

# The Fiat Standard – Lecture 9 (Fiat Science) • Study Notes

## Overview

This lecture examines how fiat money distorts education and science. Just as fiat money corrupts food production and consumption, it also undermines schools, universities, and the scientific process by centralizing control, removing market feedback, and incentivizing politically convenient but false outputs.

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## Part I: Fiat Schooling

### The Case for Schooling

- On the surface, free schooling seems virtuous:
- Poor parents could ruin children’s chances.
- Education promises high returns.
- Printing a little money for universal literacy appears harmless.

### The Problem with Fiat Funding

- When **students don’t pay tuition**, teachers become accountable to bureaucrats, not students.
- Government—not parents—becomes the “customer.”
- Schools turn into **instruments of political loyalty**, not centers of learning.
- Incentives mirror Mises’ critique of socialism: without **profit and loss signals**, capital is misallocated.

### Results

- **Costs:** Government schools in DC spend ~\$31k per student vs. ~\$24k for private schools, yet underperform.
- **Accountability:** Students can’t be expelled, teachers can’t be fired.
- **Perverse incentives:** Teachers get paid regardless of results, students misbehave, learning collapses.
- In Egypt, students waste mornings in state schools, then pay the same teachers

privately in the afternoon for real education—illustrating how value only emerges when **payment and accountability** exist.

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## Part II: Fiat Universities

### Illusion of “Private” Universities

- Even “private” universities depend on government:
- **Research grants** from agencies.
- **Student loans** subsidized by fiat credit.

### What Universities Have Become

- **Credential mills** — degrees > learning.
- **Debt traps** — subsidized loans inflate costs, lifelong debts are inescapable.
- **Political indoctrination camps** — loyalty to bureaucratic agendas ensures funding.
- **Country clubs** — students treated to a lifestyle experience rather than skills.
- **Corporate advertising arms** — repeating sponsor propaganda.
- **Make-work welfare for nerds** — endless production of unread papers.

### Subsidies → Overproduction

- Lowering loan costs causes **too many students** to attend.
  - Universities cater to debt expansion, not skill-building.
  - College becomes a **consumer good (experience)**, not a **producer good (skills)**.
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## Part III: The Corruption of Science

### From Learning to Publishing

- Professors judged on **journal publications**, not teaching.
- Administrators push faculty to publish, not to teach well.
- Journals = kingmakers of academic careers.

### **The Academic Publishing Cartel**

- Built into a **cartel** by publishers like Elsevier and Wiley.
- Universities:
- Pay exorbitant subscription fees.
- Provide free labor: professors write, edit, and review without pay.
- Journals reap billions while producing little real knowledge.
- Founded by figures like Robert Maxwell (father of Ghislaine Maxwell).

### **Why This System Fails**

- Publications measure quantity, not quality.
  - Few papers are ever read.
  - Incentive: “Get published, not get it right.”
  - **Inflation of journals and papers** = mass production of meaningless output.
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## **Part IV: Fiat Science in Practice**

### **Nutrition Science**

- **World Health Organization** and others rely on weak **association studies**, ignoring confounding factors.
- **Ancel Keys’ Seven Countries Study**:
- Cherry-picked data, ignored 15 countries.
- Equated margarine with fat.
- Formed the shaky basis for anti-fat dietary dogma.
- **Harvard Nutrition Dept.** (Frederick Stare) heavily funded by sugar industry → demonized animal fats, promoted sugar and processed foods.

### **Why Fiat Science Doesn’t Self-Correct**

- No market feedback.
  - No bankruptcy for failed ideas.
  - Endless supply of “scientific” journals to publish sensationalism.
  - Results: industrial junk food pushed as healthy, leading to mass illness.
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## Part V: The Science-Industrial Complex

### Characteristics

- Science becomes captive to funding and political loyalty.
- Publications valued over truth.
- Sensationalism incentivized: apocalyptic predictions are rewarded.
- “The science” becomes ideology:
- Not experimentation, but dogma.
- Authority figures dictate commandments.

### Historical Context

- **Thermodynamics** came after steam engines, not before.
  - **Aviation**: Wright brothers succeeded while leading scientists said flight was impossible.
  - Real innovation comes from **engineers and tinkerers**, not government-funded science.
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### Key Takeaways

1. **Schooling**: Free fiat schooling disincentivizes real learning; accountability disappears.
  2. **Universities**: Subsidized debt transforms universities into indoctrination camps and credential mills.
  3. **Publishing**: Academic publishing is a cartel prioritizing output quantity over quality or truth.
  4. **Nutrition Science**: Fiat science, funded by industrial interests, promotes harmful dietary dogmas.
  5. **The Science-Industrial Complex**: Science has shifted from open inquiry to hysterical ideology, serving political and corporate interests.
  6. **True Progress**: Real innovation comes from **market-driven tinkering and engineering**, not centrally planned fiat-funded science.
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