



Why Does Propaganda Work? Some People Want It

by Daniel Lattier

There's a principle in hypnotism that goes like this: A person cannot be hypnotized against his will. He must be a willing subject. He must be fully cooperative.

So it goes with propaganda. For propaganda to be effective, it requires submissive subjects. As Professor Nicholas O'Shaughnessy wrote, propaganda is a "co-production in which we are willing participants."

Propaganda is typically defined as the dissemination of particularly biased information in support of a political or ideological cause. In his 1965 book *Propaganda: The Formation of Men's Attitudes*, philosopher Jacques Ellul provided us with some of the basic characteristics of propaganda: it thwarts dialogue, it is geared toward the masses, it utilizes various media, it is continuous, it is not intended to make one think.

Disable the Brain

If these are the characteristics of propaganda, then it is no exaggeration to say that we are surrounded by it today. Most news organizations have become partisan shells and propagandists. They provide viewers with a steady stream of videos, audio clips, images, and articles—most lacking nuance and of dubious intellectual merit—that serve the intended purpose of promoting an ideology while fueling disdain for the "opposition". And they have become very successful doing it.

The reason they are successful, I fear, is that most people today *want to be propagandized*—though they would never admit it. Most people want to be given

ideological marching orders and talking points from an authority. Most people have zero interest, and see little value, in engaging with arguments put forward by those who hold differing positions, unless it's to ridicule them. Most people want to simply choose the news media organizations that best fit with their selected ideological camps and immerse themselves in their informational streams.

This realization is unfortunate, but not really surprising. Over the past few hundred years we've had a massive democratization of public discourse and higher education in the West. A continually larger percentage of the population has gone to school for longer and longer periods of time, and has been given the impression that, as a result of this education, they are enlightened "critical thinkers" whose opinions have as much value as the next person's.

Yet, at the same time, we must confront the question raised by Dorothy Sayers in her famous 1947 essay "The Lost Tools of Learning":

"Has it ever struck you as odd, or unfortunate, that today, when the proportion of literacy throughout Western Europe is higher than it has ever been, people should have become susceptible to the influence of advertisement and mass propaganda to an extent hitherto unheard of and unimagined?"

The fact is, though everyone goes through the education system today, most are not provided with the building blocks of thought. Most are no longer taught logic. Most are not shown how to engage in rational debate.

Avoiding Complexity

And even if these skills were better taught in today's schools, I highly doubt that our situation would be

that much better. If history and experience are any indicators, the difficult reality is that most people either don't possess the intellectual chops for doing battle with complex and controversial ideas, or they choose not to undertake the discipline necessary to acquire this skill.

In the past, when confronted with new or different ideas, people who did not achieve the heights of formal education had the values and traditions embedded in their communities to fall back on. These provided them with a foundation—a “common sense”—by which to assess the merit those opinions that may differ from their own.

But today, hyper-individualism, increased urbanization, the breakdown of the family, and ideological divisions have caused a decline in the formative influence of community, and reduced our access to the “common sense” that it can provide.

Intellectually insecure and socially uprooted, many people are now desperate for some authority to cling to, someone who will give simple expression to the inklings of thoughts and instincts to which they can neither give adequate voice nor adequately live out.

Is it any wonder, then, that so many people would seek out propaganda today, and that its providers would be so happy to oblige?

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Secede from the Centrally Planned School System

by Ron Paul

Maryland Governor Larry Hogan recently signed an executive order forbidding Maryland public schools from beginning classes before Labor Day. Governor Hogan's executive order benefits businesses in

Maryland's coastal areas that lose school-aged summer employees and business from Maryland families when schools start in August. However, as Governor Hogan's critics have pointed out, some Maryland school districts, as well as Maryland schoolchildren, benefit from an earlier start to the school year.

Governor Hogan's executive order is the latest example of how centralized government control of education leaves many students behind. A centrally planned education system can no more meet the unique needs of every child than a centrally planned economic system can meet the unique needs of every worker and consumer.

Centralizing education at the state or, worse, federal level inevitably leads to political conflicts over issues ranging from whether students should be allowed to pray on school grounds, to what should be the curriculum, to what food should be served in the cafeteria, to who should be allowed to use which bathroom.

The centralization and politicization of education is rooted in the idea that education is a right that must be provided by the government, instead of a good that individuals should obtain in the market. Separating school from state would empower parents to find an education system that meets the needs of their children instead of using the political process to force their idea of a good education on all children.

While many politicians praise local and parental control of education, the fact is both major parties embrace federal control of education. The two sides only differ on the details. Liberals who oppose the testing mandates of No Child Left Behind enthusiastically backed President Clinton's national testing proposals. They also back the Obama administration's expansion of federal interference in the classroom via Common Core.

Similarly, conservatives who (correctly) not just opposed Clinton's initiatives but called for the abolition of the Department of Education enthusiastically supported No Child Left Behind. Even most conservatives who oppose Common Core, federal bathroom and cafeteria mandates, and other

federal education policies, support reforming, instead of eliminating, the Department of Education.

Politicians will not voluntarily relinquish control over education to parents. Therefore, parents and other concerned citizens should take a page from the UK and work to “Ed-Exit” government-controlled education. Parents and other concerned citizens should pressure Congress to finally shut down the Department of Education and return the money to American families. They also must pressure state governments and local school boards to reject federal mandates, even if it means forgoing federal funding.

Parents should also explore education alternatives, such as private, charter, and religious schools, as well as homeschooling. Homeschooling is the ultimate form of Ed-Exit. Homeschooling parents have the freedom to shape every aspect of education — from the curriculum to the length of the school day to what their children have for lunch to who can and cannot use the bathroom — to fit their child's unique needs.

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Thanksgiving Was a Triumph of Capitalism over Collectivism

by Richard Ebeling

This time of the year, whether in good economic times or bad, is when we gather with our family and friends and enjoy a Thanksgiving meal together. It marks a remembrance of those early Pilgrim Fathers who crossed the uncharted ocean from Europe to make a new start in Plymouth, Massachusetts. What is less appreciated is that Thanksgiving is also a celebration of the birth of free enterprise in America.

The English Puritans, who left Great Britain and sailed across the Atlantic on the Mayflower in 1620, were not only escaping from religious persecution in their homeland. They also wanted to turn their backs on what they viewed as the materialistic and greedy corruption of the Old World.

In the New World, they wanted to erect a New Jerusalem that would not only be religiously devout, but be built on a new foundation of communal sharing

and social altruism. Their goal was the communism of Plato's Republic, in which all would work and share in common, knowing neither private property nor self-interested acquisitiveness.

What resulted is recorded in the journal of Governor William Bradford, the head of the colony. The colonists collectively cleared and worked land, but they brought forth neither the bountiful harvest they hoped for, nor did it create a spirit of shared and cheerful brotherhood.

The less industrious members of the colony came late to their work in the fields, and were slow and easy in their labors. Knowing that they and their families were to receive an equal share of whatever the group produced, they saw little reason to be more diligent their efforts. The harder working among the colonists became resentful that their efforts would be redistributed to the more malingering members of the colony. Soon they, too, were coming late to work and were less energetic in the fields.

As Governor Bradford explained in his old English (though with the spelling modernized):

For the young men that were able and fit for labor and service did repine that they should spend their time and strength to work for other men's wives and children, without recompense. The strong, or men of parts, had no more division of food, clothes, etc. then he that was weak and not able to do a quarter the other could; this was thought injustice. The aged and graver men to be ranked and equalized in labor, and food, clothes, etc. with the meaner and younger sort, thought it some indignant and disrespect unto them. And for men's wives to be commanded to do service for other men, as dressing their meat, washing their clothes, etc. they deemed it a kind of slavery, neither could their husbands brook it.

Because of the disincentives and resentments that spread among the population, crops were sparse and the rationed equal shares from the collective harvest were not enough to ward off starvation and death. Two years of communism in practice had left alive only a fraction of the original number of the Plymouth colonists.

Realizing that another season like those that had just passed would mean the extinction of the entire community, the elders of the colony decided to try something radically different: the introduction of private property rights and the right of the individual families to keep the fruits of their own labor.

As Governor Bradford put it:

And so assigned to every family a parcel of land, according to the proportion of their number for that end . . . This had a very good success; for it made all hands very industrious, so as much more corn was planted than otherwise would have been by any means the Governor or any other could use, and saved him a great deal of trouble, and gave far better content. The women now went willingly into the field, and took their little-ones with them to set corn, which before would alledge weakness, and inability; whom to have compelled would have been thought great tyranny and oppression.

The Plymouth Colony experienced a great bounty of food. Private ownership meant that there was now a close link between work and reward. Industry became the order of the day as the men and women in each family went to the fields on their separate private farms. When the harvest time came, not only did many families produce enough for their own needs, but they had surpluses that they could freely exchange with their neighbors for mutual benefit and improvement.

In Governor Bradford's words:

By this time harvest was come, and instead of famine, now God gave them plenty, and the face of things was changed, to the rejoicing of the hearts of many, for which they blessed God. And the effect of their planting was well seen, for all had, one way or other, pretty well to bring the year about, and some of the abler sort and more industrious had to spare, and sell to others, so as any general want or famine hath not been amongst them since to this day.

Hard experience had taught the Plymouth colonists the fallacy and error in the ideas of that since the time of the ancient Greeks had promised paradise through

collectivism rather than individualism. As Governor Bradford expressed it:

The experience that was had in this common course and condition, tried sundry years, and that amongst the Godly and sober men, may well convince of the vanity and conceit of Plato's and other ancients; -- that the taking away of property, and bringing into a common wealth, would make them happy and flourishing; as if they were wiser than God. For this community (so far as it was) was found to breed confusion and discontent, and retard much employment that would have been to their benefit and comfort.

Was this realization that communism was incompatible with human nature and the prosperity of humanity to be despaired or be a cause for guilt? Not in Governor Bradford's eyes. It was simply a matter of accepting that altruism and collectivism were inconsistent with the nature of man, and that human institutions should reflect the reality of man's nature if he is to prosper. Said Governor Bradford:

Let none object this is man's corruption, and nothing to the curse itself. I answer, seeing all men have this corruption in them, God in his wisdom saw another course fitter for them.

The desire to "spread the wealth" and for government to plan and regulate people's lives is as old as the utopian fantasy in Plato's Republic. The Pilgrim Fathers tried and soon realized its bankruptcy and failure as a way for men to live together in society.

They, instead, accepted man as he is: hardworking, productive, and innovative when allowed the liberty to follow his own interests in improving his own circumstances and those of his family. And even more, out of his industry result the quantities of useful goods that enable men to trade to their mutual benefit.

In the wilderness of the New World, the Plymouth Pilgrims had progressed from the false dream of communism to the sound realism of capitalism. At a time of economic uncertainty, it is worthwhile recalling this beginning of the American experiment and experience with freedom.

This is the lesson of the First Thanksgiving. This year, when we sit around our dining table with our family and friends, let us also remember that what we are really celebrating is the birth of free men and free enterprise in that New World of America.

The real meaning of Thanksgiving, in other words, is the triumph of capitalism over the failure of collectivism in all its forms.

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The Bureaucracy Is Now More Powerful Than Congress

by Gary Gailles

Who creates federal laws? Civics books say it is Congress, but the real answer today may be the executive branch. Earlier this year, James Gattuso and Diane Katz reported that just the 229 major regulations issued since 2009 added over \$100 billion in annual costs (according to the regulatory agencies), \$22 billion coming in 2015. With estimates of the total regulatory costs now exceeding income tax burdens at over \$2 trillion annually, regulations were far more burdensome for many Americans than legislation.

Unfortunately, missing from this process is accountability to citizens. In response, some members of Congress have turned to supporting the "Regulations from the Executive in Need of Scrutiny" (REINS) Act, which would require Congress to approve major regulations before they could take effect.

Why is this necessary when the US Constitution specifically assigns all legislative powers to Congress? Because Congress has increasingly abdicated its lawmaking responsibility, delegating its power through vague laws and mandates to executive agencies, which then impose and enforce the actual regulations that legally bind Americans.

The REINS Act, by allowing major regulations

to take effect only if passed by Congress, would end the effective delegation of legislative power to regulatory bureaucrats and restore some of the Constitution's eroded separation of powers. It would offer some real political accountability, by moving us back toward Americans' earlier understanding of legislative powers, gutted in *U.S. v. Grimand* (1911) and subsequent court rulings.

Before *Grimand*, Congress had already begun giving administrative agencies power to formulate specific rules to implement Congress' general policy objectives. But in *Grimand*, the Supreme Court gave such administrative rulings the full force of law, with delegation mushrooming since.

The result has been ever-growing power for federal bureaucrats, enacted through reams of rules, imposing massively large costs on Americans. But bureaucrats need not clearly spell out their policies and their consequences to the public, much less submit themselves for voter approval. And whenever a scandal reveals some regulatory abuse or failure, politicians hide from their responsibility by blaming the bureaucrats they delegated the power to and then failed to effectively oversee.

There is another very practical reason for reining in our current Pandora's Box of congressional delegation. The fact that legislators must leave policy details vague — to be filled in later by others — illustrates how members of Congress don't know enough about the problems they're supposedly addressing.

To adequately address a societal problem requires detailed knowledge of the problem and the specifics of how it will be "fixed." But legislators who had really mastered such details would trumpet them at every opportunity to ensure they got credit. So, when they delegate policy details to agency bureaucrats, they reveal they do not know the specifics of a workable solution.

Despite the ineffectiveness of legislatively delegating vaguely outlined responsibilities to executive agencies, it is prevalent because it gives the appearance of a legislative solution without requiring legislators to actually have a solution. Given voters'

shaky knowledge of social problems, policies, and possibilities, such play-acting can work for politicians almost as well as (if not better than) actual solutions. It also provides politicians ready-made scapegoats whenever the political heat gets turned up, allowing them to absolve themselves from true accountability.

Americans constantly hear public servants' verbal commitments to accountability. But it is a slogan more than a reality. Reinstating a requirement that Congress approve all laws, which, if we are honest, major regulatory rules amount to, would restore some meaning to that rhetoric. It would force elected officials to answer for agency excesses and failures, rather than letting them blame bureaucrats for their own lack of real solutions. And holding both executive agencies and the Republican-controlled Congress to greater account would be an excellent way for the president-elect to prove his commitment to "drain the swamp" of federal abuses and abusers.

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Question the Conventional Wisdom about College Degrees

by Mary Clare Reim

Conventional wisdom says that students need a four-year degree to make it in today's economy. But do the numbers back that up?

According to a new study released by the Department of Education, students who pursue an occupational credential (an education that is career-centered) are more likely to be employed than those who get an academic credential.

This suggests that recent efforts to encourage more individuals to pursue college (President Barack Obama said that all Americans should have at least some postsecondary education) may be misguided. The data also suggest that the administration's antagonism toward more career-focused educational tracks—often provided by for-profit trade schools and

community colleges—is misplaced.

Instead, these new data underscore the need for more diversity and innovation in the higher education sphere.

Academia Vs. Value

The study uses data from the Beginning Postsecondary Students Longitudinal Study (BPS), which tracked students who had enrolled in college for the first time.

Researchers surveyed students starting in 2003 and tracked their progress through 2009. By the end of that six-year period, the study found that a greater proportion of students who earned an occupational credential were employed.

Additionally, 74 percent of those employed students with an occupational credential were in jobs related to their field of study, compared to just 53 percent of employed students who earned an academic credential.

These data illustrate the need for change in the way policymakers think about higher education. With college tuition at an all-time high and with over 3.6 million students defaulting on their student loans, students need alternative options for upward mobility now more than ever.

Unfortunately, our system currently reinforces the idea that a four-year bachelor's degree is the only way to get ahead in today's economy, regardless of the price or what a student actually wants to pursue.

Getting Graduates Back to Work

Reforming the outdated accreditation system could help fix this problem. The Higher Education Reform and Opportunity (HERO) Act championed by Sen. Mike Lee, R-Utah, and Rep. Ron DeSantis, R-Fla., would be a significant step in removing the barriers to innovation in higher education.

Under this plan, states would have the flexibility to allow any entity, such as a business, to accredit and credential courses of study and individual courses, and students would still have the ability to access federal student aid.

Importantly, this could extend to the business community to allow those with more discrete knowledge of their field to accredit programs or even individual courses. The policy of “decoupling” (or separating) college accreditation from federal financing creates a much-needed relationship between the education students are getting and the jobs they seek upon graduation.

As Lee explained:

Today, the federal government restricts access to higher education and inflates its cost, ensuring unfairly to the advantage of special interests at the expense of students, teachers, and taxpayers. The federal government does this through its control over college accreditation. Because eligibility for federal student loans is tied to the federal accreditation regime, we shut out students who want to learn, teachers who want to teach, transformative technologies, and cost-saving innovations.

... my plan would give states a new option to enter into agreements with the Department of Education to create their own, alternative accreditation systems to open up new options for students qualifying for federal aid.

... accreditation could also be available to specialized programs, individual courses, apprenticeships, professional credentialing, and even competency-based tests. States could accredit online courses or hybrid models with elements on- and off-campus.

Additionally, decoupling federal financing from accreditation would encourage new and innovative models of higher education to emerge. In a country where high school graduates represent drastically different backgrounds, interests, and skill sets, it seems shortsighted to assume that everyone should pursue the same four-year bachelor's degree no matter what their career and life goals are.

Although college is the right choice for many, some students would be much better off earning their degree online or attending a vocational school to learn a specific skill—or some combination of all three.

These personalized options can be significantly less expensive than a four-year bachelor's degree and can take a fraction of the time to complete. Breaking apart the higher education cartel that reinforces the status quo is an essential first step to providing better and cheaper options for students.

This study from the Department of Education should inform policymakers in their understanding of occupational education options.

While academic tracks have been successful in getting many students on the path to upward mobility, students need more options to fit their unique skills and goals. Expanding education options by reforming our accreditation system would be a meaningful first step.

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The Benefits and Perils of Being Self-Employed

by Doug Thorburn

The young client I recently wrote about (“Think Twice about Going West, Young Man,” American Thinker November 13, 2016) who asked whether to come to California to start his business asked a follow-up question, “Should I even bother opening ‘any’ small business?” I figured he could use a primer on the topic with all the pros and cons of being a business owner vs. an employee.

The Freedom

My experience as an Enrolled Agent tax pro preparing thousands of entrepreneurs' tax returns over decades has given me insight into the entrepreneurial mind. Leaving out those motivated by the idea they have something unique to share with potential consumer kings, most budding entrepreneurs have two primary motivating factors to starting a business. One is the extra freedom the self-employed are perceived to enjoy. There is no boss to answer to (except the consumer-king!) and there is sometimes greater

flexibility in the work schedule (sometimes not).

The self-employed are the ultimate decision makers for their businesses and many of them want to be such. They want to be able to blame themselves for poor decisions and take credit for good ones, with full acceptance of the psychological and monetary consequences.

The fact that self-employed people often work many more hours than do most employees, including their own, may be offset by the fact that many love what they do.

And like me, many don't like bureaucracies. (Decades ago, I found a particular distaste for unionized work places with everyone earning the same wage regardless of competence, as well as for one particular company I worked for rife with backstabbing alcoholics.)

The Money

The other primary motivating factor is the prospect of a high income for those in non-scalable (paid mostly hourly) professions or the prospect of having little limit to income for those in scalable occupations (paid without limitations as to time and labor; as Nassim Taleb puts it in *The Black Swan*, "a writer expends the same effort to attract one single reader as she would to capture several hundred million"). Most people with the greatest earnings, with the exception of crooked politicians and bureaucrats, are or have been entrepreneurs.

The problem in getting there is that half of all new businesses fail in their first few years. The ones that succeed are often only marginally profitable, and the few that become wildly profitable usually do so only after the owner has endured years of 18-hour days.

This may be due to the competition among the self-employed as well as between businesses in general. The desire to be self-employed is so prevalent that the supply of people who want to be self-employed may be greater than the demand for the products and services they offer. This tends to decrease the earnings of sole proprietors. I have seen many self-employed individuals who for years take home less after business expenses than their own employees do

or less than they would make if they went to work for someone else. They remain in business simply to avoid being an employee.

This brings up the question of how much self-employed people earn compared to their employed counterparts. To make a fair comparison, all employee benefits must be included when calculating the earnings of employees. Such benefits include retirement plans, medical and disability insurance, overtime compensation, sick pay, vacation pay and, frequently, other benefits that larger corporations offer employees, including employee gyms, discounts on products and free lunches and training. These benefits increase the number of proprietors who would be monetarily better off as employees. It may turn out that overall earnings for employees are indeed higher.

One reason earnings can be lower for self-employed people is business ups and downs. Business owners feel recessions more quickly than employees, who are often somewhat insulated from such business conditions because corporations, especially larger ones, often don't lay off until a moderate slowdown becomes severe.

The Knowledge

Another reason for earning less than employed counterparts is the extensive knowledge self-employed people must have to ensure success. Frequently, an employee need be expert in only one specialized field. Self-employed people, however, must be at least good, if not expert, in many fields.

They need to sell their products or services, so they have to have a good grasp of marketing and sales. They decide what must be purchased, how much and on what terms, understanding the pros and cons of countless options, so must be decent purchasing agents. They need to know what their products cost, directly and indirectly, including overhead and labor inputs, and how to analyze such costs, as a cost accountant can best do. Being both a good marketing strategist and a competent cost accountant is essential to pricing their products or services for maximum profit in the long run.

An all-too-common problem is pricing products or services too low for long-term business sustenance, as if business owners are afraid to earn a profit. Many people are emotionally at odds with maximizing profit, despite the fact that doing so is in the long run not only good for the business proprietor but also for society: the proprietor stays in business. And, if his profit is large enough as judged by his would-be competitors, they venture into his line of business and the supply of the product or service will increase and prices, along with profit margins, generally decline.

Often self-employed people must be secretaries and bookkeepers and, as in my case, a writer, publisher and negotiator (as when I deal with the IRS).

The self-employed must be able to do all these jobs until they can afford to hire such services—a time that usually doesn't arrive until after they have mastered them in making their businesses survive.

In addition, they need a basic understanding of business-related fields such as finance, administration, employee relations, banking, insurance, business law and taxation, so they'll know when to go to a specialist for help.

And besides all this, successful self-employed individuals must generally be self-motivated, confident, and well-organized.

The Hopes (mine)

I don't mean to discourage anyone from becoming self-employed. Even with its drawbacks, I prefer to see as many people as possible in self-employment, if only for reasons connected with blame and credit for decision-making and production.

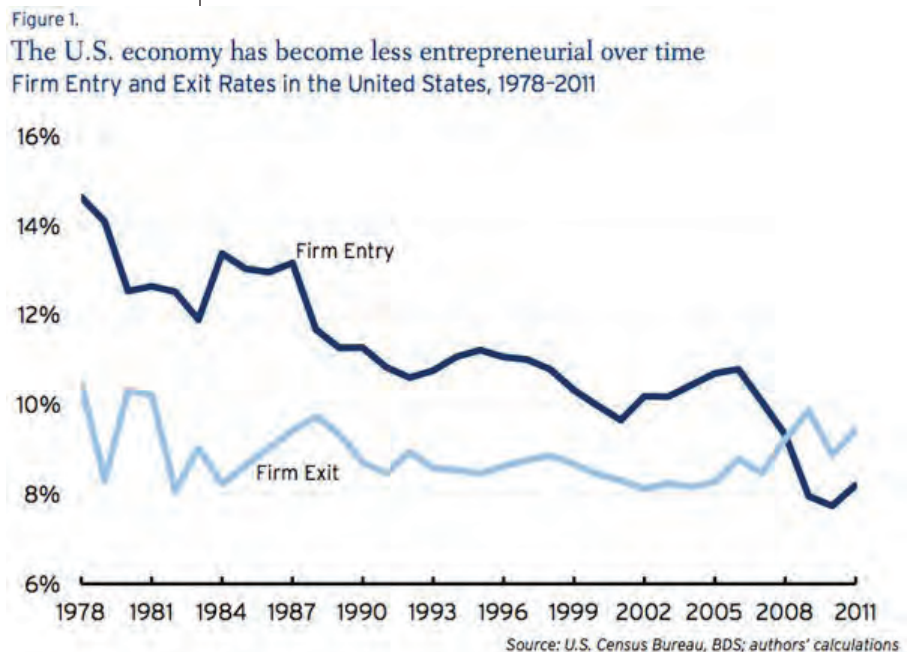
I hope that seeing a self-employed boss at work will help his employees better appreciate what he has gone through before they were hired and the challenges he faces after. Employees should realize they wouldn't even have the job were it not for the employer, contrary

to what many union heads and people in government would have us believe.

I hope, too, that a would-be self-employed person will develop a good understanding of what he must do to become successful. Too many have pie-in-the-sky dreams of glory and money, setting unrealistic goals for themselves which, in the end, thwart their success. Business planning based on full knowledge of both potentials and pitfalls can help to prevent failure and ensure success.

Entrepreneurship in the U.S.

Despite the positives for owners and society, entrepreneurs are becoming an endangered species, as this chart shows:



Graph from a Brookings Institution paper, "Declining Business Dynamism in the United States: A Look at States and Metros" by Ian Hathaway and Robert E. Litan, <http://www.brookings.edu/research/papers/2014/05/declining-business-dynamism-litan>.

There are many reasons entrepreneurship has declined in the U.S. since the 1970s. One is the increase in company size in some industries, with fewer firms selling a large variety of products and services in one location such as the "big-box" store. In one trip to a

Target or Wal-Mart, you can purchase a plethora of items previously purchased at several smaller stores; larger volumes allow them to offer lower prices. Costco, BJ's and Sam's Club have excelled at this, albeit with far less product choice, while by contrast, a small producer will struggle to out-compete a large one. Small firms do survive in niches, but there are only so many such niches.

Another reason for the reduction in entrepreneurship is increasing government intrusiveness and regulatory hurdles. Regulations are far more voluminous than three decades ago. Since 1993, more than 1.5 million pages of new federal government rules, proposed rules and regulations have been published in the Federal Register—more than 200 pages per day. This doesn't count a massive increase in state and local rules.

The cost of compliance may be affordable for a large firm; it may be cost-prohibitive for a small one. The fact that many start-ups no longer start out small supports this idea. Daniel Hannan, a Member of the European Parliament, recently said: "The biggest surprise to me, when I was a newly elected MEP was the extent to which these giant corporations wanted more regulation. I had supposed, being elected as a conservative, that being private enterprises, they would want freedom of action. I was disabused of that within a week of arriving. They love regulation because they can afford the compliance costs more easily than their smaller rivals. They have captured the Brussels machine and used it to raise barriers to entry, very good [news] for the cartel of established multinationals, very bad news for the innovator, the startup, the entrepreneur."

Added to compliance cost is the risk of unknowingly committing felonies in the routine course of one's work. Harvey Silvergate makes a good case in his book *Three Felonies a Day: How the Feds Target the Innocent* that because of the massive number of laws we live under and their pervasive vagueness, all of us have committed felonies unknowingly, even if the 'three' in his book title is hyperbole.

Many owners of small firms work (at no pay) more hours than their counterparts in large firms to meet all

these regulatory requirements, reducing the owner's net income and further discouraging the number of would-be entrepreneurs. An old joke, a version of which was found in a Playboy magazine issue of some years ago, speaks to this:

A man owned a farm in Kansas. The Department of Labor received a tip that he was not paying proper wages to his employees. An agent came to interview him and said, "List your employees and tell me how much you pay them."

The farmer said, "I have one ranch hand who's been with me for three years. I pay him \$600 a week plus room and board. Then I have a cook. She's been here six months. She gets \$400 a week plus room and board."

"Anybody else?" the agent asked as he scribbled on a notepad.

"Yeah," the farmer said. "There's a half-wit here. Works about 18 hours a day. I pay him \$10 a week and give him chewing tobacco."

"Very interesting," the agent said. "I want to talk to that half-wit."

The farmer replied, "You're talkin' to him right now."

Exacerbating the trend towards fewer entrepreneurs is high-handed government with a penchant for controlling everyone and everything. Economic fascism, in which government directs the means of production without claiming outright ownership, finds it much easier to preside over fewer, larger business than countless smaller ones. The consolidation and concomitant increase in the size of medical businesses and insurers is one case of the result: the percentage of self-employed physicians, for example, decreased from 57% in 2000 to just 36% in 2013 and is expected to hit 33% in 2016.

(Economic fascism is not Nazism. As econlib.org puts it, it's socialism with a capitalist veneer. By this definition, we live in a largely fascist country of which Mussolini would be proud. For a terrific discussion of fascism in all its forms, see <https://fee.org/articles/economic-fascism/>.)

Finally, entrepreneurship suffers because the tax code is stacked against it. Greater tax burdens are created by dramatic fluctuations in income, often the case with entrepreneurs, than by relatively equal incomes from year to year. For instance, assuming 2015 tax rates and a single filer, a sole proprietor earning \$50,000 in each of two years pays total income taxes of nearly \$9,500 over those two years; a proprietor earning \$100,000 in one year and zero the next pays a total of more than \$16,000. In another example, a sole proprietor earning \$75,000 in one year and losing \$75,000 the next year pays more than \$10,000 in income tax plus \$10,000 in self-employment (Social Security) tax in the profitable year; even with a net operating loss carryover (which allows him to offset the \$75,000 profit with the \$75,000 loss for income tax purposes), he's still stuck with the \$10,000 in self-employment tax; but a proprietor who earns zero in each year pays nothing.

I ran calculations for the \$1 billion loss that President-Elect Donald Trump suffered in 1994. I found that using today's tax rules and assuming he used the net operating loss carryover rules (as he should have), if he earned \$1 billion in each of the next two years, his overall tax would be \$57 million greater than if he had earned one-third as much (one-third-billion) in each of the three years.

While I prefer more small businesses, the libertarian in me suggests that we simply leave the market alone to do what it will do when it is left alone: serve consumers—whether customers, clients or patients—in the most cost-effective and efficient way possible. With fewer government regulations and less intrusiveness, there would likely be many more small businesses and especially start-ups, which would create a much more vibrant economy, thereby increasing productivity and hence living standards (that is, wages and net incomes).

Our economy has been sluggish, with stagnant living standards, for years. If the United States is to remain a world leader and its citizens' incomes are to rise, the economy needs to be freed up, not increasingly strangled by people who think they know how to live our lives and spend our earnings better than we do.

Hopefully the recent Republican sweep will turn this sluggish ship around by reducing the regulatory state. Perhaps now is a great time to start a business, even if it's not in California.

Doug Thorburn, EA, CFP, Alcoholism Researcher, Author of "Alcoholism Myths and Realities" and numerous other books and articles. "Protect yourself from financial abuse."

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 18

THE ROLE OF SELF-DISCIPLINE

Man, proud man! dressed in a
little brief authority, plays such
fantastic tricks before high heaven
as make the angels weep.

-SHAKESPEARE

Self-discipline, as distinguished from being disciplined by others—governments, labor unions, neighbors or whoever—is a necessary attainment if liberty is to prevail. Self-discipline is a requirement in every department of life—if life is to be lived at its highest—but I shall limit the following commentary to this achievement as related to *responsibility* and *authority*.

Discipline is defined as “training that develops selfcontrol, character, or orderliness and efficiency.” These are the elements of self-discipline, as I shall use the term!

Here's the story of how I came upon the idea that there is a necessary and proper relationship between responsibility and authority. In the early forties the

Los Angeles Chamber of Commerce, with myself as General Manager, experienced a far greater success than like organizations in many large cities. Why did we have thousands of enthusiastic members and financial supporters while many business organizations were scrambling for existence? What were we doing that others were not? After a great deal of pondering, the answer came to mind.

The L.A. Chamber had 18 departments, each with a manager and staff; 150 people in all. In every instance, when assigning projects to the managers, I gave them not only the responsibility for the undertaking but also the authority to accomplish it. It worked like magic.!

Why this procedure? Having had little formal schooling, I was obliged to seek tutors. And from the remarkable Socrates I learned that none of us knows very much. How possibly could the business of Los Angeles County be bettered, I asked myself, if it were but a reflection of my know-nothing-ness! By assigning responsibility and the authority to go with it, the initiative of my 150 associates was tapped; their innovative potentialities bloomed; and the total know-how and energy was tremendous! All of us worked *with* each other, not one in total command, but a happy combination of competition and cooperation.

My predecessor—like most managers of other Chambers—told everybody on his staff what to do and how to do it—period! His do-as-I-say tactic failed to bring out the potential talents of anyone. Thus it was that I chose the working formula: *Delegate responsibility and authority commensurately*. This turns out to be the secret of organizational success, be it in Chambers of Commerce, trade associations, business corporations, or even preparing a dinner with your wife. If I say, “Please prepare the salad,” I give her the authority to make it her way. As in all other organizational arrangements, she may seek my counsel but the final decision is hers. It works!

Interestingly, it was some 10 years later that I heard this exact phrasing from another. He was the Vice Chairman of perhaps the world's largest corporation, one having many divisions and locations, each with its own president and staff. Responsibility for doing

a good job was delegated to each of those presidents along with the authority to accomplish the task. Did it work? One of the greatest corporate successes I have ever known!

As observed earlier, self-discipline, as distinguished from being disciplined by others, is a necessary attainment if liberty is to prevail. And self-discipline significantly relates to both responsibility and authority.

As I have written many times, self-responsibility and liberty are two parts of the same ideological coin. Neither is possible without the other. Nor is self-responsibility possible without a strict self-discipline. Refusal to turn the responsibility for self over to another or others, which is to relieve self of life's problems, requires a discipline of the highest order. It takes intellectual toughness not to yield to this seductive temptation.

Equally destructive is allowing governments to assume the responsibility for our welfare, deciding for us what we shall learn or produce or with whom exchange or the hours we may work or prices and wages. To thus abandon self-control is a suicidal act. As Verna Hall wrote: “To the extent that an individual turns the responsibility of self over to another or allows government to take it away, *to that extent is the very essence of one's being removed.*”

Next, what about self-discipline as related to authority? Is it necessary? It relates to authority no less than to responsibility. Omission of self-discipline from either one makes it ineffective in the other. It is a double-barreled necessity and unless practiced in both will result in countless disciplines over our lives by governments and other dictocrats.

When one is graced with the responsibility-authority combination—those rare stimulative twins—the chances of success are greatly increased. A person thus graced is head and shoulders above those in comparable endeavors. However, it takes an unusual self-discipline to keep success from going to one's head. The remedy? Acquiring and keeping in mind, day-in-and-day-out, that Socratic truth: *knowing next to nothing!*

At this point, reflect on Shakespeare's wonderfully phrased wisdom: "*Man, proud man! dressed in a little brief authority, plays such fantastic tricks before high heaven as make the angels weep.*"

Countless individuals gain the reputation of being top *authorities* at this or that bit of expertise—a business or labor tycoon, an economist, a novelist, a writer of communistic doctrine or whatever. They believe as many others do that no one rivals or excels them in their specializations, and perhaps no one does. What is the malady that so often follows these self-assessments? The belief that there is nothing in the Cosmos above their minds! As a consequence, many of them, as Karl Marx, become atheists their finite minds the Almighty I! Infinite Consciousness—Creation—to them is just so much religious buncombe! Man, proud man! He does, indeed, make the angels weep!

The self-discipline that will remedy such inflated self esteem? No one knows, for it is as indescribable as intuitive flashes or insights having a *Source* which they in their presumed omniscience have denied. From that condition, how does one regain an open mind?

An open mind to what? To the Infinite Unknown! Rarely will those self-designated authorities grasp this concept, for their egotism squelches their reason. Any attempt to deflate their egotism will result (1) in a confirmation of their headiness and (2) in a dislike of all would-be reformers. So what can we do? We can let them go their own way!

Most important, we, too, each of us, can go his own way: strive for humility; acknowledge the mystery of how Creation works its wonders, the wonderful miracle of the free and unfettered market. And we may be grateful to Shakespeare, who warned us against pride, and to Socrates who made it plain to us that the more we know the more we know we do not know.

The role of self-discipline as related to responsibility and authority is to shield us from dictocratic disciplinarians and to assure the liberty that brings peace on earth, good will toward men.

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

- Will Moran - Edmonton, Alberta
- Russ Morgan - Birmingham, Alabama
- Charlie Jackson - Hillsboro, Texas
- Matt Zimmer - Jamestown, North Dakota
- Bryan Nelson - Santa Ana, California
- James Dalton - Bradenton, Florida
- Allan Johnson - Prince George, British Columbia

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

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

Stillwell and the American Experience in China - 1911-1945 by Barbara Tuchman

Nelson's Favorite Quotes

"A power has risen up in the government greater than the people themselves, consisting of many, and various, and powerful interests, combined into one mass, and held together by the cohesive power of the vast surplus in the banks." – John C. Calhoun, 7th Vice President of the United States

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