone's opinions are their P1. We live in a sea of P1, with the vast majority being of no use to anyone other than its owner, not necessarily of very high quality, and not very important, even to that owner.

Out of this enormous quantity of P1, some of it may have a little utility and a little importance to someone other than the owner, but not enough to have what we call "commercial potential," which is to say the possibility of P2 profit from licensing it. Such P1 is generally given away at no charge when the occasion arises. We are far more generous with our P1 than with our P0 or P2. Why? Because in most cases others can use it without any perceived harm to ourselves.

For example, perhaps I have discovered an outstanding new restaurant. This knowledge is my P1, but I'll give it away to my friends without charge in exchange for the P1 profit of the good feeling I get from giving them something of value, which is enhanced if they say, "Thanks for telling me." Perhaps some of my P1 pertains to my job, where creating and using P1 is part of it, and I receive both a P1 profit in the form of the satisfaction of doing the job well, perhaps compliments from others, and a P2 profit when my contribution is rewarded by a bonus or a promotion. Perhaps I'm part of a collaborative effort, where ideas flow back and forth and no one keeps track, but all enjoy the P1 profit of achieving something that couldn't be done on one's own. The fact is that the vast majority of P1 is not kept secret or hoarded, but is intentionally given

away by its innovators via non-contractual disclosure, and is available to everyone.

Now let's talk about P1 that is good enough and important enough to have evoked Mr. Kinsella's fear that allowing the innovator or his heirs to control it in perpetuity would be a disaster for society. I do not share that fear, because it is the protection of the individual and his property that should be our objective. Our access to other people's property is of secondary importance, and must be on terms voluntarily agreed to by them. I have no right to anyone else's property, nor does anyone have a right to mine. When we as individuals have 100% control of our property—in other words, freedom—society will be benefitted, not harmed.

You're about to see that Galambos' ideas serve both the individual and society. What follows is my interpretation of his model, although such was his confidence that I'm sure that he saw it not as a model, but as the way things will be. It was disclosed in great detail in V-201, but is presented here, and only in part, as a conceptual framework. I believe that market forces will no doubt cause deviations from the Galambos model when it meets the real world, so leaving the details out at this point should not matter to your comprehension.

In the Galambosian model, owners of P1 will be able to register it with one of presumably many companies in the P1 registration business. These and other companies may serve simply as "idea vaults" or they may even compete for P1 as "inventory," and seek P2 profits from representing the innovator in the market just as agents represent authors, actors, and athletes today. Such companies will identify potential customers for the P1, acting as the innovator's agent, and isolating him from the fray. Using the principle of the division of labor, each participant will be free to do what he does best. Innovators can specialize in innovating, and the P1 matchmakers can do what they are in business to do: earn a P2 profit for themselves and their innovator clients.

There are an infinite number of contractual terms that can be arranged between the P1 owner and the P1 user. One arrangement might be a one-time payment for unlimited use of the idea; another might be

payment based on gross sales; another might be based on net profits; still another might be a set amount for each unit sold. One of the beauties of free markets is that the terms of contracts can be anything the parties want.

Please keep in mind that P1 itself cannot be sold, only its use. Reflecting that fact, payments to innovators might go on for some time, particularly for important P1. The usual term for this is “royalties.” A system of ongoing royalties fits the fact that P1 ownership is perpetual. Therefore, as long as the innovation is in use, the owner or his designee will receive whatever P2 revenue is produced. And, since it would be immoral to use an innovation without permission, the innovator, and then his heirs or other designated entities, will control the terms of use forever. It is this prospect that seems to concern Mr. Kinsella. However, the possibility of a negative outcome is so unlikely that we can safely ignore it, as will be seen.

Galambos proposed that when an owner chose to sell the use of his P1 rather than give it away it would be made available in one of two ways. The first way would be entirely conventional, with the innovator setting the price and terms of use and offering it to the market. In general, P1 being offered on the market for the first time, especially significant P1, would be licensed in this way.

The second way, although unconventional today, would become quite common. After a period of time as decided by the P1 owner, and presumably after consulting with his P1 marketing agent, the P1 would be made available to anyone who wanted to use it. Users would be allowed to pay whatever they thought it was worth, as long as their payment was greater than zero.

Although the second way would usually be reserved for “old” P1 that might be nearing the end of its market life, nothing would preclude an innovator from offering his P1 to the market in this way from the outset.

No matter how the P1 was made available, Galambos’ vision was that two standard clauses would always be included in the contract. In the first clause the user would be required to agree not to use the P1 for any coercive purpose. It was Galambos’ assessment that, in contrast to the “evil scientists” depicted in fiction, innovators, especially major ones, are not

interested in seeing their innovations used for anything other than good. By treating ideas as property, the innovator would have the power to impose conditions on the use of his PI, and could ethically forbid using it for coercion. Anyone who violated the clause could have their contract voided and might have to pay contractually set penalties and/or be required to make restitution, to say nothing of suffering a reputational loss.⁴⁸

One could argue that the potential for reducing coercion in society by this means is all the justification we need for treating ideas as property. There is a certain parallel here with the “men of the mind” in Ayn Rand’s novel, *Atlas Shrugged*, who went on strike and withdrew their services from all who used them unjustly and for negative purposes. Rand never gave up the idea of political government, but Galambos did. And he created the means—acknowledgment that ideas are property—by which the men of the mind could triumph without having to strike and retreat to Galt’s Gulch, or anywhere.

In the second standard clause, the user would be required to agree to give credit to the innovator for the development of the PI. This would create a historical record, help maintain borders, facilitate expressions of gratitude, and ensure that revenue was paid to the proper persons.

If a prospective user objects to these or any other terms he can attempt to negotiate them away. But, failing that, he must either accept them or not enter into the contract. No matter what, because his decision is voluntary the outcome will be moral, and will in no way constitute an unethical interference with property as claimed by Kinsella.

Galambos believed that these ways of handling PI would become the normal way of doing business. The “pay what you want” feature would be

48 In the present world of patents, courts frequently award monetary damages to holders of patents that others have infringed, even when the patent holder is not using the patent or is not even planning to use it, and has suffered no actual damages. See, for example, the discussion of “submarine patents” in *Against Intellectual Monopoly*, pp. 84-87. In sharp contrast, in a patent-free, restitution-based system, arbitrators will be unlikely to award compensation without actual damages or likely foreseeable damages, and will never award them when independent innovation has not been proven.

just one of many factors working to eliminate the possibility of bringing civilization's progress to a halt due to unaffordable royalties. Although we might pay Edison's heirs, we won't pay them much, as will be seen. However, an obvious question is why would any innovator, other than one who was a naïve idealist, agree to the "pay what you want" plan? Wouldn't he be leaving P2 profits on the table? Those questions are answered by the laws of economics.

A major factor is that although an innovator owns the P1 forever, unlike the present patent system there is no time when he can prevent others from offering the same thing if it was independently innovated. Innovators who come later have the same rights, and are free to contract with interested parties. Therefore, the clock is always running. Someone else may soon create the same P1, or perhaps a comparable or even better alternative. Other things being equal, the market value of the original P1 will shrink once a competitor comes onto the scene. Both licensors and licensees will have this in mind when agreeing to the original price and terms of the license, helping to keep the price down from the beginning.⁴⁹

In a market economy, by definition the price and terms of the license will be a *market* price, agreed to voluntarily. Since innovators cannot force us to buy the use of their P1, those whose asking price is more

49 A case in point is that of the Wright brothers, who were acutely aware of potential competition while they were negotiating license fees. In letters to Octave Chanute, dated October 10 and November 18, 1906, Wilbur Wright said, "... we are convinced that no one will be able to develop a practical flyer within five years. This opinion is based on cold calculation. It takes into consideration practical and scientific difficulties whose existence is unknown to all but ourselves. Even you, Mr. Chanute, have little idea how difficult the flying problem really is... We do not believe there is one chance in a hundred that anyone will have a machine of the least *practical* usefulness within five years. ... It is the complexity of the flying problem that makes it so difficult. It is not to be solved by stumbling upon a secret, but by the patient accumulation of information upon a hundred different points, some of which an investigator would naturally think it unnecessary to go into deeply. This is why we think a quick solution impossible." *The Papers of Wilbur and Orville Wright, Volume Two*, ed. by Marvin W. McFarland, Arno Press, 1978, pp. 729-30, p. 738.

than the highest bid will have no sales. The world will move on without them, and eventually the P1 in question will be made available from an independent source, or there will be a substitute for it, at a price the P1 users are willing to pay. How long will “eventually” be? Not long, if the demand for the P1 is high. In fact, it might happen very quickly. The original innovator may respond by lowering his price rather than “sitting tight” with no sales and taking the risk that the market value of his innovation might go to zero if a competitor appears. Alternatively, the prospective licensee may reevaluate his position and decide to pay the higher price.

Better innovations will be surely developed, making their predecessors obsolete. We know this from observing our world, where obsolescence is expected. I imagine that the patent for the rotary phone dial (“What’s a ‘rotary phone,’ Grandpa?”), even if still in force, would not have much value today. An innovator, realizing this (and once again with the advice of his agent, who does this for a living) will reach a point where it makes economic sense to release the P1 to everyone, essentially adopting a mass marketing approach, hoping that increased sales volume will work to offset his lower P2 profit per unit.

One possible problem with the “pay what you want as long as it’s more than zero” format is that a user of the P1 might pay virtually nothing, thus technically satisfying the “more than zero” requirement while providing no significant P2 benefit to the owner. Galambos acknowledged that this (known in economics as “freeriding”) could happen. However, he believed that anyone who did this would find it difficult to bargain for other P1 in the future. (“Aren’t you the guy who only paid one dollar for the right to manufacture that widget?”) Just as a “big tipper” might get special service at a restaurant, a person that pays generous voluntary royalties will be remembered, perhaps by being given the “first look” at new P1, while the cheapskate might not be given access to it at all. It remains to be seen whether this system will work in the real world exactly as Galambos described it. Remember, it’s a model, but I have confidence that its fundamental premises are sound.

The ultimate fact of economics that will keep innovators from holding the world hostage is that users of P1 cannot pay more in total royalties to providers of P1 than the profitability of the enterprise will support. Left alone, rational business operators will only do things that they believe will be profitable. For example, let us say that a startup business decides that it can afford to pay royalties of no more than 10% of its gross revenue. Suppose that it needs to use three different items of P1, and each innovator asks for a royalty of 10%, amounting to a combined 30% of the new company's gross revenue. As a result, the new business might not move forward at all. But, more often, a compromise will be reached at the negotiating table. I think the reader can see many ways in which this could be resolved. Simply put, the market will settle this, and innovators will be paid a market price, with all the ramifications that implies.

In worrying, as some do, about all the possible ways in which an innovator might impede the progress of civilization by restricting access to his innovation and/or pricing it so high as to be unaffordable, it is easy to overlook the usual case. Innovators, like all humans, are engaged in the pursuit of happiness all the time. The most probable action is for them to make their innovations available at a price that will bring them not only a monetary profit, but the satisfaction of having produced something that others want, and the acknowledgment and praise that comes from having provided it. This is clearly the normal behavior of innovators. I believe that we would be hard-pressed to find many exceptions, and shouldn't worry about them. Nevertheless, I'll address one of Kinsella's ominous predictions.

Let's use the supposed problem of "Edison's heirs" as an example of why we have nothing to fear from heirs in general. Suppose that today a company acquires a license to use a new technology for a light source that uses almost no energy, is cool to the touch, and will last 100 years. In the license they have agreed to pay a 5% royalty on gross sales for the exclusive right to use this new P1. Suppose that this company can afford to pay 10% in total royalties to all P1 licensors combined, leaving them with just 5% available to pay all other royalties. They look into it and

realize that in addition to Edison several more innovators contributed PI to the light bulb. However, some of the innovations are no longer used, so there is no reason to pay a royalty. They also find that there are three companies whose PI is essential, two of them with a low price, and one available on a “pay what you want” basis.

Finally, they realize that the only innovation of Edison still in use by anyone is his discovery that heating the bulb as the air is pumped out creates a better vacuum. However, their new light source operates in air and with no filament, so there is no need to evacuate the bulb. In fact, there is no longer a part called “bulb.” Therefore there is no reason to pay Edison’s heirs. His innovation had a good run, but now it looks like it’s over.

This sort of outcome will be typical, with only a few innovations having long term utility. In those cases, royalties will be ongoing, but so many innovations will have been added on top of them that the heirs will collect extremely small amounts, albeit on potentially enormous volume.

The lesson from economics is that no matter what the owners of PI may want or ask to be paid, no business can pay more in total royalties than its profits will support, and it will only pay for the things it uses. The cost of innovations that come later and that must be implemented in order for the product to remain competitive will have to be paid out of the same total percentage that the business can afford. Therefore, royalty recipients will be under pressure to reduce their royalty fee if they want their innovations to be used. In some cases total revenues will grow, and a small piece of a larger pie will be worth more than a large piece of the old smaller pie. In Course V-201, Galambos proposed a formula for how royalties would be adjusted downward as you worked backward through the chain of innovations that led to the present state of the art. Whatever the formula, royalty calculations would be performed, tracked, and paid by computer at low cost.

Now let’s consider a case where the PI is so fundamental that it will always be used. Einstein’s equation, $E = mc^2$, is his description of a law of nature, and as far as we know, we’ll use it forever. Einstein does not own nature itself, but he does own his discovery and description of it. Had

Galambos' system been in effect, those businesses that directly use the formula would still be paying Einstein's heirs.

Somehow the idea of paying heirs seems to provoke a sort of indignation in some people. Let's look at that more closely. Paying anything to the heirs means that the owner of the P1 has died. But let's say that life expectancy increased to 1,000 years. Would anyone object to paying a 1,000 year old Albert Einstein? I don't think so. Even modest improvements in life expectancy will bring this into focus. After all, Einstein would only be 137 years old today. Would it bother you to know that the manufacturers of nuclear power plants were paying him a royalty? If we begin to act in accord with the laws of nature and make the protection of primary property part of common law and of everyone's world view, we will set the stage for this eventuality.

But for the time being, when death is still a factor, what about those who say that the heirs of a deceased innovator don't *deserve* to be paid? They don't seem to have the same negative feeling when the heirs inherit a large amount of P2, such as cash, stock in the innovator's company, or a mansion, but royalties are another story. For some reason it bothers them to think that in purchasing a product they are paying people who had nothing to do with its innovation. Perhaps this is envy, which is among the least appealing traits in humans. Whatever the reason, I offer the following.

The P1's owner faces the prospect of competition from the very start. The better and more important the P1 is, the more potential competition there will be. As a result, the P2 royalty stream may be sharply reduced or even ended before the P1 owner's death, thus eliminating the "problem" of paying the heirs. Further, each subsequent innovation that builds on the original P1 dilutes the share of P2 that can flow to the owner of any specific item of P1 in that chain. The heirs might get very little, and perhaps nothing, as we saw in the Edison illustration.

Einstein's heirs would clearly get something, but it would be diluted by the many subsequent P1 developments that were necessary to turn $E = mc^2$ into something, such as nuclear power plants, that can generate a large amount of P2. Because of this economic reality it would be

extremely rare for a given innovator's heirs to be collecting a large amount of P2, and virtually impossible to do so for generations. Although they will control access to the use of the P1 in perpetuity, it is quite another thing for an innovation to have perpetual market value. The more likely case will be for the heirs to be struggling to get any revenue at all.⁵⁰

Because of all of the above, the concern that civilization will routinely be held hostage by a greedy, unreasonable, or even insane innovator or his heirs is unfounded.

Finally, Galambos didn't focus on heirs in the sense of children and other family members who traditionally receive some or all of a person's P2. Although this practice can be expected to occur as long as humans exist, Galambos' interest was in the major P1 innovators. He advocated that they formally organize their property, what he called their "natural estate," into something like what we now call "foundations," although in the absence of a state, these would not be set up for tax or other cost-avoiding purposes. These entities would collect revenue and invest the accumulated wealth in areas designated by the owner. With the protection of primary property, things like the Rockefeller and Ford foundations would be joined by entities bearing the names of Einstein, Planck, and Tesla. But, despite focusing on the major innovators, Galambos observed that every human has a natural estate composed of his P1 and P2, and can make plans for what happens to it upon his death. Rather than worrying about someone else's heirs, and what they might be paid, it might be more profitable to plan for the disposition of one's own natural estate.

50 The example of Einstein, despite the fact that his discovery is one of the most profound and important discoveries of all time, may present even fewer potential problems than Kinsella fears. What was ignored in the example is the fact that other talented physicists and mathematicians were also actively at work. Given that fact, it was inevitable that one or more of them would have independently made the same discovery that Einstein did. Therefore, it is highly unlikely that Einstein, let alone his heirs, would have had exclusive ownership of $E = mc^2$ for long.

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I would also like to thank the several professors who quickly answered my questions and steered me in the right direction, even though they didn't know who I was, or what I was going to write, and won't until this is published. They are Mark Leary, Jon L. Pierce, Susan A. Gelman, Oliver R. Goodenough, and Alex Shaw. In no way do I imply that any of the opinions expressed here, other than their own, are endorsed by them.

And thanks to everyone who took the time to read this.

BIBLIOGRAPHY

SOURCES THAT DISCUSS THE PHILOSOPHY OF INTELLECTUAL PROPERTY OWNERSHIP, LISTED CHRONOLOGICALLY

The Law of Intellectual Property by Lysander Spooner. This 1855 essay argues persuasively for the ownership of ideas, and in perpetuity. Galambos arrived at the same conclusion independently, but via different reasoning, almost 100 years later. It is believed that Galambos did not know of this work of Spooner. His only references to him in lectures concerned the creation of a private postal service, which was crushed by the state. Most of what Spooner wrote is worth reading and it can be found at www.lysanderspooner.org

Thrust for Freedom: An Introduction to Volitional Science by Andrew J. Galambos. This book contains a collection of single-page essays originally published in 1963 as a series called “Thrust for Freedom.” Among them is Galambos’ definition of property, with an explanatory narrative. The book also includes a number of lengthy passages from *Sic Itur Ad Astra*, and is available at www.amazon.com.

Sic Itur Ad Astra, Volume One by Andrew J. Galambos. This is the transcript of his 1968 delivery of Courses V-50 and V-50X. The book discloses the basics of the Science of Volition but has been removed from sale by Galambos’ trustees. Used copies are sometimes available. Some of Galambos’ recorded lectures, including V-50 and V-201, can be heard online at the FEI website, www.fei-ajg.com, where the trustees have imposed significant restrictions on access. Only one Galambos course, V-76, (recommended by Stephan Kinsella) is available for purchase on CD without restrictions. See more information below.

The V-50 Lectures by Jay Stuart Snelson (1978 audio recording). Snelson put Galambos’ ideas into a beautifully crafted and delivered lecture series, attended by many thousands of people over his 14-year career at FEI. Published by Charles (Chas) Holloway in 2008, the first three

sessions can currently be heard on YouTube with the consent of the owner, The Sustainable Civilization Institute. <https://www.youtube.com/watch?v=Whx4QA3tGCo>

The sessions are labeled 1a, 1b, 2a, 2b, 3a, and 3b. The order is important. Also see www.suscivinst.com for possible availability of the entire course.

Against Intellectual Property by N. Stephan Kinsella

As an example of intellectual honesty, Carl Watner posted this monograph, with which both he and I disagree, on the website of The Voluntaryist.

<http://voluntaryist.com/property/index.html#VmDYHcaFOHs>

It is also available at the Mises Institute website.

<https://mises.org/library/against-intellectual-property-0>

Capitalism, the Liberal Revolution. A website devoted to the work of Galambos and Snelson. The creator is Frederic G. Marks, who was first a Galambos student, and then his attorney for many years. www.capitalismtheliberalevolution.com. (“Liberal” means “pertaining to freedom” here.)

“On the Ownership of Ideas” by Carl Watner. This essay offers an analysis of Spooner, Galambos, and Kinsella, agreeing with both of the former and disagreeing with the latter.

http://voluntaryist.com/property/watner_ideas.html#VldJRcaFOHs

RESEARCH ON THE PSYCHOLOGY OF PROPERTY OWNERSHIP

These papers, in the order listed, take the reader from the general subject of the possession and ownership of property to the specific subject of the ownership of ideas. The scientific method is clearly applied in several studies, so the reader can see how experiments in psychology are done. Most of the papers are free; some can be read for a nominal charge, or downloaded for somewhat more. Reading the Abstract will be enough for casual students.

“On the Rudiments of Possessions and Property”

Lee Ellis

<http://ssi.sagepub.com/content/24/1/113.extract>

“The State of Psychological Ownership: Integrating and Extending a Century of Research”

Jon L. Pierce, Tatiana Kosovar, Kurt T. Dirks

<http://apps.olin.wustl.edu/faculty/dirks/Psychological%20Ownership%20-%20RGP.pdf>

“The Nonobvious Basis of Ownership: Preschool Children Trace the History and Value of Owned Objects”

Susan A. Gelman, Erika M. Manczak, and Nicholaus S. Noles,

<http://www.ncbi.nlm.nih.gov/pubmed/22716967>

“Identical but not interchangeable: Preschoolers view owned objects as non-fungible”

Stephanie McEwan, Madison L. Pesoski, Ori Friedman

This study gives us empirical evidence that it is human nature to see specific items as one’s property even though an identical substitute is available, offering support for Carl Watner’s argument in “On the Ownership of Ideas.”

<http://www.sciencedirect.com/science/article/pii/S0010027715300676>

“You can’t always want what you get: Children’s intuitions about ownership and desire”

Nicholaus S. Noles, Susan A. Gelman

<http://www.sciencedirect.com/science/article/pii/S0885201414000276>

“Hey, that’s my idea!” Kristina R. Olson, *Psychology Today*, September 2013

This is a broad overview, with links to some of the articles below.

<https://www.psychologytoday.com/blog/developing-minds/201308/hey-s-my-idea>

“Ideas versus labor: What do children value in artistic creation?”

Vivian Li, Alex Shaw, Kristina R. Olson

<http://www.sciencedirect.com/science/article/pii/S0010027712002521>

“‘No fair, copycat!’: what children’s response to plagiarism tells us about their understanding of ideas”

Kristina R. Olson and Alex Shaw

<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-7687.2010.00993.x/abstract>

“Whose idea is it anyway? The importance of reputation in acknowledgement”

Alex Shaw and Kristina Olson

<http://www.ncbi.nlm.nih.gov/pubmed/25227735>

“Children Apply Principles of Physical Ownership to Ideas”

Alex Shaw, Vivian Li, Kristina R. Olson. Dr. Shaw can be reached at ashawl@uchicago.edu

<http://onlinelibrary.wiley.com/doi/10.1111/j.1551-6709.2012.01265.x/abstract>

Note: Please read the following comments before reading this paper.

In my opinion the results of these experiments, constructed and carried out by Shaw, Li, and Olson, and published in 2012, have profound implications. If, as these experiments seem to prove, it is human nature to treat ideas as property, then, as stated at the beginning of this book, we have no rational choice but to treat them as such when creating the rules of society.

To avoid possible confusion or misunderstanding of what the authors concluded, I’d like to clarify something that appears in their General Discussion. The authors write:

“...ownership of ideas differs from ownership of most objects because multiple parties can use an idea at one time. For example, if one of the authors was giving a talk about the ideas contained in this article, the other authors would not be constrained from simultaneously discussing the ideas with a colleague. This explains why *it is perfectly reasonable to use someone’s idea without permission* as long as you cite or acknowledge them (Goodenough and Decker, 2009)” [italics added].

Despite the fact that Shaw, et al, are all owners of the ideas in their paper and so cannot steal the ideas from each other, some readers, especially casual ones, might interpret the last sentence as a blanket endorsement of the practice of using ideas without permission—the opposite of Galambos’ view. However, no such practice is endorsed. The cited authors, Goodenough and Decker, are in fact *opposed* to taking intellectual property without permission, as is clear from the title of their paper, listed below, where they call it “stealing.” The explanation is that what they were referring to was not stealing, but the fact that some authors and inventors seek their reward in the form of “respect, or, even better, adulation or acclaim,” (what Galambos called primary profit) rather than in money. They posit that in cases where the creator of the property *has given his explicit or tacit permission* “file sharing makes perfect sense.” But it is not “perfectly reasonable” to use ideas without permission if the owner objects. In personal correspondence with Dr. Shaw he agreed with this, and said that he had Goodenough and Decker’s view in mind when he described the hypothetical situation regarding him and his colleagues. His intention was not to approve of using an idea without permission, but to describe building on someone’s ideas to make new ideas, and crediting the source.

“Why Do Good People Steal Intellectual Property?”

Oliver R. Goodenough and Gregory Decker

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1518952

In answer to the question posed by the title, this 2008 paper offers three hypotheses. In personal correspondence, the lead author reports that they have not yet been tested. My view is that if children were taught that the theft of ideas was just as wrong as the theft of tangible property, and that if this became the societal norm, the emotional inhibitory responses of the brain discussed by the authors would be invoked, and the rate of IP theft by good people would decline to a rate comparable to that of their theft of tangible property.

SOURCES THAT MAKE A CASE FOR A STATE-FREE SOCIETY, MANY WITH DESCRIPTIONS OF HOW THE SERVICES NOW PROVIDED BY THE STATE CAN BE PROVIDED BY PRIVATE ENTERPRISE

The Voluntaryist. A website and print newsletter published by Carl Watner. Filled with many excellent essays, it is a treasure trove of thought on these matters.

www.voluntaryist.com.

No Treason No. VI, the Constitution of No Authority by Lysander Spooner. Are you bound to obey rules to which you never agreed? This is a critical analysis of America's virtually sacred document.

www.lysanderspooner.org.

Course V-76, *Thomas Paine, the Declaration of Independence, and Your Freedom* by Andrew J. Galambos. This nine-hour audio presentation was labeled "fascinating" by Stephan Kinsella. It shows Galambos as a commanding lecturer with broad historical knowledge and deep insights. We learn about Paine the man and his major accomplishments, to include, according to Galambos, authoring the Declaration of Independence. We learn the ideological breakthrough contained in Paine's *Common Sense*, and in the Declaration, which Galambos points out is an entirely non-political document. Unfortunately, he argues, the freedom we could have had was largely canceled out by the imposition of a state via the Constitution. This line of thought was developed in

his Volitional Science courses, which make politics obsolete. The Free Enterprise Institute currently offers this course on CD, and sells it without prerequisites. It's a good place to start.

<http://www.fe-i-ajg.com/courses.html>

Our Enemy the State by Albert Jay Nock. This author was cited by Galambos as “the one from whom I first became sensitive to the necessary distinction between government and state” and is listed here for that reason.

<https://www.lewrockwell.com/1970/01/albert-jay-nock/our-enemy-the-state/>

Everyday Anarchy and *Practical Anarchy* by Stefan Molyneux, best read in that order. Although the author uses the provocative word “anarchy” he quickly makes it clear that he doesn't mean chaos or bomb-throwing. Rather, he shows us that a natural and peaceful order already exists in most of the things we do (everyday anarchy), and can be expanded to everything (practical anarchy) without any need for state. Breezily and wittily written. Both books are available as free PDFs, or you can reward the author by buying the inexpensive print editions. <https://freedomainradio.com/free/>

The Problem of Political Authority-An Examination of the Right to Coerce and the Duty to Obey by Michael Huemer. I put more Post-it notes in this wonderful book than any other in my library. It is deeply philosophical but easy to read, and could function as textbook. I wish that Professor Huemer had been my philosophy professor, but that would have required time travel. Also see his TEDx talk, *The Irrationality of Politics*, at <https://www.youtube.com/watch?v=4JYL5VUe5NQ>.

Democracy, The God That Failed, by Hans-Hermann Hoppe. Those of us lucky enough to have lived our lives in the United States have, for the most part, reaped tremendous rewards. And yet, the Founding Fathers, despite their good intentions, made a fatal error. Hoppe shows us what that was, and much more. Other important Hoppe works are his short book, *The Private Production of Defense*, and his sweeping *A Theory of Socialism and Capitalism*.

The Most Dangerous Superstition by Larken Rose. This short book is beautifully written in a direct and engaging style accessible to everyone. It has the potential of being a modern equivalent of Paine's *Common Sense*. It is available at www.amazon.com and at the author's website, www.larkenrose.com.

The Machinery of Freedom by David Friedman. Excellent analysis of the private production of government services. Can be purchased in print but is available for download at no cost. http://davidfriedman.com/The_Machinery_of_Freedom_.pdf

For a New Liberty, *The Ethics of Liberty*, and *Man, Economy and State*, all by Murray N. Rothbard. Rothbard was a giant, and all of these books are excellent.

The Market for Liberty by Morris and Linda Tannehill. This is an excellent book. It appears to incorporate a major idea of Peter Bos, who disclosed it to Galambos by making a presentation at the 1963 FEI alumni meeting. Galambos made it part of Course V-50, thereby disclosing it to Durk Pearson when he took the course in the late 1960's. It appears that Pearson made a promiscuous disclosure of the idea to the Tannehills, who got the credit. In an effort to clear up this messy handling of primary property I wrote an article, "Insurance Companies as Competing Governments: Whose Idea Was It?" It was published in the 4th Quarter 2015 issue of *The Voluntaryist*. In August, 2016, Bos' recently-discovered 1962 rough draft of his insurance ideas was inserted as an addendum. It serves as an example of the kind of evidence that would be presented should there be a controversy regarding the ownership of an idea, as discussed above under "Resolving conflicts over primary property." See my original article and Bos' draft at: <http://voluntaryist.com/forthcoming/insurance.html#V50>

The Road to Freedom and the Demise of Nation States by Peter B. Bos. This book represents another approach to a state-free society. Although the

author was exposed to the early ideas of Galambos, he rejected some of them and does to this day. He and I have significant disagreements, but this book contains enough solid material that I felt it worthy of inclusion here.

Against the State by Llewellyn H. Rockwell, Jr. Mr. Rockwell operates what is probably the most visited libertarian website, www.lewrockwell.com, and is the founder of the Ludwig von Mises Institute, www.mises.org.

The Enterprise of Law, Justice Without the State by Bruce L. Benson. A powerful examination of how a privatized justice system would work—and how it used to work before the State got involved.

Private Governance by Edward Peter Stringham. Many authors, including most of those above, have provided us with wonderful and satisfying hypothetical examples of how every element of a society can be set up and run by private, for-profit companies. Stringham, an economics professor, goes further by giving us example after example of real-world private solutions to the need for governance, both past and current.

Mapping Freedom and the Fall of the Political Class by Charles (Chas) Holloway. Publication expected August, 2016. The author was a Galambos student, and attempts to build on and possibly make improvements to the line of thought that began there. Among other things, Holloway proposes a significant modification to Galambos' definition of property (although it still includes ideas).

OTHER RESOURCES

Taming the Violence of Faith, Win-Win Solutions for Our World in Crisis by Jay Stuart Snelson. Following his time as Galambos' Senior Lecturer, Snelson lectured extensively on a variety of topics, including a series, Human Action Principles, based on Mises. Listing his primary influences

as Ludwig von Mises, Andrew J. Galambos, and Robert LeFevre, Snelson spent his later years writing this book, which offers his own prescription for achieving peace, prosperity, and freedom, calling it “Win-Win Theory.” More about the author and his work can be found at www.suscivinst.com.

“The Ideological Immune System: Resistance to New Ideas in Science,” by Jay Stuart Snelson. This essay shows that we have a tough time changing our mind, and not just in science, even in the face of overwhelming evidence. <http://www.skeptic.com/eskeptic/11-01-26/#feature>

The Myth of the Rational Voter by Bryan Caplan. Every person knows people who they wish wouldn’t vote (“That guy’s an idiot”). This book presents hard evidence that ignorance abounds, and that “getting out the vote” brings out the least-qualified voters. Caplan, a Professor of Economics at George Mason University, believes in a state-free society, and this book is another nail in the coffin of the state. See also his personal website, www.bcaplan.com, where I found the section called “Fun” especially instructive and enjoyable.

Thinking, Fast and Slow by Daniel Kahneman. This book is a popularized account of the research of Kahneman and his colleague Amos Tversky. Kahneman, a *psychologist*, won the Nobel Prize in *economics* for this work. (Tversky, having died, was not eligible because the prize is not awarded posthumously. In a Galambosian world, the normal practice for such awards would be to present them to the manager of the winner’s natural estate.) Although it is not directly related to the content of this paper, the book is an entertaining and instructive example of the vast and rapidly growing body of knowledge of human behavior. I’ve never seen anything that is inconsistent with what Galambos taught, either in this book or any other source.