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## Don't Confuse the Declaration of Independence with the Constitution

by Ryan McMaken

In a video making the rounds in social media last week, conservative author Mark Dice performs a series of man-on-the-street interviews to show how most Americans have no idea what Independence Day commemorates. The punch line comes at the end when Dice finds a young woman who can quote the document that he apparently thinks we commemorate on Independence Day. She says a few lines out loud and then Dice high-fives her.

Among the thousands of comments under the video, viewers left comments such as "let that young blonde woman run for President." and "she made me cry."

Unfortunately, the document the woman was quoting was not the Declaration of Independence of July 4, 1776. She was quoting the Constitution of 1787.

Mark Dice seems to be unaware that these are not the same document, that the two documents express vastly different sentiments, or that they were adopted 11 year apart in entirely different political contexts.

Apparently, for many "patriotic" Americans, any document written by a non-specific group of politicians known as "the Founding Fathers" will do for Independence Day.

### They're Not the Same Thing

Contrary to what many Americans seem to think, the document we now call "the Constitution" and the Declaration of independence are not pretty much the same thing or "connected in spirit," or "two sides of

the same coin." The two documents were written by two different groups of people at two different times to accomplish two totally different goals. While there was some overlap between the people who adopted the Declaration and those who adopted the Constitution, they were by no means the same group. And, of course, some people who signed the Declaration opposed the new Constitution.

Nor is there similarity in the content of the two documents. The Declaration of Independence is a strongly libertarian document that justifies secession and the military overthrow of government institutions.

The Constitution, on the other hand, was designed to increase the taxing power of government and create a stronger national government overall. Drawing its support from a hysterical overreaction to Shays Rebellion by the some wealthy politicians of the United States (i.e., George Washington and Alexander Hamilton), the Constitution was supported by many who hoped the Constitution would make it easier to arrest and prosecute people who — like the Shays rebels — didn't make their mortgage payments.

Meanwhile, the Declaration — which is an act of formal treason — lays out the reasons why people should be able to throw off the chains of government. It does so concisely in the second paragraph, outlining how people have certain rights, and government exists for one purpose: to protect those rights. When government fails in this, "it is the Right of the People to alter or to abolish" the government.

The document then goes on to explain why, in their specific situation, the Americans' act of rebellion is justified with a list of 28 ways the "legitimate" government at the time had violated their rights.

Contrary to what is commonly asserted by modern-

day "patriots" who oppose secession, the Declaration does not say that secession is null and void if there is a Congress, or if there are periodic elections, or if the government claims to be "democratic." Jefferson's formula is simple: if the government violates your rights, you are entitled to abolish it. Prudence, of course, may dictate that secession is inadvisable in many times and places, but this practical fact does not negate the moral rightness of secession and rebellion.

Moreover, It's significant that many so-called Founding Fathers opposed the new constitution, including Patrick Henry, Samuel Adams, George Mason, Elbridge Gerry, and Richard Henry Lee. Lee and Gerry, of course, had signed the Declaration of Independence a decade earlier. Thomas Jefferson, who was not present at the Constitutional Convention, expressed reservations about the Constitution, wanted a bill of rights added, and viewed it as a work in progress, writing to James Madison that it should be submitted to the people as a draft and then revised according to their wishes:

[A]fter it has been duly weighed & canvassed by the people, after seeing the parts they generally dislike, & those they generally approve, to say to them 'We see now what you wish. Send together your deputies again, let them frame a constitution for you omitting what you have condemned, & establishing the powers you approve.'

Jefferson certainly did not assume consent on the part of average Americans, since there was no basis for such an assumption. Defenders of the status quo today often blithely state that "everyone knew" the older Constitution had failed, and that there was widespread agreement a new constitution was necessary. But, such assessments are presumptuous at best.

After all, if there was so much demand for a new constitution, why was the new convention conducted in secret? Why did Patrick Henry conclude "I smell a rat" after assessing the plan behind the new convention? Indeed, seeing that ratification would be a tough sell, backers of the new constitution wanted special ratification committees to sign off on their new document in order to make an end run around

the more democratic and more representative state legislatures.

Many, like Jefferson and Patrick Henry, would later assent to ratification if a Bill of Rights was adopted. But later, Jefferson had been forced to conclude that even the Bill of Rights — the only good part of the Constitution — hadn't been enough. By 1798, Jefferson felt it necessary to vehemently support the idea that states could nullify federal laws they felt violated the rights of Americans. If the federal government overstepped its bounds, Jefferson wrote, states were to declare the federal actions in question to be "void and of no force."

And yet, this idea was contrary to the very spirit of the Constitution which was primarily designed to abolish this sort of discretion and independence on the part of states. State-level nullification was relatively easy under the old Constitution of 1777. The new Constitution specifically attacked local prerogatives.

All this conflict, of course, has today been swept under the rug, and we're to suppose that whatever the saintly "Founding Fathers" were involved with must all be pretty much the same wonderful thing. One wonders if the Alien and Sedition Acts — a piece of legislation that abolished freedom of speech and freedom of the press — should also be revered because "the Founding Fathers wanted it." After all, Founding Father (and signer of the Declaration of Independence) John Adams signed it into law.

Independence Day should not be a generic celebration of American politicians, even if they wore powdered wigs. Nor should it be a general celebration of some vague notion of "America." On the contrary, it should commemorate what the day's name and date implies: an act of rebellion and secession for the sake of independence that took place on July 4, 1776. What came later is something else entirely.

## **Fascism: A Bipartisan Affliction**

by Ron Paul

If neoconservatives and progressives truly understood fascism, they would stop using the word as a smear term. That is because both groups, along with most

political figures and commentators, embrace fascist ideas and policies.

Fascism's distinguishing characteristic is a "mixed economy." Unlike socialists and communists who seek to abolish private business, fascists are content to let business remain in private hands. Instead, fascists use regulations, mandates, and taxes to control business and run (and ruin) the economy. A fascist system, then, is one where private businesses serve politicians and bureaucrats instead of consumers. Does the modern American economy not fit the definition of fascism?

Fascism benefits big businesses that can afford the cost of complying with government regulations, unlike their smaller competitors. Big businesses, which have more political influence than entrepreneurs or small businesses, also significantly benefit from government subsidies. In order to maintain their power, big businesses finance the "deep state" — the network of lobbyists, journalists, think tanks, bureaucrats, and congressional staffers who work behind the scenes to shape government policy.

Obamacare is an example of fascism that is often mislabeled as socialism. Obamacare did not create a government-run "single payer" system as would exist under socialism. Instead, Obamacare extended government control over health care via mandates, regulations, and subsidies. The most infamous part of Obamacare — the individual mandate — forces individuals to purchase a product from a private industry.

Modern America's militaristic foreign policy aimed at policing and perfecting the world is another example of fascism that enjoys strong bipartisan support. Both right-wing neocons and left-wing humanitarian interventionists claim our supposedly noble goals justify any and all actions taken by the US government. Thus, these supposed human rights champions defend the preemptive war, torture, and presidential kill lists.

Many politicians supporting a militaristic foreign policy are more concerned with spreading largesse to the military-industrial complex than with spreading democracy. This is why some supposed free-market conservatives sound like Paul Krugman on steroids

when discussing the economic benefits of military spending. Similarly, some anti-war progressives will support large military budgets if some of the money is spent in their states or congressional districts.

Mass surveillance and limits on personal freedom are additional hallmarks of fascist regimes. While there is a movement to "reform" the police state, few want to abolish mass surveillance, civil asset forfeiture, police militarization, and other police-state policies adopted in the name of the wars on terror and drugs. The federal government has even used force to stop people from selling raw milk! Attempts by progressives to silence political opponents are more examples of how many supposedly anti-fascist Americans are embracing fascist policies.

The growth of the welfare-warfare state has been accompanied by an increase in presidential power. This centralization of power, and the support it receives from the political class is one more indication of the fascistic nature of our current regime. Of course, many in Congress will fight to rein in the executive branch, as long as the occupant of the White House is of the opposing party. Even the fiercest opponents of excessive presidential power instantaneously become lap dogs when their party wins the White House.

For all their alleged anti-fascism, today's neoconed conservatives and progressives both support the use of force to reshape society and the world. This is the defining characteristic not just of fascists, but also of authoritarians. The true anti-fascists are those who reject the initiation of force. The true path to real free markets, peace, and individual liberty starts with rejecting the bipartisan authoritarianism in favor of the non-aggression principle.

## **Why Socialism Will Always Fail**

by Ludwig von Mises

The director wants to build a house. Now, there are many methods that can be resorted to. Each of them offers, from the point of view of the director, certain advantages and disadvantages with regard to the utilization of the future building, and results in

a different duration of the building's serviceableness; each of them requires other expenditures of building materials and labor and absorbs other periods of production. Which method should the director choose? He cannot reduce to a common denominator the items of various materials and various kinds of labor to be expended. Therefore he cannot compare them. He cannot attach either to the waiting time (period of production) or to the duration of serviceableness a definite numerical expression. In short, he cannot, in comparing costs to be expended and gains to be earned, resort to any arithmetical operation. The plans of his architects enumerate a vast multiplicity of various items in kind; they refer to the physical and chemical qualities of various materials and to the physical productivity of various machines, tools, and procedures. But all their statements remain unrelated to each other. There is no means of establishing any connection between them.

Imagine the plight of the director when faced with a project. What he needs to know is whether or not the execution of the project will increase well-being, that is, add something to the wealth available without impairing the satisfaction of wants which he considers more urgent. But none of the reports he receives give him any clue to the solution of this problem.

We may for the sake of argument at first disregard the dilemmas involved in the choice of consumers' goods to be produced. We may assume that this problem is settled. But there is the embarrassing multitude of producers' goods and the infinite variety of procedures that can be resorted to for manufacturing definite consumers' goods. The most advantageous location of each industry and the optimum size of each plant and of each piece of equipment must be determined. One must determine what kind of mechanical power should be employed in each of them, and which of the various formulas for the production of this energy should be applied. All these problems are raised daily in thousands and thousands of cases. Each case offers special conditions and requires an individual solution appropriate to these data. The number of elements with which the director's decision has to deal is much greater than would be indicated by a merely

technological description of the available producers' goods in terms of physics and chemistry. The location of each of them must be taken into consideration as well as the serviceableness of the capital investments made in the past for their utilization. The director does not simply have to deal with coal as such, but with thousands and thousands of pits already in operation in various places, and with the possibilities for digging new pits, with the various methods of mining in each of them, with the various methods for utilizing the coal for the production of heat, power, and a great number of derivatives. It is permissible to say that the present state of technological knowledge makes it possible to produce almost anything out of almost everything. Our ancestors, for instance, knew only a limited number of employments for wood. Modern technology has added a multitude of possible new employments. Wood can be used for the production of paper, of various textile fibers, of foodstuffs, drugs, and many other synthetic products.

Today two methods are resorted to for providing a city with clean water. Either one brings the water over long distances in aqueducts, an ancient method long practiced, or one chemically purifies the water available in the city's neighborhood. Why does one not produce water synthetically in factories? Modern technology could easily solve the technological problems involved. The average man in his mental inertia is ready to ridicule such projects as sheer lunacy. However, the only reason why the synthetic production of drinking water today--perhaps not at a later day--is out of the question is that economic calculation in terms of money shows that it is a more expensive procedure than other methods. Eliminate economic calculation and you have no means of making a rational choice between the various alternatives.

The socialists, it is true, object that economic calculation is not infallible. They say that the capitalists sometimes make mistakes in their calculation. Of course, this happens and will always happen. For all human action points to the future and the future is always uncertain. The most carefully elaborated plans are frustrated if expectations concerning the future are



dashed to the ground. However, this is quite a different problem. Today we calculate from the point of view of our present knowledge and of our present anticipation of future conditions. We do not deal with the problem of whether or not the director will be able to anticipate future conditions. What we have in mind is that the director cannot calculate from the point of view of his own present value judgments and his own present anticipations of future conditions, whatever they may be. If he invests today in the canning industry, it may happen that a change in consumers' tastes or in the hygienic opinions concerning the wholesomeness of canned food will one day turn his investment into a malinvestment. But how can he find out today how to build and equip a cannery most economically?

Some railroad lines constructed at the turn of the century would not have been built if people had at that time anticipated the impending advance of motoring and aviation. But those who at that time built railroads knew which of the various possible alternatives for the realization of their plans they had to choose from the point of view of their appraisements and anticipations and of the market prices of their day in which the valuations of the consumers were reflected. It is precisely this insight that the director will lack. He will be like a sailor on the high seas unfamiliar with the methods of navigation, or like a medieval scholar entrusted with the technical operation of a railroad engine.

We have assumed that the director has already made up his mind with regard to the construction of a definite plant or building. However, in order to make such a decision he already needs economic calculation. If a hydroelectric power station is to be built, one must know whether or not this is the most economical way to produce the energy needed. How can he know this if he cannot calculate costs and output?

We may admit that in its initial period a socialist regime could to some extent rely upon of the preceding age of capitalism. But what is to be done later, as conditions change more and more? Of what use could the prices of 1900 be for the director in 1949? And what use can the director in 1989 derive from the knowledge of the prices of 1949?

The paradox of "planning" is that it cannot plan, because of the absence of economic calculation. What is called a planned economy is no economy at all. It is just a system of groping about in the dark. There is no question of a rational choice of means for the best possible attainment of the ultimate ends sought. What is called conscious planning is precisely the elimination of conscious purposive action.

## Seeing the State for What It Is

by Matthew McCaffrey

Why is it so difficult to explain the problems government creates? Despite centuries of logic and evidence, well-intentioned people on both the left and right still insist that government is the solution to all our woes.

Public policy always rests on violence or the threat thereof.

We need to better communicate the basic facts about how public policies really work. For example, many people don't know that the minimum wage hurts those it's supposed to help; instead, a price floor on labor is seen as a compassionate response to corporate greed.

But a lack of economic education isn't the only problem. There's an even simpler issue at stake: most people don't realize what it means for government to "solve" a problem to begin with. The realities of government intervention are a mystery to most voters. And there's one ugly fact in particular from which they are safely insulated: public policy always rests on violence or the threat thereof.

This uncomfortable truth is almost never mentioned in public calls for more government restrictions on economic and social life. Dragging it into the light is vital in making the case for a free society.

The problem is that people's thought process about public policy (itself a euphemism for economic control) is incomplete. Usually, when people see a problem, they have a general idea of how the world will look when it's been solved. Yet they often can't articulate how to get from here to there.

Enter the “there should be a law” mentality: if there’s a problem, government should solve it, and that’s that. But how will it be solved? Naturally, there are always policy proposals available. What’s missing is a discussion of what the laws will mean in practice; not only are their economic effects misunderstood, the means used to achieve them are, too.

Political means always involve violence or the threat of violence. In some ways, this isn’t controversial: after all, the modern state is typically defined as a monopoly of violence. But in the policy arena, the intrinsic violence of government is shrouded in the rhetoric of compassion and social justice. As a result, policies like minimum wages, licensing laws, tariffs, and closed borders are just abstractions to most people. They have no human meaning. Making them real can help us all see the state for what it is.

For example, consider how attitudes might change if the voting public understood that minimum wage laws are threats of violence against relatively poor and uneducated workers trying to make a living.

Or that licensing and zoning laws are police threats against aspiring entrepreneurs in poverty-stricken cities.

Or that tariffs mean that regulators stand ready, with guns if necessary, to defend the privileges of domestic labor unions from the peaceful trade of developing-world entrepreneurs.

Or that closed borders mean expanding police power so government agents can break down doors in the dead of night to take parents away from their children.

In each case, the law is a threat of violent enforcement against nonviolent actions. Obey or go to jail. Resist and face the physical force of the state.

In the policy arena, the intrinsic violence of government is shrouded in the rhetoric of compassion and social justice.

There are as many potential items on this list as there are government interventions. Even without considering their disastrous economic effects, each rests on its own form of coercion.

Tragically, the violence of these policies is “unseen.” Making it visible can undermine public policy and make a world of difference for some of the least well-off members of society.

This step will not be enough: we’ve seen that many Americans are only too happy to turn a blind eye to — and even defend — political violence, for example, when it’s initiated by the police. Economic reasoning alone will not help here: what is needed is a moral education emphasizing the value of human life and the value of the ideas and institutions that improve it.

Seeing the state for what it is will not change every mind, but at least it will shatter a few pairs of rose-colored glasses. More importantly, it will give the moral high ground back to the people who deserve it: those who favor peaceful social cooperation rather than a society rooted in force.

Matthew McCaffrey is assistant professor of enterprise at the University of Manchester and editor of *Libertarian Papers*.

## **The Keynesian Blessing: Americans Are Broke**

by William L. Anderson

Writer Neal Gabler recently “confessed” his “secret shame” in an *Atlantic Monthly* article on how a huge percentage of middle-class Americans are living beyond their means, existing paycheck-to-paycheck, and are mired in personal debt. He writes:

I never spoke about my financial travails, not even with my closest friends—that is, until I came to the realization that what was happening to me was also happening to millions of other Americans, and not just the poorest among us, who, by definition, struggle to make ends meet. It was, according to that Fed survey and other surveys, happening to middle-class professionals and even to those in the upper class. It was happening to the soon-to-retire as well as the soon-to-begin. It was happening to college grads as well as high-school dropouts. It was happening

all across the country, including places where you might least expect to see such problems. I knew that I wouldn't have \$400 in an emergency. What I hadn't known, couldn't have conceived, was that so many other Americans wouldn't have the money available to them, either.

The article is worth reading if only to track the spending habits and lifestyle of someone who has done well income-wise, but now is caught in a huge financial trap, and things will only deteriorate from there. Gabler tries to find and fix the blame, and it ranges from the banks to individuals to "keeping up with the Joneses." That is all well and good, but he fails to point out the role of the Federal Reserve System and the poisonous ideology that undergirds all Fed actions: Keynesianism.

### **No Emergency Funds: A Triumph for Keynesians**

There is a sad irony in Gabler's article, and that is that what he understands as a real financial crisis in middle-class households actually is the *ideal state of things* via the Keynesian lens of economic thinking. In the upside-down world of Keynesianism, the fact that most Americans now live hand-to-mouth without any appreciable savings is a triumph and is the key to prosperity, at least in the Land of Keynes. Let me explain.

In the 1950s, the so-called Keynesian Revolution began to steamroll its way through American university faculties as "The New Economics" became the rage. John Maynard Keynes, in his alleged "path-breaking" book, *The General Theory*, had demonstrated that far from blessing an economy with the means of capital formation, household savings actually were a curse and when "too many" households saved too much money, the so-called Paradox of Thrift would take hold and actually drive down the economy into the dreaded Liquidity Trap.

Americans at the time either were not aware of this new Holy Doctrine and continued to save. For example, I knew a single mother who for most of her working career made little more than minimum wage, yet upon retirement was able to purchase a home with cash for \$100K and she has continued to live well into

her 90s. Her mother and father were poor farmers, yet they managed to save an astonishing amount of money despite their very low incomes.

This was not unusual back then. Americans were known for their savings habits and continued to save even as Keynesian economists began to admonish them for denying that the economy needed "spending" to keep us at "full employment." Like all Progressives, Keynesians believed that if Americans were not willing to do what was necessary to sustain full employment levels, then the federal government would need to "nudge" them in compliance, and American politicians were all-too-happy to earn the praise of the professoriate.

And so little by little the US government changed this country's economic landscape in order to conform to the Keynesian "ideals." The most important official change in American policy was the promotion of inflation. True, officials claimed that inflation was a bad thing, and could be "fixed" by application of wage and price controls, but at the Keynesian-dominated Federal Reserve System, officials already were setting "inflation goals" in order to keep the economy from slipping into deflation.

While Keynesian "theory" sprouts many myths, one of the main ones is that inflation (read that, monetary debasement) helps to create full-employment and that it is necessary because, if left to its own devices, a free-market economy quickly will deteriorate into a downward deflationary spiral and end up in a perverse "equilibrium" in which unemployment is high and economic activity is low. Only inflation can stop the spiral, and if it isn't "high enough," according to Keynesians, then the system will implode into the depths of deflationary depression.

To Austrian economists, none of this makes sense, at least if one is speaking about real economics, not politics. If Keynes were correct, then the government's inaction during the recession of 1921 would have resulted in a major depression during the 1920s. For that matter, since the government had not intervened in previous depressions and recessions, the Keynesian logic would have meant that the US economy would

have been in permanent depression.

### **The Benefits of Saving and Investment**

The historical results parallel economic theory. Economies do not grow because governments inject doses of “aggregate demand;” they grow because entrepreneurs develop better uses of factors of production that permit more goods to be produced *and* also allow for more resources to be applied in areas where they have not been used, or at least used in lesser amounts.

Take the development of the washing machine, for example. Before washing machines were developed and made available to households, washing clothes was a huge chore that might take at least one day and maybe even longer than that. For the most part, household laundry chores were performed by women who worked for hours to clean clothes and other materials.

Washing machines, however, enabled housewives to do more laundry in less time, thus allowing them to apply some of their other skills elsewhere. Multiply this sort of thing across an economy, and one can have an idea how the development of such goods enables economic growth.

Contra Paul Krugman and other modern-day Keynesians, capital formation does not exist as a “given.” Instead, capital formation not only is a function (to use a mathematical term loosely) of savings, it *must* be so because modern economies involve a mix of capital and consumer goods, and their ratios are related to individual time preferences. One cannot consume *all* of its present production *and* simultaneously abstain from consumption in order to create capital goods that will produce more consumption goods in the future.

For example, if people (like our ancestors) are willing to save large portions of their incomes, it is not because they are irrational or are “hoarding” money (as Krugman would tell us), but rather because they wish to postpone some current consumption *in order to be able to consume more in the future*. Investors take that savings pool and then invest in the kinds

of capital goods that would allow for the creation of even more goods to be consumed at a future time.

The key indicator in whether or not investors are going to invest in long-term capital (that results in fewer consumption goods made in the short run, but brings about much more consumption in the long run) is the interest rate. In a free-market economy, low interest rates mean that individuals are saving large amounts of their income, making a larger pool of “liquid capital” available, while high interest rates indicate that consumers prefer to consume now and save less — precisely the state of things right now.

Keynesians, on the other hand, claim that since the true economic “multiplier” is equal to 1 over the rate of savings, then the less a society saves, the more economic growth that economy will experience. (For example, if all individuals in a society save 10 percent of income, then that economy has a multiplier of 10. If the individuals save 5 percent, then the multiplier is 20. It reminds me of the ditty we used when I was in school in which we “proved” that the less we studied, the more we knew.)

### **Low Interest Rates vs. Reality**

Of course, interest rates are *not* high, and certainly don't reflect societal time preferences. A society featuring a dearth of savings should have high rates, not low ones. Gabler's article chronicles a life of spending and not saving, whether it is paying for a daughter's wedding or coming up with large amounts of money to pay for a pricey elite college education for the children. With the Fed suppressing interest rates to less than 1 percent, there almost is no incentive for people to put money into savings accounts, given there is almost no appreciable return, and few of us are equipped to enter the equities markets without making serious investment errors. Multiply that across the economy and one finds a dearth of savings and a preference for present consumption — exactly what Keynes and his modern-day followers claim is the formula for prosperity: we spend ourselves into wealth.

So, we are left with a huge irony. We have low interest rates, but clearly the kind of long-term capital



investment is not common in the US economy at the present time. Firms and entrepreneurs *are* investing in long-term capital overseas, but not here, given that even while politicians such as Bernie Sanders, Donald Trump, and Hillary Clinton are decrying that fact. Of course, given the hostility of the American Political Class to private investment and given the fact that Sanders is running a campaign based on attacking and ultimately destroying private enterprise in the USA (with Clinton not far behind), investors are reading the tea leaves and taking their money elsewhere, something that infuriates the Political Class.

(Not surprisingly, the Political Class is demanding laws that effectively would build a Berlin Wall around American investment, making it illegal for Americans to invest outside this country. One does not need to be very astute to know immediately what a disaster that would bring, but given that the Political Class exists by looting others, its members would be somewhat shielded from the economic carnage.)

Lest anyone doubt that current American savings rates are low, the chart below presents an ominous picture. It also demonstrates beyond a doubt that the biggest offender in conducting policies that discouraged savings was not the Obama administration — as bad as it is — but the Bush administration with its housing bubble and exposed what Peter Schiff often has called the “phony economy.”



The chart itself exposes much about the past 35 years that is harmful to the economy. Yes, there has been the rise of the high-technology sector and the improvements

in transportation and telecommunications, thanks to the deregulation efforts of the Carter administration (something for which Carter never takes credit because his Democratic Party ideology tells him that private enterprise and profit are bad things).

The steepest drop in the rate of savings came with the Clinton and George W. Bush administrations, and I don't think that we should be surprised that during those years, the Fed actively pushed down interest rates and helped create two massive financial bubbles, each of which burst and created destruction in their wake. From the Fed's own statistics, savings has somewhat recovered during the Barack Obama years, even though Obama's administration is extremely hostile toward savers.

But here we are. After decades of what essentially could be called a new “Industrial Revolution” with the advent of computers and the internet, the US government has managed through its monetary authorities and through its other policies to decimate savings and leave millions of Americans financially vulnerable.

It has been no accident. People are able to resist force only for so long before giving in, and given that the Keynesian war on savings has continued unfettered for decades, and has been blessed at the highest levels of government and academe, not to mention touted in the news media, we should not be surprised that people save less. We also should not be surprised to know that all of us will pay a steep price for this spendthrift way of life, even as the political classes scramble to protect themselves from the consequences of their actions.

**Nelson's Newly Added Book Recommendations**  
<https://infinitebanking.org/books/>

*Modern Times: The World from the Twenties to the Nineties* by Paul Johnson

*Toil, Taxes, and Trouble* by Vivien Kellems

## A Stark Choice

by Yuri Maltsev

Today we have two presumptive candidates and it is obvious to anyone with the ability to think clearly that Trump's opportunity cost is Hillary. It is not Gary Johnson or any other candidate.

Whether you dislike his style, his arrogance, or whatever else you cannot stomach about him, it is time to realize that the choice is as stark as the choice between the Whites and the Reds in Russia in 1917. As bad as you think that the last Russian Czar Nicholas II, Chiang Kai-shek of China, or Fulgencio Batista of Cuba were, they were all "humanists" in comparison to the socialist bloodbaths that succeeded them.

The nightmarish nature of socialism was well exposed by Ludwig von Mises:

"A man who chooses between drinking a glass of milk and a glass of a solution of potassium cyanide does not choose between two beverages; he chooses between life and death. A society that chooses between capitalism and socialism does not choose between two social systems; it chooses between social cooperation and the disintegration of society. Socialism is not an alternative to capitalism; it is an alternative to any system under which men can live as human beings."

Obama's tenure in the White House proves every word of this analysis. "The disintegration of society" is unprecedented, with the government undermining the basis of the market economy and limiting our human rights, with the property rights being already in the crosshairs of our socialist masters. To solidify their grip on society our central planners manufacture all kinds of imaginary crises from climate change to white privilege and Christian bigotry. They are succeeding in pitting Americans against each other on the basis of class, gender, skin pigmentation, religion, sexual preferences and many other false "identifiers".

For any student of history, it should be obvious that today we have an anti-American, anti-Constitutionalist, and anti-capitalist Hillary Clinton facing a businessman who has created value all

his life. It is amazing for me to hear from some well-known economists, who claim to belong to the Austrian school of economics, that Trump has never created any value and is just a speculator! A speculator does not create value? I hope that they do not teach this Leninist garbage in their economics classes. How about Trump Towers and other real estate developments? Even Marx would approve these investments as highly productive.

It is also alarming that many of our fellow libertarians are displaying almost animalistic hatred towards Trump and are eagerly repeating whatever they hear about him on NPR or PBS. The anti-capitalist mentality honed by our educational system has become so pervasive that many conservatives and libertarians are almost exploding with the class hatred and social envy they have picked up from the social and print media.

In the referendum over whether to "leave" or "remain" in the European Union, British voters have chosen to leave. Only Donald Trump had backed the campaign to leave. The British defied not only the leaders of the British ruling duopoly, Cameron, and Corbyn but also Barack Obama, who had urged Britain to "remain" in the EU. Hillary Clinton also recommended that Britain should remain in. Trump predicted that leaving the EU would not put Britain at the "back of the queue," and said: "I think if I were from Britain I would probably want to go back to a different system."

The Brexit results also showed that the trend of opinion polls was wrong as these showed "Remain" in the lead. As many times before, public opinion polls proved to be a propaganda device—not telling us what people think but rather what we should think. According to the *Independent*, "When Basildon [a working-class suburb of London] yielded 69 per cent for Leave, it was even louder. So loud, who could barely hear the TV, relaying the chants from the crowds of 'Fuck off Brussels.' The United Kingdom Independence Party's Nigel Farage almost echoed Trump: "We will get our country back, we will get our independence back and we will get our borders back."

Trump is far from being an angel. He says what he thinks and the whole two-party duopoly is against him. House Speaker Ryan, called Trump's charge that the judge is biased toward him because of his Mexican origin "the textbook definition of a racist comment." Where was Ryan when Supreme Court Justice Sonia Sotomayor told us that: "I would hope that a wise Latina woman with the richness of her experiences would, more often than not, reach a better conclusion than a white male who hasn't lived that life"? I do disagree with both Trump and Sotomayor but I do not see anything "racist" in their comments.

It sounds like Paul Ryan's "textbook" is similar to the ones that we were brainwashed with in the government schools of the USSR. Trump's suggested a moratorium on Muslim immigration (until the government can vet immigrants well enough to sort out the terrorists) was immediately blasted by both parties as "racist" as if Islam were a race rather than a religion. Natsu Taylor Saito, a professor of law at Georgia State University told HuffPost that Trump's proposal mirrored the Chinese Exclusion Act of 1882. "I don't think this is significantly different," Saito said. "It is targeting people on the basis of religion rather than national origin. But we all know that this particular targeting of Muslims is highly racialized and tied to national origins. So I think it's very similar."

No "we all" do not know these progressive dogmas and have difficulties in understanding comrade Saito's Newspeak jargon of this proposed measure being "highly racialized."

Another vital issue is our judicial system. Hillary will appoint Obama or Sanders or someone even worse to the Supreme Court and make it another "engine for change". It was just one vote that preserved the Second Amendment in 1996. Scalia departed and Thomas is planning to retire; guess how she will pack the court. Roberts is not a friend of liberty—just a second coming of Souter.

For libertarians, it should be a pretty easy choice—Trump is for the gold standard, for low taxes, for a non-interventionist foreign policy; he is also against what he calls "the manufactured climate change hoax" and

government broadcasting. He has promised to repeal Obamacare, keep the Second Amendment intact, and appoint conservative judges to the Supreme Court—his list of eleven candidates is pretty impressive.

Trump's anti-free trade stand is similar to Hillary's, but unlike her, he is not a hostage of the unions. Trump's campaign package comes in a somewhat unattractive wrapping for many people, but the content is way more important than form. It is a stark choice between freedom and socialist slavery.

Yuri N. Maltsev, senior fellow of the Mises Institute, worked as an economist on Mikhail Gorbachev's economic reform team before defecting to the United States. He is the editor of *Requiem for Marx*. He teaches economics at Carthage College.

*Comment by R. Nelson Nash — Yuri has been a personal friend for a number of years. He has been a guest in our home on a couple of occasions and I have been a guest in his home in Wisconsin. He has experienced the paralyzing effect of Communism/Socialism as well as anyone on earth. I urge you to heed his warning.*

## **Brexit: Individualism > Nationalism > Globalism**

by Jeff Deist

**Decentralization and devolution of state power is always a good thing, regardless of the motivations behind such movements.**

Hunter S. Thompson, looking back on 60s counterculture in San Francisco, lamented the end of that era and its imagined flower-child innocence:

So now, less than five years later, you can go up on a steep hill in Las Vegas and look West, and with the right kind of eyes you can almost see the high-water mark — that place where the wave finally broke and rolled back.

Does today's Brexit vote, win or lose, similarly mark the spot where the once-inevitable march of globalism begins to recede? Have ordinary people around the world reached the point where real questions about

self-determination have become too acute to ignore any longer?

Globalism, championed almost exclusively by political and economic elites, has been the dominant force in the West for a hundred years. World War I and the League of Nations established the framework for multinational military excursions, while the creation of the Federal Reserve Bank set the stage for the eventual emergence of the US dollar as a worldwide reserve currency. Progressive government programs in Western countries promised a new model for universalism and peace in the aftermath of the destruction of Europe. Human rights, democracy, and enlightened social views were now to serve as hallmarks of a post-monarchical Europe and rising US.

But globalism was never liberalism, nor was it intended to be by its architects. As its core, globalism has always meant rule by illiberal elites under the guise of mass democracy. It has always been distinctly anti-democratic and anti-freedom, even as it purported to represent liberation from repressive governments and poverty.

Globalism is not, as its supporters claim, simply the inevitable outcome of modern technology applied to communication, trade, and travel. It is not “the world getting smaller.” It is, in fact, an ideology and worldview that must be imposed by statist and cronyist means. It is the civic religion of people named Clinton, Bush, Blair, Cameron, and Lagarde.

Yes, libertarians advocate unfettered global trade. Even marginally free trade has unquestionably created enormous wealth and prosperity for millions around the world. Trade, specialization, and an understanding of comparative advantage have done more to relieve poverty than a million United Nations or International Monetary Funds.

But the EU, GATT, WTO, NAFTA, TPP, and the whole alphabet soup of trade schemes are wholly illiberal impediments masquerading as real commercial freedom. In fact, true free trade occurs only in the absence of government agreements. The only legislation required is a unilateral one-sentence bill:

Country X hereby eliminates all import duties, taxes, and tariffs on all Y goods imported from country Z.

And as Godfrey Bloom explains, the European Union is primarily a *customs* zone, not a free trade zone. A bureaucracy in Brussels is hardly necessary to enact simple pan-European tariff reductions. It is necessary, however, to begin building what globalism truly demands: a *de facto* European government, complete with dense regulatory and tax rules, quasi-judicial bodies, a nascent military, and further subordination of national, linguistic, and cultural identities.

Which brings us to the Brexit vote, which offers Britons far more than simply an opportunity to remove themselves from a doomed EU political and monetary project. It is an opportunity to forestall the juggernaut, at least for a period, and reflect on the current path. It is a chance to fire a shot heard around the world, to challenge the wisdom of the “globalism is inevitable” narrative. It is the UK’s last chance to ask — in a time when even asking is an act of rebellion — the most important political question of our day or any day: who decides?

Ludwig von Mises understood that self-determination is the fundamental goal of liberty, of real liberalism. It’s true that libertarians ought not to concern themselves with “national sovereignty” in the political sense, because governments are not sovereign kings and should never be treated as worthy of determining the course of our lives. But it is also true that the more attenuated the link between an individual and the body purporting to govern him, the less control — self-determination — that individual has.

To quote Mises, from his 1927 classic (in German) *Liberalismus*:

If it were in any way possible to grant this right of self-determination to every individual person, it would have to be done.

Ultimately, Brexit is not a referendum on trade, immigration, or the technical rules promulgated by the (awful) European Parliament. It is a referendum on nationhood, which is a step away from globalism and closer to individual self-determination. Libertarians



should view the decentralization and devolution of state power as ever and always a good thing, regardless of the motivations behind such movements. Reducing the size and scope of any single (or multinational) state's dominion is decidedly healthy for liberty.

## **The Rise of Government and the Destruction of Liberty**

By Paul A. Cleveland

If you ask people today if they value freedom they will invariably tell you that they do. Regrettably, based upon their preferred government policy proposals, that assertion cannot be true. I am often surprised at how little people think about the nature of government and the problems that have arisen in society as its power and scope of operation have increased so dramatically over the course of the past hundred years or so. Today our government does so much more than it ever should do. Yet, there seems to be a common belief that it is the duty of our government to educate people, provide them with the health care they need, and even house and feed them. Can the government actually be the provider of the people?

President Grover Cleveland was once asked why he continually vetoed the progressive legislation of his era. Bill after bill that came before his desk was rejected. Each one promised to provide something for the American public from the government's treasury. In response to the question, Cleveland asked his own question. Namely he pondered, "If the government is to provide for the people, who is to provide for the government?" President Cleveland understood a fundamental truth of life that has been lost on the American public. In short, government does not produce anything. Government cannot provide anything for anyone that it does not first take from someone else. Our government is a dependent entity. It cannot exist apart from the tax revenues it takes in. Thus, it is foolish to believe that government programs can provide for our economic sustenance. After all, is it possible for the government to take money and property away from the people who produced it, then spend and distribute it in various ways along political

lines, and have economic prosperity as a result? In truth most of what flows into Washington stays there and is siphoned off by bureaucracy. The rest is distributed as political favors to a select few at the expense of the many.

What then is the purpose of government? I suppose the Apostle Paul captured its purpose best when he wrote that the God given aim of government is to punish wrongdoers. We live in a fallen world. As individuals we are simply not the people that we ought to be. We all have desires. Some are good and some are bad. Also, we all desire to achieve our ends with as little effort as possible. Thus the temptation to avoid work altogether and simply take what we want from others by force or fraud. As some people drift further and further into immoral behavior they are more and more willing to use force and violence against others to achieve their own ends. The result of such action produces chaos and discord in society. Put simply, such behavior disturbs the peace. Therefore, governments are established in order to secure the peace so that those wishing to live peaceably with their neighbors may do so. That is, governments are established to use force for the purpose of legitimate self-defense.

Herein lies a problem. What if those wishing to use violence against others to gain their own advantage are able to seize the reins of government and direct its power to promoting their selfish ends? Instead of pursuing its true purpose in society, the government may actually be used as an instrument of destruction. Specifically, such immoral people may well be inspired to use governmental means to destroy the freedom and liberty of their neighbors, to steal the fruits of their labor, and to create chaos in society for their own momentary pleasures. To test whether or not this is taking place in a nation is a simple task. Simply ask yourself whether or not the use of government force being applied would be justified if taken by an individual? If the answer is no, you can rest assured that the action is an illegitimate and immoral act for government as well.

Today Washington D. C. has been inundated by an immoral ruling class that extracts large amounts of

tax revenue from the populace and uses the proceeds for their favored ends. They make themselves wealthy even as they extend hardship and insecurity. Fear is their basic motivator for continued success in their endeavors as they proclaim that all that is needed to provide security for the populace are just a few more rules and regulations and an increase in taxes on others to secure the so-called "common good." Nothing could be further from the truth.

## VISION

By Leonard E. Read

*Note - Frequent readers of BANKNOTES are aware of my relationship with Leonard E. Read and my admiration for his works during his lifetime. In the following issues I will be sharing his book, VISION, one chapter per month. It was written in 1978. What a privilege it was for me to know this great man! - R. Nelson Nash*

### Chapter 13

#### QUOTH THE RAVEN, "EVERMORE"

For men may come and men may  
go,  
But I go on for ever.  
-TENNYSON

Suppose you were one of those who seek public acclaim as an "intellectual." How would you proceed? Would you not contrive brief, catchy phrases, slogans and the like which appeal to the millions who do no thinking for themselves, jingles which invite repetition? The aim would be to "sell the masses" on a notion or a program. In the politicoeconomic realm we hear such cliches as "Tax the rich to help the poor" or "One man's gain is another's loss" or "You can't eat freedom," sad sayings over and over again - packaged to sell.

Let us now shift to the poetic realm. Why? Because I wish to try a reverse twist or a different application of Edgar Allan Poe's famous fable in verse, The Raven. Poe wrote an 11-page analysis of how he went about the construction of the poem. He had one aim and one only: "universally appreciable." In a word, something

saleable! To achieve this he had his narrator featured by sadness. In response to each forlorn hope, the Raven would repeatedly croak, "Nevermore"- sadness packaged to sell! Here is the penultimate -the 17th-stanza:

"Be that word our sign of parting, bird or fiend!"  
I shrieked, upstarting,  
"Get thee back into the tempest and the Night's  
Plutonian Shore!  
Leave no black plume as a token of that lie thy  
soul hath spoken!  
Leave my loneliness unbroken!-quit the bust above  
my door!  
Take thy beak from out my heart, and take thy form  
from off my door!"  
Quoth the Raven, "Nevermore."

Poe's narrator was praying for surcease. Unlike our present-day seekers after truth, he sought only relief from the torturing memory of his lost Lenore. In his tormented musings, he fancies the bird is still perched above his chamber door, looking down at him with eyes that have "all the seeming of a demon's that is dreaming." And he begs the bird: "Leave my loneliness unbroken, quit the bust above my door." To which the Raven (i.e., the narrator's searing memory and grief) croaks a hopeless "Nevermore."

Poe touched here on a profound and universal circumstance; for the seeker after truth often experiences pain at its final discovery. Long-held dogmas are called in question. Old shibboleths are violated. Among the wraiths of dying error, there is always a "lost Lenore." The birth of an idea, no less than that of a human infant, is a painful process. Nevertheless, the pain must be endured if life is to continue, and if truth is to live. Far better, then, that he for whom new light is dawning should modify (and, if necessary, mangle) Poe's lines to read:

"Flaunt a white plume as a token of the truth  
that has been spoken;  
I am bowed but never broken when the old  
things fall away.  
Keep me ever seeking, turning to the  
light of newer learning-  
Thrust thy beak within my heart, and make me

search for truth today ...  
And **EVERMORE!**"

The narrator's dilemma was sadness and hopelessness, nothing aglow for the future, life's mission in the past tense. That's why Poe had the raven repeat, "Nevermore."

My mission and vision is precisely the opposite: one of happiness and hopefulness. This is why my Raven crows a hopeful, "Evermore."

One participant at a recent Seminar remarked, "That's the best lecture I have every heard; it hurts but it's true." A long-held dogma, an old socialistic shibboleth, down the drain! Of course it hurt. One cannot part with a notion held supreme without mental pain. But a seeker of enlightenment, as is this man, is happy with a newly discovered truth. Of such persons it can be said, "Hope springs eternal in the human breast." Fortunately, my outlook is precisely the same as that of Tennyson's brook:

For men may come and men may go,  
But I go on for ever.

Why? Mine is a commanding ambition: To achieve an ever-improving understanding and exposition of human freedom. Such a goal is far above the mundane affairs of men and borders on the celestial. To make even a minor contribution requires that I go on forever. But the journey is a happy one. Like the brook, I pass scenes of beauty and of challenge:

By thirty hills I hurry down  
Or slip between the ridges;  
By twenty thorns, a little town,  
And half a hundred bridges.

Freedom, as I define the term-no man-concocted restraints against the release of creative human energy-has been approximated only a few times in the history of man. And, then, for relatively short periods. Otherwise, what has been the human situation? Long-held dogmas, old shibboleths, authoritarianism-one "lost Lenore" after another.

Finally, not the slightest progress can be made toward such a goal unless the quest is featured by happiness. Have fun or forget it! Keep in mind Goethe's truth:

"Miracle is the darling child of faith." Have faith-hopefulness-or forget it!

The above way of life is why I say to my Raven:

"Thrust thy beak within my heart, and make me search for truth today-and Evermore!"

My gratitude to Ralph Bradford. While this soliloquy was my idea, numerous thoughts and phrasings and the modified Raven are his. I am not a poet and know it!

**Nelson's Live Seminars & Events  
for July & August 2016  
<http://infinitebanking.org/seminars/>**

***Oakland, CA - Nelson Nash Live Seminar***

*July 8-9, 2016* Contact Jim Kindred for attendance information: [jim@yourfamilybank.com](mailto:jim@yourfamilybank.com)

***Nelson Nash Live in Kelowna, BC, Canada for an Agent-Only Seminar***

*July 14-15, 2016*, Please use this link to register: [www.mcguirefinancial.ca/agent-training/](http://www.mcguirefinancial.ca/agent-training/)

The event is open to life licensed Agents only. Contact Jayson Lowe for additional information: [jayson.lowe@mcguirefinancial.ca](mailto:jayson.lowe@mcguirefinancial.ca)

***Fort Worth, TX - Nelson Nash Live Seminar***

*July 23, 2016* For registration information, please contact Julee Neathery at 817-790-0405 [julee@bankingwithlife.com](mailto:julee@bankingwithlife.com)  
<http://jamesneathery.com/>

***Brentwood, TN - Nelson Nash Live Seminar***

*August 13, 2016* Contact Paige McKechnie for attendance information: 615.593.7845 or [paige@threeccorp.com](mailto:paige@threeccorp.com)

***Uniondale, Long Island - Nelson Nash Live Seminar***

*August 20, 2016* Contact Alan Blecker for attendance information: Mobile: 914-413-1793; Office: 201-962-7173 or [Alan@AlanBleckerCPA.com](mailto:Alan@AlanBleckerCPA.com)

### Nelson's Favorite Quotes

Let us raise a standard to which the wise and honest can repair; the rest is in the hands of God.  
— George Washington

### Welcome the newest IBC Practitioners <https://www.infinitebanking.org/finder/>

The following financial professionals joined or renewed their membership to our *Authorized Infinite Banking Concepts Practitioners* team this month:

- [Eric Roy - Gatineau, Quebec](#)
- [Elizabeth Miller - London, Ohio](#)
- [Joey Mure - Birmingham, Alabama](#)
- [Mark Schreiber - St Louis, Missouri](#)
- [Mike Sidhu - Victoria, British Columbia](#)
- [John Moriarty - Sunset Hills, Missouri](#)
- [Pedro Palicio - Coral Gables, Florida](#)
- [Teresa Kuhn - Austin, Texas](#)
- [Thomas Young - Beaver, Pennsylvania](#)

*You can view the entire practitioner listing on our website using the Practitioner Finder.*

*IBC Practitioner's* have completed the *IBC Practitioner's Program* and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our monetary and banking institutions. The *IBC Practitioner* has a broad base of knowledge to ensure a minimal level of competency in all of the areas a financial professional needs, in order to adequately discuss IBC with his or her clients.



We are excited to share the new website  
**[Lara-Murphy.com](http://Lara-Murphy.com)**.

With the site, Carlos Lara and Dr. Robert Murphy have expanded their unique Austrian economic message found in their monthly newsletter, the *LMR*.

Personally, I most enjoy their online weekly Podcasts and want to share the latest two with you. These podcasts are a great introduction to IBC and demonstrate the quality of the productions.

You can listen here:

**[Episode 17 How-To Guide for Starting IBC, Part 1](#)**

**[Episode 18 How-To Guide for Starting IBC, Part 2](#)**

Let us know what you think!