

The New Road to Serfdom
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OVERVIEW

Following World War II, a number of authors wrote books trying to determine and explain what had caused the world to have such a cataclysm. One of the most insightful was by Friedrich Hayek who explained how central planners consistently made mistakes because they arrogantly assumed that they could make better decisions than would result from the operation of competitive free markets with freely determined prices and wages. When things didn't go as the central planners expected, they often acted as totalitarians and tried to use governmental force to achieve their objectives. In his book, **The Road to Serfdom**, some of Hayek's chapter titles are instructive. They include: "The Great Utopia," "Individualism and Collectivism," "The 'Inevitability' of Planning," "Planning and Democracy," "Planning and the Rule of Law," "Economic Control and Totalitarianism," "Security and Freedom," "Why the Worst Get on Top," "The End of Truth," "The Socialist Roots of Nazism," and "The Totalitarians in Our Midst." Just by looking at his chapter titles we can see that many of the same concerns that Hayek had are still present in our current political milieu. It should be noted that his concerns were addressed equally to fascist and communist political entities, as both engaged in central planning to run their economies.

Another insightful author was George Orwell. He was a disillusioned former communist who wrote some well-known novels to explain how totalitarians were able to gain influence and control people under their jurisdiction. He patterned his characters and their activities upon what he had observed while he was a communist party follower. In his first book, **Animal Farm**, he had the animals engage in a revolt against their owners. The pigs, who were clever, organized the revolt by telling the other animals that each would gain if they were free of control by the owners of the farm. They also introduced slogans so the unthinking members could show their allegiance and focus their animosity against their controlling owners by chanting. "Four Legs Good, Two Legs Bad." Because the revolt was successful, the owners were overthrown and the pigs took control of the farm. After they assumed control, the pigs began to engage in the same repressive practices against the other animals that the former owners had employed. They even began to live in the farmhouse, wear clothes, and walk on two legs. They also changed the slogan chanted by the other animals to, "Two Legs Good, Four Legs Bad," to justify their right to rule. At the end of the story, the animals looked in the window of the farmhouse and could not tell the difference between the pigs and the men who had come to buy or exploit the animals.

In the later 1940s, Orwell also wrote another prescient book. It was titled **1984** because it tried to depict where present trends might lead. In it, the totalitarian government allows individuals to have no privacy and tries to totally control their lives. It also tries to control people by engaging in constant warfare with other competing geographic entities, with shifting alliances over time, and by engaging in "two minutes of hate" sessions to stir up peoples' passions in desired ways. Furthermore, the totalitarians tried to confuse people and maintain control by changing the meaning of words. Thus, they proclaimed that "War Is Peace," "Freedom Is Slavery," and "Ignorance Is Strength." In addition, the ministry of truth was in fact a propaganda ministry engaged in promoting lies and altering history and historical records to accommodate the latest approved version of the "truth."

Unfortunately, Communist China has presently followed many of the policies pointed out by Orwell in "1984," and many other countries, including the US and European countries, have followed them to some extent. Most recently, in the US we have seen the social and mainstream media try to discredit or ban people who questioned whether the new COVID vaccines were as effective or as harmless as the government said. Also, the US government has proposed that people who protest at school board meetings are "domestic terrorists." Among the most concerning developments is the fact

that the federal government has the ability to monitor almost all civilian uses of digital money transactions and internet and phone communications. In Communist China, such information has been used to create a “social credit score” that determines who can travel, enroll their children in desirable schools, etc. Much like the citizens in “1984,” Chinese citizens are potentially subject to almost total control by their totalitarian government.

Because of these concerning trends, this essay tries to explain ways in which our society is now entering on a path toward a “New Road to Serfdom.” It also tries to address a query posed by Stephen Balch (who founded the Institute for the Study of Western Civilization at Texas Tech University and was awarded the National Humanities Medal by the U.S. President in 2007). Balch has told me that, in essence, he was interested in what the difference was between the politicians and other “controllers” in society and the “controlled.” Some clues to the difference are embodied in “Animal Farm,” as the controllers seem to have certain traits in common while the animals stupidly chant the latest slogan. In addition, Hayek noted that central planning caused fascist governments to become totalitarian even though they initially advocated “socialistic” policies. I noted the same thing in my recent essay, “The New Socialistic Fascism,” (which is listed as a member paper on TheConstitutionalistSociety.com website).

Unfortunately, the conclusions of this essay are that we are on a new road to serfdom caused by our increasing dependence upon digital communications and the ease with which our vulnerabilities can be exploited by would-be totalitarians. It also is compounded by the fact that most people are inclined to be followers and can be easily exploited by would-be totalitarians who lack empathy and exploit people to serve their own ends. This is a process that works in any political environment where the “elite” can exploit the ordinary citizens. Those environments can be “fascist” as well as “communist” but are less likely to exist where competitive free markets exist and people are well-educated and logical in seeking to determine the truth. Unfortunately, various psychological studies suggest that most citizens are more interested in making emotionally satisfying decisions than in getting educated and making logical decisions. Meanwhile, other people have little empathy and will willingly exploit susceptible people or political situations—so the worst may rise to the top. The following discussion will try to explain why many people tend to be “followers” while others may have the capacity and inclination to exploit their “followers” for the common benefit as well as the “leaders” personal satisfaction and profits.

Why Many People Prefer to Be Followers

Tribal Behavior and Its Implications

Over time people have evolved from tribal societies. Tribal societies have survival value for their participants and their offspring since they can obtain economic gains from possibilities for internal specialization and exchange. Also, most importantly, their members can act in unison to repel threats to their members' existence and the perpetuation of their offspring. There may be genetic proclivities in tribal members that enhance their ability to pass their genes on to future generations. In particular, the willingness to die in defense of the tribe and of family members may ensure that people who bear such genes may be more likely to ensure that their offspring and close relatives (with similar genetic tendencies) survive. Also, people who more willingly cooperate with others and adhere to common goals may enable the tribe to cooperate more usefully with less internal friction. Thus, most people who descend from tribal societies may be quick to perceive what they deem to be common goals and objectives and be willing to cooperate (and, possibly, even sacrifice) to help the group achieve those goals. They may obtain emotional satisfaction from feeling that they are members of a group and comply with the goals of a group that is important to them.

Thinking Fast and Slow and Emotional Decision-making

A prominent Psychiatrist, Daniel Kahneman, has written a book explaining why people tend to

have two levels of thinking. They frequently think fast and emotionally because fast thinking based upon emotions and/or past experience can trigger responses that have potential survival value. Thus, seeing a large animal may trigger a fear response and quick avoidance of the animal based upon fast decision-making. Fast decision-making is triggered by emotional arousal and may have survival value since it may quickly allow one to avoid potential hazards. However, slow thinking involves observing many factors and weighing many considerations before making a decision—such as observing whether the animal is wild or tamed or free-ranging or restrained. Slow thinking involves more mental effort and takes longer before a decision can be made. Slow thinking has value in that it will generate more deliberative and useful responses to a multitude of potential situations, and it can lead to useful inventions. Because some people may be better able and trained to engage in useful slow thinking than others, a society can benefit from encouraging and educating people to develop their slow-thinking capacity and readiness.

Factors Encouraging Emotional Versus Logically Based Decision-making Maturity and Health of the Prefrontal Cortex

A key area of the human brain that controls decision-making is the prefrontal cortex. That area obtains information from many parts of the human brain and routes it to other relevant areas. It can allow people to react emotionally and quickly or send information to areas that allow further processing. Children and some older adults may have underdeveloped or shrunken prefrontal cortices. When a person's prefrontal cortex is not fully developed a person may be more likely to engage in impulsive and emotional behavior. They also may be less able to engage in multi-tasking behavior where several objectives can be integrated and considered or pursued simultaneously. If a person's prefrontal cortex is not fully developed they may be more easily influenced by emotions and others and may be more prone to accidents. Since the prefrontal cortex is often not fully developed before people reach the age of 25, it may be one reason that auto insurance companies charge higher rates for people younger than 25. It may also be one reason why, when US had a draft law, people were often exempted once they turned 26—since they might be less willing to take personal risks after that age. In addition, our nation's founders required that people be at least 25 before they could run for Congress.

Education and Intellectual Practice

People who are better educated and trained to consider multiple possibilities in their thinking may be more likely to engage in slow (less-emotional) thinking since it is easier for them to perceive and consider alternatives to quick, emotionally-based decision making. In addition, people whose brains work more easily and effectively may also be more likely to engage in “slow” thinking since the extra effort required is relatively less for people with highly effective reasoning capabilities. Engaging in slow thinking may also be more likely in people who have more practice at doing so, often through logical training in an educational or scientific environment. It should be noted, however, that not all educational curricula require such thinking.

Drugs

Even if people are born with adequate mental capacity and try to develop it, their ability to use it may be short-circuited by the use of recreational drugs. In particular, repetitive use of methamphetamine related drugs may cause a person's prefrontal cortex to shrink. If one observes mug-shots of people who have been “meth” addicts, it is often apparent that their gums and teeth are very bad. The reason is that drug use has constricted blood supplies to the front of a person's head. What does not show up on the mug-shot, but may often show up on MRI brain scans, is that the prefrontal cortex, which lies above the teeth, has also shrunk because of the restricted blood supply. The shrunken prefrontal cortex may make people more likely to engage in emotional, impulsive behavior, and be less likely to control their behavior in the future. It is possible that the addictive effects of other drugs may

also cause people to engage in more emotionally-based, impulsive behaviors.

Advertising

Many businesses and politicians have found that they can gain customers or adherents by advertising or engaging in propaganda efforts. Such efforts are usually focused upon generating emotional responses from their target audience, since such responses may lead to quick action in the ways that the advertisers or politicians intend. Thus, many advertising initiatives try to stimulate subjects' emotions related to their self-interest and/or self-awareness (i.e., their egocentricity), or to their tribal affiliations or consciousness (i.e., their group membership or desires to feel they belong with or will be highly regarded by others). Advertisers may also emphasize the advantages one might obtain by doing what the advertiser suggests, and most emphasize making speedy decisions lest those advantages (possible price discounts, etc.) be lost. The emphasis upon emotional appeals and the emphasis upon speedy decision-making are ways advertisers can encourage people to use their fast-thinking (emotional) reactions rather than their slower-thinking (more-considered) reactions.

Most advertisers and politicians use the media to distribute their appeals and propaganda that advance their objectives. Until relatively recently, the traditional media sources included print media (newspapers and magazines and flyers and posters) and broadcast media (radio and television). However, with the advent of the internet, new promotional avenues became available in addition to new ways to secure brand loyalty. Two new advances have a potentially significant impact upon individuals' willingness to march down a new path to serfdom.

Social Media

Possibly the new development of the greatest importance is the development of "social media" and the vast appeal and dangerous influence it has upon a great number of citizens. The providers of social media try to encourage people to become addicted to its use by emphasizing its potential for immediate gratification, encouraging people to gain emotional satisfaction from its use, and trying to promote feelings of tribal or class consciousness and awareness among its followers.

Software as a Service

The second new development of importance is the switch of former software product providers to the development of "software as a service." Instead of buying software programs that the purchaser can own and control, now most software that people need to operate their computers, phones, and other means for internet access or instantaneous communication is sold on a "leased" basis, where the "selling" entities retain title to the property along with the right to revise it as they deem necessary or desirable in the future. Some revisions may cause the software or device to become semi-inoperable unless new software or a new device is purchased. Other software may be sold with the right to obtain future revisions as long as a future stream of payments (like a lease obligation) is paid. Those who sign up for such products become, in fact, beholden to the providers of the products or services upon which they have become accustomed and dependent.

Advertising Emphasizes the Use of Fast Thinking, Emotional Decision Making

Advertising usually focusses upon the ego-gratification of the intended customer. Often it uses second person pronouns to emphasize the benefits of the product for the intended customer and how it may enhance their attractiveness, value, or comradery in the eyes of others. It tries to appeal to peoples' emotional needs to feel better about themselves and to feel valued or appreciated by others. Some advertising focusses upon the usefulness or potential savings associated with the product and emphasizes how the customer may benefit from its purchase or use. It tries to engage fast decision making not only by stirring up the potential customers ' emotions but also by trying to get people to

make quick decisions—such as by emphasizing sale or limited time only offers.

Social Media Also Emphasizes Emotional Appeals and Fast Decision Making

Social media often try to get people addicted to repetitive use by having other people on the network “like,” “friend,” or otherwise pay favorable attention to the posts made by individuals. Social media may also reward “influencers” who encourage people to behave in certain ways or buy certain products. Social media encourage people to feel they have a group (tribal substitute) affiliation to which they can be long and be emotionally attached to some extent. Social media focus on immediacy, emotional appeals, and feelings of belonging or short-term gratification that encourage people to return to the site and be more vulnerable to potential advertising appeals that they may see on the site. Overall, they encourage emotionality and fast-thinking decision making rather than slow thinking deliberative decision making.

Summary of Followers

Followers tend to be emotional, and impulsive people who react to tribal (belongingness) appeals and tend to make fast decisions rather than deliberative slow decisions. Advertising and social media encourage people to be followers who can be easily influenced so their numbers may be growing in importance in our increasingly connected electronic world.

Leadership Characteristics

Leaders typically have strong egos so they can take the initiative and pursue their objectives strongly. They also are likely to be less concerned about the feelings of others, unless they can gain from others' emotional states. An interesting book written by a psychiatrist at Oxford University in England (**The Wisdom of Psychopaths** by Kevin Dutton) noted that psychopaths are characteristically very ego-centric, usually narcissistic, and have little empathy toward other people and their feelings—even though they may claim to do so. Psychopaths are not limited to the low-life predators that we often hear about. The book pointed out that many top business leaders and politicians had psychopathic tendencies, as did some people that we might otherwise consider to be military heroes. Those people were able to pursue their objectives without regard to whether their actions would physically harm or emotionally injure people who stood in their way. Business leaders can fire people or mislead them in order to improve their business's prospects. Politicians can tax people or send them to jail or to war. Military heroes must vanquish their foes without worrying first whether they will leave behind grieving widows and children. Throughout history, it appears that many leaders are characterized by strength of will (and often of body) and are able to gain the “respect” of followers either by threats and fear or by persuasion. They often are adept at reading the emotional state of their followers and may proselytize them, exhort them, or lie to them in order to gain their compliance with and support of the leader's objectives. Political psychopaths are often very accomplished at persuasively speaking and lying when they believe it will be to their advantage to do so—and if they anticipate the resulting emotional state of their followers correctly, they often can benefit from duplicitous speech. The British historian, Lord Acton, made a famous statement about political leaders' “Power tends to corrupt, and absolute power corrupts absolutely. Great men are almost always bad men.” His statement reflects the fact that famous men may use their power without empathy and to the great disadvantage of people who may oppose them or stand in the way of their objectives.

Different types of leaders may have different objectives. Political and military leaders may seek power and glory. They may use their power over others to achieve their objectives and override the will and capabilities of their potential or actual opponents. Political leaders may also use lies and demagoguery to rally people to support them and their power-seeking objectives.

Business leaders seek to personally profit from their business operations. Some may seek to

profit by paying or treating their employees poorly. However, most will seek to retain the loyalty and work effort of their employees by providing for their employees well as long as they help the business leaders further their objectives. However, big business leaders may not treat potential customers with benevolence. In particular, they may lie to consumers about the potential benefits or guarantees associated with their products. They also may seek to obtain monopolistic powers so that potential customers have little choice but to do business with them, even if their prices are high or their service is low. They may do so by obtaining favorable production rights or market access rights—often granted by political leaders or favorable legislation—such as by patent protections, regulatory rulings against competitors, etc. They also may seek to make consumers become dependent upon the use of their products—either through the development of psychological or physical addiction or by the development of statutory dependence upon the continued use of the product. In addition, they can make it difficult for consumers to discontinue the use of the product without incurring substantial costs associated with discontinuing its use. Such costs are likely to be greatest if software is sold as a service with required regular payments or if services or devices are interconnected with related services or devices in a network.

Other leaders may also lie to people in order to gain their funds or loyalty. Many educational institutions overstate the potential values associated with their degrees. Some religious leaders promise their adherents that their chances of going to heaven or being healed from a dread disease will be enhanced if they tithe or donate handsomely to the religious leader or institution making the appeal. Some charities may advertise extensively and spend a large portion of the money they receive on overhead expenses and administration rather than on the charitable works for which the money is intended. Those leaders who are most successful in obtaining funds may gain more students, more followers, more money, and more influence in society. In general, people have to be wary and alert and check facts before spending money in order to protect themselves against misinformation and potential lies. While the omniscience of the media makes it easy for dishonest people to promulgate lies, if the media and internet are not censored, they can also make it easier for people to verify information and protect themselves against misinformation and lies—if they are willing and able to spend the effort required to do so.

Trends That Are Generating a New Class of “Serfs” Subject to New Leadership

The Nature of Serfdom

Serfdom is a relationship where traditionally, peasants were beholden to landowners. In return for some protection and the right to work the land to provide for their sustenance, serfs were required to share their crops with landowners and to provide various services for them. Traditionally, serfs were bound to the land and were, in many ways, subject to control by the feudal lord or landowner of the property on which they lived.

In **The Road to Serfdom**, Hayek was concerned about ways in which would-be tyrannical political leaders were moving to “enslave” people under their jurisdiction by obtaining greater control over them and censoring or eliminating dissenting political views or people.

More recently, it appears that many politicians have cooperated with private parties to obtain greater control over their subjects. That has been done by granting monopolistic powers to media and digitally important entities so the politicians and related business leaders could enhance their controls over, and potentially profit from, what ordinary citizens can hear and utilize in an increasingly digital and media dependent world.

Increasing Dependence on Digital Communications and “Reality”

In recent years people have become increasingly dependent upon digital communications and entertainment. Much of this dependence has been driven by the profit motives of various businesses

and of the politicians with whom the businesses cooperate.

Increasing Dependence Upon Repetitive Contracts and Software as a Service

Businesses have increasingly moved from providing software and service contracts that can be purchased with a onetime charge to providing streams of software and services that are essentially purchased by consumers as a contractual stream of services with regular payments being made. The regular stream of services provided by the software can be amended at will by the provider since the provider typically retains ownership of the software. The software provider may not provide all needed updates so the software will function properly with new internet developments without the customer first upgrading or replacing the software. However, because the cost of obtaining and maintaining the software is incurred over a period of time, consumers may be willing to pay more for it on a monthly or interim basis than they would be willing to pay in a lump sum via an outright purchase. Consumers also become more dependent upon the original software provider and the related services the provider may offer. In addition to software, essentially, a stream of payments approach has also been adopted by various entertainment providers (such as Netflix, Disney, etc.) that provide their services through the internet. Thus, in recent years consumers (and many businesses) have become increasingly dependent upon making regular payments to obtain services and products through their internet connections.

Increasing Monopolization or Oligopoly Dominance of Communications and Finance

When data and information is digitalized, it can be reproduced at very low cost. Thus, there are inherent economies of scale involved with providing services or information over large interconnected networks as development costs and other fixed costs of providing services can be divided over a greater number of users. As a result, it behooves businesses to seek to grow in scale so they can market their products and services to a larger audience—since a greater number of users can be serviced at lower incremental costs per additional user. Unfortunately, due to the potential economies of scale associated with networks, this process tends to lead to the development of natural monopolies.

However, once a monopoly is established, consumers of the product or service may not fare as well. Without competition, monopolists may raise prices that consumers have to pay and/or reduce their spending on innovation and other attempts to increase the quality of their services. As a result, most governments pursue anti-monopoly policies to ensure that either natural monopolies are regulated (as with certain utilities), controlled by the government, or have competitors. If the number of competitors is limited, the oligopolistic (few providers) nature of the industry still can present a case where the potential oligopolists collude to act against the best interests of the consumers. Thus, government regulation may still be required to ensure that the consumers will not be exploited by oligopolistic collusion.

Once the government becomes involved, it is possible that collusion may occur between government entities and industry members. In fact, it is quite likely that such collusion may occur. Politicians who provide favorable regulation that allows industry members to gain more profits at the expense of consumers can profit from the favorable regulations if they require that the industry members provide the politicians with favors, contributions, direct money payments, future job promises, inside information, or other profitable “rents” in return for the favorable regulations.

Unfortunately, since network related businesses can usually profit by expanding their networks—both by lowering their average costs for providing their services and by making advertisers (including politicians) favor their network in order to reach more potential consumers or other users of their services—companies that benefit from network effects often have an incentive to pay “rents” to politicians in order to obtain or retain favorable regulation. Thus, in recent years, politicians have often let network related companies buy out their potential competition in order to expand their networks and enhance their potential monopolistic or oligopolistic powers. Consequently, the US has traditionally had only three major TV broadcasting companies (Fox is now trying to compete with ABC, CBS, and

NBC) and has a limited number of “social media” companies that provide services through the internet. In many cases politicians and regulators have approved mergers and favorable regulations that let such companies increase their potential size and power. Social media companies, in particular, have gained from favorable regulations. Thus, Google was allowed to buy You-tube and Facebook (now Meta) was allowed to buy WhatsApp and Instagram. In addition, all social media companies have benefitted from regulation 230 that exempts them from liability for most of the posts made on their sites.

In return for regulatory protections and favors, the social media companies have recently been employed by political interests to censor thoughts and people whom the political interests designate, and to advocate ideas that the political interests support. This has allowed political actors to potentially use social media venues both for propaganda purposes and to censor the thoughts of people or of interested parties whom they wish to silence.

Increasing Influence of Social Media

Social media have grown in importance because in a digital world they can quickly and inexpensively reach a large number of potential customers for advertisers and other interested parties who are willing to pay them in order to contact their social media users. Since the value of social media networks grows as their number of users expands, they have taken actions to try to increase their potential users. One way they have done so is by adding services and scope—which is why they have tried to merge and acquire potential competitors in the social media space. They also have tried to increase their usefulness for a mobile population by offering location specific information tied to cell phone use, etc. In addition they have adopted policies that try to make their use “addictive” for many of their customers. They have done so by trying to excite emotional responses by their users. In particular, by letting users “like” others' posts and by allowing people to increase the number of “friends” or “followers” they contact through social media, people have become increasingly attached to using the media because they can get emotional stimulation and gratification from feeling they have favorable “tribal” ties when they use their social media accounts. Finally, social media have increased their potential scope and attractiveness for users so they can obtain more information on their users likes, dislikes, social attitudes and preferences. By so doing they can allow advertisers and politicians to target their appeals more specifically to potential customers—thereby increasing the value of social media advertising for the interested parties.

As the social media have tried to capture more users in a mobile world, they have increasingly promoted cell-phone uses. In addition they have tried to cooperate with various digital payment mechanisms so that users can use their social media both to access products and also pay for those products when they are making “fast-thinking” purchases or contributions.

Potential Digital Currency Developments and Regulation of the Use of Money

Digital payment capabilities can enhance the convenience of cell phones and related social media use. Thus, cell phone numbers have increasingly become identification numbers for a great number of consumers, as retailers and others may want to use cell-phone access for direct marketing to potential customers. In addition, retailers use cell phone numbers as a way to instantly communicate with and serve potential customers; banks and other financial service providers use cell phone numbers to verify pending transactions and execute potential transactions for customers; and various service providers use cell phone numbers to notify and contact their clients and customers. In short, a person's cell phone number is now becoming part of his or her greater identity—much like a social security number--and such numbers are often required for people to engage in a variety of financial transactions.

Some banks now require that their customers predominately bank using on-line means activated by “digital wallets.” Those wallets are often associated with their cell phone. By engaging in on-line electronic transactions, the banks, as well as associated retailers can save money that otherwise would be incurred in the process of verifying, recording, and executing financial transactions. Thus, private

businesses encourage the use of digital money and encourage, or, even, may require their customers to do so.

Governmental entities also have incentives to try to encourage or require the use of digital money. One of their greatest motivations is because if all transactions were made using digital money, and all records were kept, it would be virtually impossible for individuals and businesses to engage in financial transactions without incurring the notice of tax authorities. Thus, to the extent tax evasion now exists, it would become almost impossible to execute in a fully digital financial world. In addition, black market transactions and smuggling related payments made in order to evade government restrictions would become much more apparent and harder to do. Furthermore, if the government were to issue and control a digital currency, it could prohibit individuals from using it in ways the government deemed inappropriate—such as by buying guns, bullets, drugs, or even cigarettes. It also could induce consumers to spend it quickly by making it diminish over time if it were not spent—thereby forcing people to use it or lose it.

Even greater powers could adhere to totalitarian leaning governments if people were forced to use digital money to conduct all their transactions. In Canada recently, the government froze the conventional bank accounts of people who donated more than \$25 to support the trucker protests against Covid movement and border restrictions. If digital money had been used to fund all transactions, the individuals who were sanctioned would not even have been able to engage in cash related transactions—assuming they had cash holdings before their bank accounts were frozen. In China, where the totalitarian impulse is even greater, people may be given a “social credit score” based upon their actions and on their correspondences over the internet. Those with a low score may be deemed to be questionable citizens and may be “punished” by being denied the right to travel at will or to enter their children in desirable schools, etc. It is easier to enforce such “punishments” if all financial transactions are digital and all internet communications, if they are permitted, are prohibited.

In a fully digital world, it is easy to see that an individual deemed uncooperative by a government or important financial entity (such as a bank or communications company) regulated by the government could be made into an “unperson.” That could be done by banning their use of digital currencies that give them access to financial transactions and cell phone numbers that allow them to participate broadly in society. In Orwell's 1994 world, “Big Brother” could not only make a person disappear, but also could use the “Ministry of Truth” to make all historical references to that person disappear.

Thus, it's easy to see that individuals can easily become dependent upon government and important government related entities in an increasingly digital world. In such a world, potential authoritarian personalities have an incentive to make people become their “serfs” by making them dependent upon the services that the government and other “lords of the manor”—such as communication and financial companies in collusion with the government-- provide, and by potentially punishing those individuals who do not behave as the “lords” and government require.

The Question Is: “Why Do People Become Followers in a Digital World?”

The answer is that many governments and businesses have a vested interest in making people become dependent upon exposure to national media and social media sources and become increasingly reliant upon digital communications and digital financial transactions. In addition, many consumers willingly become dependent upon such means for communication and financial transactions since digital transactions can offer convenience and save time—even if they provide dependency upon potentially biased or problematic sources. Thus, it may not take much in the way of inducements to make many people become dependent upon national and social media for information and digital communications for financial transactions. Since retailers and financial firms can usually save costs and increase profits if their customers transact through digital means, they often offer inducements, such as cost savings or cash-back plans, so consumers will transact digitally.

Other people may become followers since their tribal nature makes them want to go along with the crowd and participate in current trends. In addition, social media companies have become adept at trying to get people addicted to social media use by trying to excite the emotional responses and “tribal” affiliation tendencies of their users.

Increasing Use by Politicians, their “Capitalist” Cronies, and Political Regulators

Politicians and their captive regulators who wish to influence consumers, as well as business interests who are beholden to politicians for favors and/or can use the media to enhance their profits all have a vested interest in using the media to influence and control people. In return, the cooperating businesses and other entities can profit from governmental favors, money, and access to consumer information that can help them target advertising more effectively and more profitably. Businesses that want to develop monopolistic powers and profits may wish to use social media to enhance their profits and curry favor with government entities that may provide them with funds or help them exercise greater monopolistic control--by approving mergers or providing exclusive franchises. Governments, especially those that wish to exercise totalitarian control over their citizens, may wish to use their control of the mainstream and social media to advance their propaganda efforts and digital means to exercise greater control over their constituents.

People volunteer for control

As noted above, some people will volunteer to have their lives become dependent upon their use of digital media because of financial inducements or because they believe it will simplify their lives. Some may want to rely on others to provide them with information because they don't want to gain information from many sources and filter it by thinking critically. It is easier for them to rely on others to tell them what to do and think than to think for themselves about all important issues. Relatedly, others may not want to take independent responsibility for their decisions—but rather say their decisions are based upon government statements and requirements. Those people may adamantly defend their beliefs in government propaganda because they say it is based upon the authority of experts (such as the “scientists” who defended government policies during the Covid crisis). Still others may become addicted to the use of digital media and new trends because it helps give them a tribal identity. Finally, some may accept uncritically inducements in the short-run because they are unable or unwilling to anticipate possible future problems (such as becoming dependent upon the use of a particular company's ecosystem so they are forced to spend money for new versions or future upgrades when the company requires it). That can happen with computer protection software that offers low introductory prices but makes people sign up for extended upgrades once they become dependent. It also can happen with physical products that are attached to their internet facilities—think of the Apple ecosystem and how they stop supporting upgrades to their older I-phones after some point in time.

Many people are short-sighted and do not think ahead

One of the major problems with the increasing dependency and vulnerability of the general public on digital communications and finance is that most people are short-sighted and do not think ahead. In a bible story Esau “sold his birthright for a bowl of bowl of porridge” because he was extremely hungry and (as it turns out) shortsighted. In the US, the famous Stanford “Marshmallow experiments” conducted by Walter Mischel told preschool children that if they didn't eat the treat in view after the experimenter left the room, they would receive double the amount once he or she returned. Only about one-quarter of the children refrained from immediately satisfying their cravings. In later years, follow-up studies showed that those children were more likely to have higher academic performance and less likely to have drug or criminal problems than the children who could not restrain themselves. Other investigators conducted similar studies and also found that at least 2/3 of the people, even in different cultures, were not likely to exercise short-term constraint over various temptations.

When I worked at the Federal Reserve, I noted that only about 1/3 of the public paid their credit card bills in full each month even though the credit card interest rate was nearly three times as high as mortgage rates or low-risk bank personal loan rates at that time. Obviously, people were tempted to buy immediately on credit cards rather than save money in advance or borrow from cheaper sources. Thus, they paid much higher interest rates than they would have needed to pay if they had planned ahead. Finally, many advertisers publicize “sales” or other short-term financial inducements so people will make quick decisions and buy imminently rather than take the time to evaluate alternatives and spend their money more judiciously. The advertisers follow such policies because most people prefer to think quickly and emotionally rather than ponder alternatives and make considered decisions. Digital finance and communications allow consumers' quick reactions to be made and funded more easily—and probably encourage people to rely more upon their “fast-thinking” reactions.

The Bottom Line—Digital Media are desired by Profit Seeking Businesses and- Totalitarian-leaning Governments and Are Readily Accepted by Short-sighted People

Potential Totalitarians without empathy can profit by gaining wealth and/or power by deceiving people so they will sign up for their digital “serfdom” or vulnerable means of payment. Businesses can get people to sign up for extended digital contracts or dependency and/or for various financial account use by offering initial discounts. They then can gain a regular stream of payments from dependent consumers. Governments can require that people use acceptable payment means—such as the present notice that the IRS will require digital tax filings within a few years, or by banning the use of currency of certain denominations for some transactions (as India did a few years ago), Also, it is repetitively proposed that the use of \$100 and/or \$50 bills be banned in the US. Large denomination bills over \$100 are no longer issued in the US and other countries have banned the use or issue of large denomination bills as well. In addition, banks may be prohibited from opening bank accounts for certain businesses—and all US banks must file “suspicious activity” reports for large cash transactions. Under US “money-laundering” laws, innocent people have had their bank accounts seized simply because they had made one or more large cash transactions. Furthermore, in Canada, recently people were prohibited from using their bank accounts if they had donated to the “trucker protests.”

Tyrannical governments want to enhance their control over people by monitoring and regulating all aspects of their financial transactions and behavior. Their attempt to develop digital currencies would help them achieve those ends. Fortunately, digital currencies are relatively complicated and expensive to use and update in a multi-ledger system--thus, the initial Fed venture into that system is limited in scope. However, with adequate subsidies, it could be expanded, and a totalitarian government is likely to do so. Thus, we appear to be on a digital road to serfdom that most people will willingly tread.