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APRIL • 2018

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ABOUT LARA & MURPHY

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In 2010 he co-authored the highly acclaimed book, *How Privatized Banking Really Works* with economist Robert P. Murphy.

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Murphy has a Ph.D. in economics from New York University. After spending three years teaching at Hillsdale College, he went into the financial sector working for Laffer Associates. With Nelson Nash, Carlos Lara, and David Stearns, Murphy is co-developer of the IBC Practitioner Program.

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> *"I know you are enduring patiently and bearing up for my name's sake, and you have not grown weary. But I have this against you. You have abandoned the love you had at first. Remember therefore from where you have fallen; be repentant, and do the works you did at first."*
>
> *— The Son of Man, Revelations*

The law of love, for the most part, still undergirds our relationships with other human beings. That is, we try as best we can to practice this noble principle. We do this especially with our family members and friends because we know that a loving relationship with them is certainly much more compatible than one that is vindictive.

The Christian commandment of *neighborly love,* which challenges us to love our neighbor as one loves himself, raises the ethical bar even higher and is certainly much more difficult for us to practice, but surprisingly many of us still express it quite often. It is most apparent when we show respect for our fellow man's inalienable rights. We endeavor to never inflict harm on our neighbor, or his family, with hopes that his mutual respect of us will be returned in kind.

Yet nothing destroys this law more quickly and completely than when we bring government politics between our fellow man and us. It is no longer us acting as individuals, but us acting as a *political entity.*

For example, as individuals many of us would never think of using violence, or the threat of violence, to rob our neighbor of the fruits of his labor in order to help fund the education of our children, or to contribute to Federal aid programs, or other government contributions. But when we become *political beings* we suddenly can and do.

If a thief were to attack our next-door neighbor right before our eyes and robbed all, or any part of his wealth, or in any other way hurt him, or his family, many of us would quickly come to his aid and defend him. Yet as political creatures we turn around and coerce our fellow man into assisting us in obtaining our own self-serving ends using the government as our political tool to accomplish it. We tax, we seize property, we disregard agreements and promises that hurt our fellow man rather than protect him.

It seems our deeds and actions are weighed by two sets of moral standards once government politics enters the equation. One seeks the law of love with his fellow man, while the other denies its very presence.

This plot is played out daily both domestically and internationally. The obvious is that man is paying a tremendous price for his abandonment of the Christian law of love in the area of human action. The results are war, economic failure, and serfdom. The only remedy is to return to it. A good start would be to return as much of social interaction as possible to the private sector, away from the corrupting realm of politics.

Yours truly,
Carlos and Bob

PULSE ON THE MARKET

Rates Rising

INTEREST RATES ARE RISING AS THE FED TIGHTENS

The big news near the end of the month was that the 10-year Treasury finally broke through a 3% yield. However, when we look at shorter maturity Treasuries, we see much more evidence of the fact that we are now in a tightening phase:

As the chart indicates, the fact that the 10-year yield (green line) is hitting highs not seen since 2014 is hardly the story. The real news is that the shorter maturities are all hitting highs not seen since the crash. We are clearly in full "recovery" mode, with the Fed raising short-term rates, as defined in the Keynesian paradigm that guides our government and central bank officials.

If you are reading the *Lara-Murphy Report,* then it must be because you place some credence in the Austrian theory of the business cycle. Well, the Austrian theory says that the unsustainable boom is fueled by artificially low interest rates, which are generated in modern times by the central bank. (As Murphy explains in his article this month, the actual Misesian theory refers to fractional reserve banking per se, but when there's a central bank in operation it steals the show and brings the commercial banks along for the ride.)

Even though the lackluster "recovery" since late 2009 has been quite tepid, nonetheless the "tight labor market" of recent years has been fueled by near-zero interest rates and the unprecedented

infusion of liquidity by the Fed through its various rounds of quantitative easing (QE). Now that the Fed is finally tightening, we can expect another crash.

What's the timing? Well, just eyeballing the chart and looking at the last cycle, we can see that "proportionately" we are in the stage of the cycle circa late-2005. For a more specific "trigger," we note that many analysts are watching to see when the yield curve inverts—it may be this calendar year. (On our chart, this would mean one or more of the lower lines exceeding the top green line.) Notice that the yield curve inverted before the previous two crashes, and indeed as Murphy explained in his January 2018 *LMR* article, an inverted yield curve has successfully "predicted" every recession since World War II. Furthermore, this empirical pattern is perfectly compatible with standard Austrian business cycle theory.

We do not sow fear merely as sensationalism. We are not perma-bears. The standard application of Austrian business cycle theory to our present circumstances indicates that the Fed has blown up a giant bubble and is now going to pop with its tightening. If you haven't already done so, we urge you to watch our video, "How to Weather the Coming Financial Storms," available (right now) at the main page of Lara-Murphy.com but also permanently at: https://youtu.be/Uu8PI69H_XU

Gold Is No Turkey

TURKISH OFFICIALS RECALL U.S. GOLD, REJECTS DOLLAR ACCOUNTING

A major news event that should have received more coverage was that the central bank of Turkey has apparently recalled its gold held by the Federal Reserve System. (Although the 220 tons of gold was not officially recognized as being transferred until this month, some news reports claim that the move was actually triggered back in 2017.) Although the decision is being attributed to the souring relations between Washington and Ankara over the situation in Syria (where the U.S. supports Kurdish groups that the Turkish government considers terrorists), Turkish President Erdoğan also said in April that he thinks IMF loans should be settled in gold, not dollars. He reportedly said in a speech in Istanbul, *"What I'm saying is that these debts should be in gold. Because at this point the karat of gold is unlike anything else. The world is continually putting us under currency pressure with the dollar."*

PULSE ON THE MARKET

Russia, China Score Gold

RUSSIAN AND CHINESE GOVERNMENTS ACCUMULATING GOLD

In April some sensationalist news sites circulated a story claiming that Putin and Chinese officials were getting ready to launch a gold-backed currency. This particular story was unfounded, but in general it is true that the two rivals to Washington have indeed been increasing their gold holdings. According to official IMF figures, as of March 2018 Russia was the 6th largest and China the 7th largest holders of gold in the world, at around 1,850 tons each.

CHICAGO SEMINAR 19 MAY 2018

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We are pleased to announce that the IBC SEMINAR will be live in Chicago on Saturday, May 19th, 2018. *The IBC Seminar is the Nelson Nash Institute's premier Live Event for the public.*

For years, through his seminars and best-selling book, R. Nelson Nash has been teaching the public how to "become your own banker." Nash's revolutionary approach is the Infinite Banking Concept (IBC), which uses specially designed Whole Life insurance policies as the perfect cash-flow management vehicles.

David Stearns, the President of IBC LLC will open the Seminar and set the stage as Robert P. Murphy, Ph.D economist, and L. Carlos Lara, authors of the books The Case For IBC and How Privatized Banking Really Works present.

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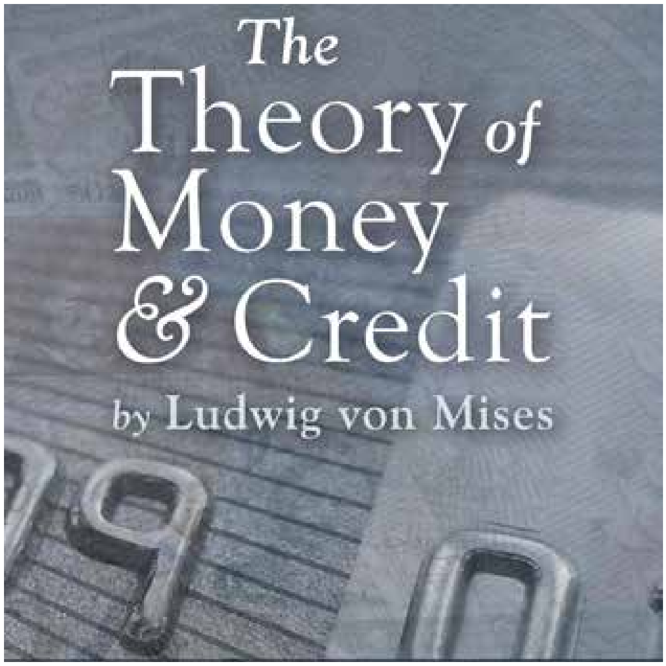
Fractional Reserve Banking Causes the Business Cycle

by Robert P. Murphy

On April 16, I debated the Cato Institute's George Selgin on the resolution, "Fractional Reserve Banking poses a threat to the stability of market economies."[1] I was arguing *for* the resolution, while George was *against*. This is an area where even self-described Austro-libertarian economists are hotly divided, and moreover fractional reserve banking plays a key role in the book I co-authored with Carlos Lara *(How Privatized Banking Really Works)*. For these reasons, it's worth summarizing my case in the present article.



The quick summary is that Ludwig von Mises developed his theory of the business cycle not as something caused by the central bank, but instead he blamed the artificial expansion and contraction of credit through the commercial banking sector. Yes, it is certainly true that a central bank *exacerbates* the problem, but strictly speaking, "Austrian business cycle theory" explains how the commercial banks have the power to push interest rates artificially low and trigger an unsustainable boom. My claim is not (or at least should not) be controversial; during the debate I quoted Selgin himself admitting that Mises explicitly wrote that fractional reserve banking per se sets in motion the business cycle. This is yet another reason that fans of the Austrian School should seriously consider Nelson Nash's Infinite Banking Concept (IBC), because life insurance companies in the present financial environment do *not* have the power to expand the (broad) quantity of money the way commercial banks can.

> **Ludwig von Mises developed his theory of the business cycle not as something caused by the central bank, but instead he blamed the artificial expansion and contraction of credit through the commercial banking sector.**

Money Substitutes

In his pioneering 1912 book, translated into English as *The Theory of Money and Credit*[2] (though Guido Hülsmann argues a more accurate translation would be *The Theory of Money and Fiduciary Media*),

> **Mises first had to define some important concepts.**

Ludwig von Mises laid out the framework for what he called "the circulation credit theory of the trade cycle." Nowadays, we call this explanation "the Austrian theory of the business cycle."

In order to present his theory, Mises first had to define some important concepts. He explains in the book that his choices in these matters of terminology were guided by the goal of explaining important economic phenomena. Consequently, Mises developed the notion of a *money substitute,* which is a claim on actual money that the community believes is easily and immediately redeemable at par. For example, historically bank notes would qualify as money substitutes, and in our day, checking account balances at commercial banks would qualify.

That is, if Bank of America says you have $1,000 in your checking account, strictly speaking that is not the same thing (legally) as you actually holding ten $100 bills in your hand. But so long as there are no news reports of Bank of America being in financial trouble, you can go into the grocery store and write a personal check, or use your debit card, tied to your Bank of America checking account, in order to obtain groceries. From the cashier's perspective, the fact that Bank of America is saying "this person is good for up to $1,000" is *equivalent* to you actually holding $1,000 in paper currency in your hands.

Notice that this equivalence does *not* hold for other assets, even if they are very liquid. For example, you can't buy groceries, or pay your electric bill, with shares of corporate stock. But you *can* do these things with claims to money that are issued by commercial banks. This is why Mises would not classify shares of stock as "money substitutes," but he *would* classify checking account deposits as such.

Now within the class of money substitutes, Mises made a further distinction: He split the category up into *(a) money certificates* and *(b) fiduciary media.* Money certificates referred to claims on money that were 100% backed up by money in the vault. In contrast, fiduciary media referred to money-claims that were issued by a bank in excess of the actual monetary reserves held by the bank.

For example, suppose customers deposit $1 billion in actual green pieces of currency into their checking account balances with Bank of America. If BofA merely credited their checking accounts with the $1 billion, and held the currency in its vaults, then those checking balances would be money certificates. Nothing economically would have changed; the public would have simply altered the *form* in which it held its cash balances.

However, if BofA lends out (say) $200 million of the funds by making new loans to businesses and home buyers, then the community now thinks it has $1.2 billion in money (if we use a broad definition). That is, the original depositors still think they have $1 billion in their checking accounts, but the new borrowers now think they have $200 million in spendable funds that they didn't previously hold. Out of this total of $1.2 billion, Mises would say $1 billion consists of money certificates while the $200 million is fiduciary media.

The crucial point is that the community does not distinguish between money certificates and money substitutes in its transactions. If someone walks into Home Depot to buy some lumber, and writes a check drawn on a Bank of America checking account, the

cashier doesn't care whether Bank of America has 100% reserves or not. All that Home Depot cares about is that, in practice, Bank of America makes good on its promises to redeem claims on it in green currency, if so desired. So long as there isn't a "bank run," the community is happy to accept checks and debit card swipes as equivalent to currency.

And so we see why Mises developed the notion of money substitutes, and further divided the class into money substitutes and fiduciary media. In our example, the commercial bank—by lowering their reserve ratio from 100% down to 80%—was able to "expand the money supply" in the community by $200 million, in a very meaningful sense. Furthermore, the way this new money entered the economy was through the loan market, which we discuss in the next section.

If someone walks into Home Depot to buy some lumber, and writes a check drawn on a Bank of America checking account, the cashier doesn't care whether Bank of America has 100% reserves or not.

Fractional Reserve Banking Distorts Interest Rates

As we've seen, the practice of fractional reserve banking allows commercial banks

The Austrian School stresses the important role played by market prices in coordinating the plans of households and firms.

to expand the quantity of money through issuing loans (and conversely to contract the amount of money in the economy by restricting loans, i.e. by not re-lending out the principal when pre-existing loans are paid off). If we were merely dealing with financial entities that could pump new money into the economy and then suck it out, it would distort things, but it might not cause "the business cycle" as we know it.

However, the particular problem with fractional reserve banking—as opposed to monetary inflation per se—is that the commercial banks pump the new money into the economy *through the loan market.* As Richard Cantillon explained, when new money enters the economy, it raises prices in stepwise fashion, as the money percolates from sector to sector. With fractional reserve banking, the first prices that are distorted are *interest rates,* because the loan market gets flooded with the newly created money (broadly defined) first.

In general, the Austrian School stresses the important role played by market prices in coordinating the plans of households and firms. The various interest rates are critical

in coordinating their long-range plans over time. For example, if most of the households in the economy decide they want to be more frugal in order to have a higher standard of living later in life, then they restrict consumption and increase their savings. The demand for sports cars, designer jeans, and restaurant meals falls, while the supply of "loanable funds" increases. Interest rates end up falling, which provides a signal for entrepreneurs to borrow and invest in longer projects, now that the "cost of capital" has fallen. Thus interest rates and other prices adjust to the new situation, so that real resources are diverted out of sports cars and into "long-horizon" items like factories and deep-sea oil rigs.

However, Mises and Hayek explained in their work how *artificially low* interest rates—pushed down when commercial banks create "savings" out of thin air by lending out their reserves—can cause an unsustainable boom. Entrepreneurs act on the basis of the lower interest rates as if households had restricted their consumption to save more, but in reality the households have done no such thing. Indeed, the lower interest rates (and general optimism of the boom) lead the households to *increase* their consumption. We thus have two incompatible sets of plans: Households are acting as if firms are retooling the economy to be more present-oriented, while firms are retooling the economy to be more future-oriented.

In the Austrian view, the bust or recession period is actually healthy, in the sense that resources (including labor) need to be reallocated to a more sustainable niche.

Simply extending the amount of bank credit doesn't actually create more physical capital goods. By distorting market interest rates, the expansion of credit fosters an unsustainable boom period, where most people think they are richer than they really are. At some point, reality sets in. The banks become tighter with their lending standards, interest rates rise, certain enterprises now become unprofitable, and eventually the whole system crashes. The overextended operations have to scale back, laying off workers and leaving factories idle.

In the Austrian view, the bust or recession period is actually healthy, in the sense that resources (including labor) need to be reallocated to a more sustainable niche. It is a painful but necessary process to resume long-term growth. Unfortunately, what happens in the current system is that once the recovery begins, the banks once again become optimistic and flood the market with a new wave of credit, pushing interest rates artificially down and setting off yet another unsustainable boom.

Selgin's Responses

Of course, interested readers can go to the link in the endnotes to watch the entire debate to see what George Selgin brought up against the view I have outlined above. For our purposes here, I'll summarize three of his main points:

Selgin Claim #1: All historical examples of the alleged instability of fractional reserve banking involved government meddling with the banks. Fractional reserve banking per se gets a bad rap.

Selgin Claim #2: There's no law against 100% reserve banking, and yet we don't see such systems in operation historically. The public has never supported such a system because they prefer commercial banks to exercise (prudent) lending of deposits, so that people can earn a return on their checking account balances. So guys like Murphy must be wrong when he claims that fractional reserve banking is due to government intervention, since there's nothing stopping banks from keeping 100% reserves right now.

Selgin Claim #3: A "free banking" system where commercial banks receive no special privileges, but also enjoy the freedom to hold whatever percentage of reserves they wish, would avoid major crises and would also effectively mobilize the savings of the community.

> **But his argument is a bit like saying, "Napalm gets a bad rap, because in any conflict from history where people said napalm hurt civilians, you'll see there were other types of weaponry involved."**

My Response to Selgin's Claims

Again, my response here will be brief, but for the sake of completeness let me address the three claims I've sketched in the previous section.

Murphy Response #1: If you step back and look at what Selgin is claiming, you'll realize that his argument is consistent with the debate resolution. In other words, Selgin is saying that if we look back at the worst economic crises in history, we always see that there was a lot of government intervention involved, *beyond* mere fractional reserve banking on the part of the banks.

Well of course I agree with that; I'm against government intervention in the economy, after all. But his argument is a bit like saying, "Napalm gets a bad rap, because in any conflict from history where people said napalm hurt civilians, you'll see there were other types of weaponry involved."

> **The reason we don't typically see commercial banks adhering to 100% reserves is that the banks have often been privileged by the government.**

In any event, Selgin offered up Canada as an example of a much more wisely regulated banking sector (they didn't have the widespread "runs" like the US did during the 1930s), but he also mentioned in an offhand remark that Canada initially was hit worse during the Great Depression than the US was. Okay then, if Selgin is holding up Canada's banking system as an example of "doing it (relatively) right," then he just proved they were still vulnerable to the Depression. I'm not sure what else I have to do when Selgin asks for a historical example of a properly regulated banking system that is vulnerable to financial crises, than point to one that he himself singled out as an example of a (relatively) good one that also had an economic collapse in the 1930s.

Furthermore, Selgin offered up the famous case of Scotland during its "free banking period," citing the authority of Adam Smith to claim that its economic development during the 1700s proved the efficacy of the Scottish banking system. But during Q&A Selgin admitted that the Scottish banks suspended specie redemption (i.e. they would not redeem their banknotes for gold) for over *twenty years* during the Napoleonic wars. Yes, it's easy to avoid a banking crisis if the government relieves banks of the contractual obligation to redeem their paper notes for coin. Yet this is the gold standard (pun intended) example of Selgin's "free market in banks"?

<u>Murphy Response #2:</u> Going along with the previous reply, the reason we don't typically see commercial banks adhering to 100% reserves is that the banks have often been privileged by the government, even before the obvious mechanisms of "deposit insurance" and the central bank's "lender of last resort" function.

If commercial banks can run to the government to receive protection when they would otherwise run out of reserves, then the "equilibrium, profit-maximizing" reserve ratio is obviously going to be a lot lower than it would in a system where the government let such banks go down.

(I also note in passing that I have seen research claiming that historically some banks—such as the Bank of Amsterdam—*did* practice close to 100% reserves, but I personally have not investigated these episodes enough to say whether they are a genuine counterexample to Selgin's sweeping claims.)

<u>Murphy Response #3:</u> This is a pretty technical issue that I don't hope to adequately address here in the *LMR*. (Indeed, I'm working on academic journal articles to flesh out this debate among Selgin and other economists.)

For our purposes here, let me do two things.

(a) letting the banks do "whatever market forces dictated" and (b) opposing fractional reserve banking. This is my own stance, incidentally—I don't want political interference with the banks, even in the name of fighting fractional reserve banking.

First, let's quote Mises from *Human Action:*

> The notion of "normal" credit expansion is absurd. Issuance of additional fiduciary media, no matter what its quantity may be, always sets in motion those changes in the price structure the description of which is the task of the theory of the trade cycle. Of course, if the additional amount issued is not large, neither are the inevitable effects of the expansion. (Mises, *Human Action,* fn 17, p. 439)

So we see that Mises himself, in his *magnum opus,* agreed that *any* amount of fractional reserve banking would set in motion the boom-bust cycle.

This might surprise some readers, because Mises was also a proponent of "free banking," the term that George Selgin (and Larry White, et al.) apply to themselves. How can this be? The answer is that Mises thought a *genuinely free market in banking* would lead the banks to maintain close to 100% reserves. So for Mises, there was no contradiction in

Finally, let me challenge the essential plank in Selgin's case: He argues that fractional reserve banking is healthy for the economy *in the special case* where the community wants to hold more bank deposits (at existing prices). Then, and only then, Selgin says that the banks can expand credit and create new money *without* artificially lowering interest rates, because (he claims) the community really is engaged in more saving, by adding the extra bank deposits to their cash holdings.

I dispute this analysis. It is simply not correct to say that when Jones puts $1,000 into a checking account, that he is thereby lending the bank $1,000. (It is necessary in Selgin's framework for the checking deposit to be construed as a loan to the bank.) On the contrary, Jones still has instant access to his money, so economically it is equivalent to Jones keeping the money in his wallet. By depositing it with the bank, Jones has merely changed the form of the money, but it is still instantly spendable money, as far as Jones is concerned. If Jones had *actually* lent the money—by buying a CD, for example—then Jones would not be able to spend it.

> **It is simply not correct to say that when Jones puts $1,000 into a checking account, that he is thereby lending the bank $1,000.**

Note here that I'm not talking about "fraud" or whatever might be in a contract that the bank signs with Jones when he opens his checking account. As Mises stressed throughout his writings, what matters is whether *economically* the depositors with the bank act as if they have instant access to their money. If they do so, then it allows the banks to effectively create money (in a broad sense) by making new loans.

In summary, contrary to Selgin's claim, whether the community wants to hold more banknotes (or checking account balances) or not, the practice of issuing *extra* bank deposits above and beyond its reserves of hard money, artificially increases the quantity of loanable funds (beyond the amount genuinely saved) and thus pushes interest rates down to the incorrect level. As Mises says in *Human Action,* any issuance of fiduciary media by the commercial banks will set in motion the trade cycle.

Conclusion

I thank the reader for indulging me and allowing me to flesh out some of the details that George and I rushed through, in our debate in New York City. He was a worthy opponent and I hope the audience learned from our clash.

Readers of the *LMR* should understand that this is not merely an academic dispute. The reason Carlos and I wrote our first book was that Nelson Nash's Infinite Banking Concept allows households and businesses to save in an "alternate bank" that does not engage in fractional reserve money creation. Thus, as we build the 10%, we each become part of the solution, helping ourselves and also promoting financial stability for the economy as a whole.

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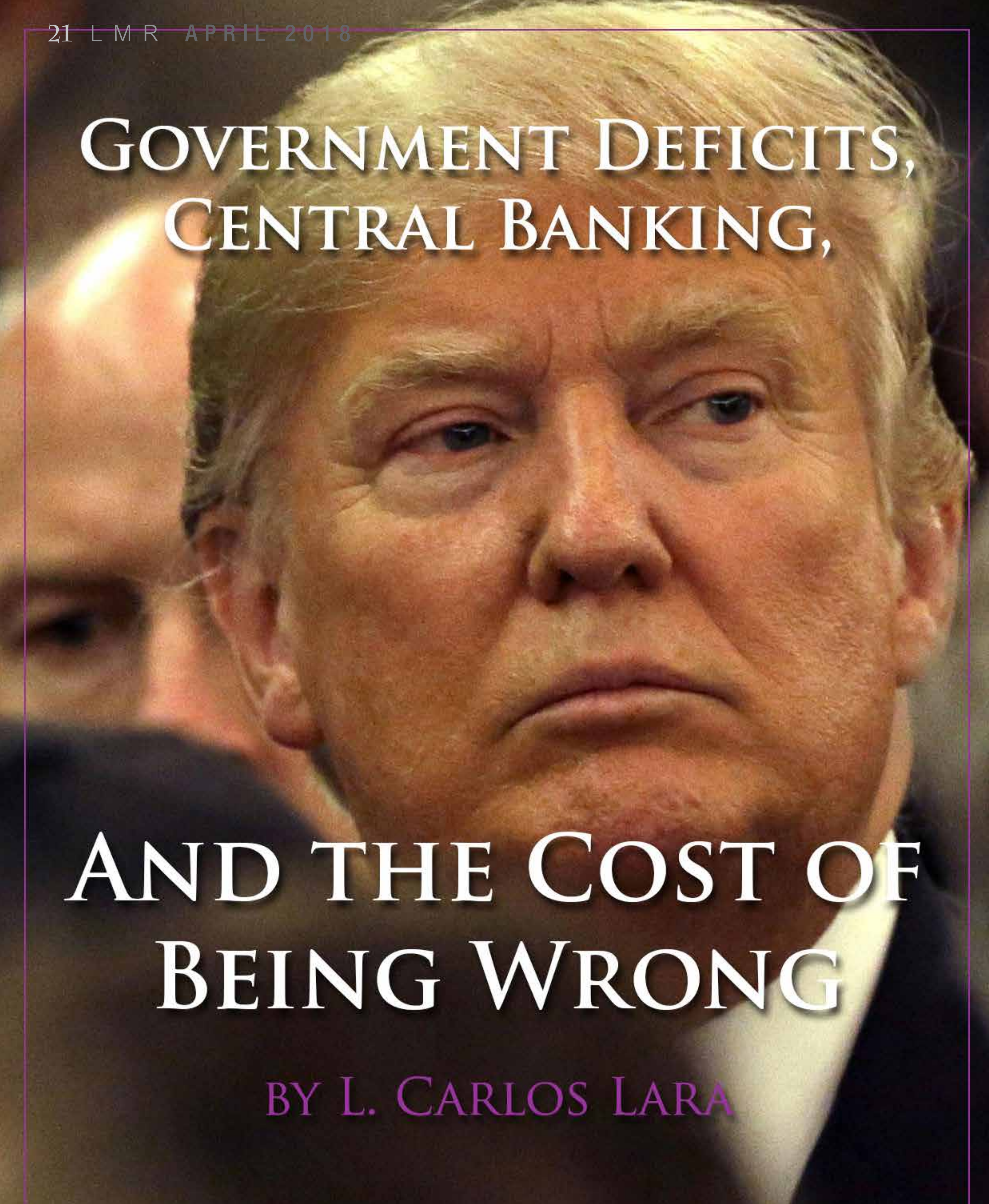
References

1. The video is available at: https://www.cato.org/multimedia/media-highlights-tv/george-selgin-participates-debate-fractional-reserve-banking-hosted. (Note that comedian Dave Smith warmed up the crowd before we began, and twice during the debate I allude to one of Dave's jokes.)
2. A free PDF of Mises' book is available at: https://mises.org/library/theory-money-and-credit. My study guide is also available for free at: https://mises.org/library/study-guide-theory-money-and-credit.



Government Deficits, Central Banking, And the Cost of Being Wrong

by L. Carlos Lara

***Editor's note:** The following article is based on the remarks Carlos Lara made at the recent April 14, 2018 Mises Institute's Event in Nashville, Tennessee on "The Trump Economy — Boom Times or Dangerous Bubble?"*

I SHOULD BEGIN BY FIRST OF ALL CONFESSING to you that I don't have good news this morning. But you probably expected that anyway. I don't have any *solutions* for you either. Not because there aren't any, but because we don't have the time to actually explore those at length.

We have financial analysts and big money managers of every kind that are worried because they are seeing the interest rate climb.

What I do have for you is good factual information about *potential* economic dangers that you should be aware of. Some of them are pretty big and two of them in particular are *really* big. So yes, the focus of my talk this morning will be on some (but certainly not all) of the major economic problems in and surrounding the Trump Economy.

My ultimate hopes are that this information will help you to make some important decisions in your own personal household or business planning.

THE TRUMP ECONOMY

If I had to describe it, I would call it *scary*… scary and unsustainable. There is a lot of nail biting going on right now, in several areas, as you well know.

For example: On one level, we have financial analysts and big money managers of every kind that are worried because they are seeing the interest rate climb. They know what kind of an effect a rising interest rate can have on *certain* financial markets, especially the more *emotional* ones, such as the stock market and real estate market.

Contrasted against that, and on a completely different level, is this strange phenomenon whereby the majority of Americans still believe that a booming stock market and a booming real-estate market are indicators of a healthy economy (and our monetary policy officials would want us to believe exactly that), but this is far from the truth. There are no "genuine savings" in this economy to account for the market highs we have.

These two markets have been purposely driven up, or more accurately, blown up—like a bubble, by a prolonged *low* interest rate environment pushed down to near zero interest rates for the better part of a decade. That's what's done it!

There are no "genuine savings" in this economy to account for the market highs we have.

But now that the interest rates are rising, and the indicators are pointing to the markets going the other way, most astute analysts are realizing we're at the end of this ride. But actually pulling the trigger, or making the decision to *cash-out,* either for themselves, or in advising other investors, well, that is still the present conundrum. The markets are whipsawing around so much lately they can't seem to make up their minds!

More Interest Rate Hikes Are On the Way!

The reality is actually more sobering than most people realize. Late last month, Chairman Powell announced the new target interest rate to be in the range of 1.5% to 1.75%. Just so we don't confuse anybody, that's the *Federal Funds Target Interest Rate.* This is the rate that banks charge each other for overnight loans to meet their reserve requirements.

As a matter of fact, that's really the only interest rate the Fed usually talks about in the media. But *that* rate affects the bank *Prime Rate,* which is the rate you and I pay if we have good credit. That interest rate is currently 4.75%. Now if you don't have good credit, well then you pay something higher, like 5, 6, 7, 8%, or more.

But make no mistake about it; Chairman Powell made it clear that there will be *three* and possibly *four* more interest rate hikes this year! So you can see where the nail biting is coming from. In effect these interest rate hikes are contracting credit in the economy. The Fed is literally pulling back on it rather than expanding it.

You add to this a President that is so *unpredictable* and so *contemptuous* that every time he tweets he shakes up the markets and pushes us closer to what none of us really want— a stock market crash!

The One Bright Spot in the Trump Economy

There is one bright spot that I do see in the Trump economy that I want to be sure to mention because it is coming from a sector that really will affect the economy in a very meaningful way *if* it is allowed to flourish.

It's the sentiment that is coming from the business community. Here I mean the small and large businesses that employ most of the American work force. They have suddenly been given a surge of *optimism* by the $1.5 trillion income tax cuts from the recent GOP 2018 Tax Reform and these businesses are just now starting to act on that optimism by hiring employees and expanding operations. This is all a very good thing. In fact it's excellent!

There is one bright spot that I do see in the Trump economy.

What's not so good about it is all the geopolitical wrangling that's going on right now, much of it caused by President Trump, which could easily derail this optimism. *PLUS*—those $1.5 trillion in tax cuts is money the government will have to borrow to make them good and there are signs already that close to $1 trillion will be borrowed this year alone. Think what you will, but this is a massive amount of U.S. Treasuries that have to be issued to add to the already humongous pile of $21 trillion in total national debt.

Confidence, the U.S. Dollar, the U.S. Treasury

Now, let me see if I can put all this into perspective. If I had a 4x6 white board right here to my left, I would take a black marker and write in all capital letters the word CONFIDENCE. I would underline it and then tell you that as mysterious as it may sound to you, our entire monetary apparatus is resting on *that.* What I mean to say is, that if ever that confidence in the United States *evaporated,* the entire economic structure would come crashing down all around us. That is how fragile our economic world *is* and has become.

Now, underneath the word CONFI-

DENCE, I would write in all caps the words U.S DOLLAR and underneath the U.S. DOLLAR, I would write the U.S. TREASURY.

The U.S. Dollar, from an International World Currency perspective, is still the dominant reserve currency used by foreign nations to peg their own paper currency. The Dollar, however, is definitely weaker from where it was 100 years ago, but it still commands 64% of the $11 trillion International Reserve Currency market. So by this I mean that the financial *confidence* in the United States is still there, but it's definitely waning.

I would take a black marker and write in all capital letters the word CONFIDENCE.

The strength of the U.S. Dollar is very important to us because, in a sense, it is what allows our government to run deficits. Those foreign governments that use Dollars, will *park* their Dollars in U.S. Treasuries. In other words, the U.S. Treasury, for all those entities using Dollars, is still the safest and most creditworthy *investment* instrument in the world.

To prove it, note that foreign nations own a total of $6 trillion in U.S. Treasuries, making us the largest debtor nation on the planet. So we do have a lot of creditors out there and China holds the largest single share of U.S. Treasuries at $1.3 trillion. So as you might guess, Trump's threats of a trade war with China aren't helping the confidence factor one bit.

Dodd-Frank and the $4.5 Trillion Unwinding of the Fed's Balance Sheet

Now lurking behind all of this are other serious problems that because of time constraints I can't get into, but I do want to mention two very important ones.

These two topics are not as often *openly* publicized as much as we would want them to be. The information is kept hidden behind huge walls of extensive financial data and legalese. (You have to keep in mind that the Federal Reserve employees over 300 PhD economists and countless of lawyers and accountants, so this barricade makes perfect sense.) However, this wall does allow our monetary officials the ability to schedule when they want to *spoon-feed* this information to us. This, of course, makes us have to dig a little harder for the information. You have to study a lot more financial reports and even read Congressional laws.

But what our research does tell us is that the information contained within these subjects does spell out potential dangers, not only for financial markets, but yes, even for us as individuals. So this is why they tend to want to keep a lot of this information under close wraps.

In reading the law you discover that right now just being a mere bank depositor in a commercial bank has become risky.

For example, one of these subjects is the *Dodd-Frank Act.* This is the law that was enacted in 2010 to deal with the ramifications of the next massive financial crisis similar to the one we experienced in 2008. In reading the law you discover that right now just being a mere bank depositor in a commercial bank has become risky.

This 1,000-page law certainly covers a wide number of areas, but it hones in primarily on preventing the systemic risk problems associated with *"too big to fail"* financial institutions—namely big commercial banks. In other words, when they fail big banks fail *en masse,* and fall like falling dominoes.

What is noteworthy in the law is that in such a *future crisis* there will be ***no taxpayer bailouts*** to save these giant institutions. (That makes perfect sense to me and I hope it does to you too because if they tried that on us again I feel certain there would be riots in the streets). But the alternative in the law is not so good either. I will explain more of that that in a minute.

Right now I want to bring up the other problematic subject and this one has to do with the massive $4.5 trillion *sell-off* of government bonds by the Federal Reserve. Do we all remember QE? So what I am talking about now is a form of *"Reverse QE,"* and it officially began this past October of 2017. What's audacious on the part of our monetary officials is the very low-key manner in which they announced it. Fed Chairman Yellen even described this unloading process to Congress as being *"boring"* and much like *"watching paint dry on a wall."* But it's nothing of the sort! It's a HUGE deal!

If you will recall, during the initial days of the 2008 financial crisis Fed Chairman, Ben Bernanke, went on a buying spree of government debt for the explicit purpose of expanding credit to stimulate the economy. That buying spree did not end until 6 years

In such a *future crisis* there will be *<u>no</u> taxpayer bailouts* to save these giant institutions.

later in 2014 and by then the Fed's balance sheet had ballooned to epic proportions topping $4.5 trillion.

Now, the plan is to *sell off* this massive load of U.S. Treasuries and Mortgage Backed Securities over the next 3 to 5 years in amounts totaling up to $50 billion—per month! That's a lot of bonds flooding the marketplace.

What's important to recognize right here (and in a way is the main take away message from my entire discussion this morning) is that when the Fed buys assets it *lowers* the interest rate and *expands credit* in the economy primarily through bank lending.

On the other hand, when the Fed sells assets like it's starting to do now, it raises interest rates and contracts credit in the economy, or in essence, cuts off credit. This is precisely why interest rates are now rising and why they will continue to rise. All of which is a very risky move especially at this particular time.

With the Government continuing to issue U.S. Treasuries to fund its deficits and tax cuts, and now with the Fed's massive sell-off, the combination of both can only be described as a deluge of bonds on the market place. We have to ask—*"who will buy them all?" "What if there is no demand?"* So again, we definitely don't need any loss of confidence in the United States at this particular time.

PANIC

Now, all this gets even more unnerving when people panic and nothing panics people more than when markets crash, like the stock market, or the real estate market—a potential that is currently facing us right now.

When people panic the first they do is run to the bank to get their cash out and then that's when they find out that the bank does not have their money and can't give it to them. Consequently, it bankrupts the bank on the spot and it has to close. It's the *Achilles heel* of all banks ever since banks were created. A bank run will immediately bring any bank to its knees.

The combination of both can only be described as a deluge of bonds on the market place.

This important fact brings us back to the Dodd-Frank Act. In order to deal with the systemic risk problem inherent in banks, Dodd-Frank says that if your bank goes down then your bank deposits, plus the bank's stockholder monies and assets will be pooled together and be used in an attempt to resuscitate that failed bank. This is why they refer to it as a *"bail-in,"* as opposed to a *"tax-payer bail-out."* Depending on how successful that resuscitation works out you may or may not see all of your money back.

Fortunately, we haven't had to test that part of the law in this country yet, but it has been tested several times in Europe already. So yes, all of this is very worrisome.

What About the FDIC?

What about the FDIC, aren't our deposits insured up to $250,000 per account? When this question comes up I like reminding people, because I don't want anyone to be naïve, that during the 2008 financial crisis we had 1,200 banks go underwater! So yes, the FDIC was very busy going around the country shoring up bank depositor's money, but they literally ran out money! They went $8 billion in the hole. They had to request for a loan from the U.S Treasury Department to cover the balance.

The *federal* part of the FDIC is that line of credit with the U.S. Treasury, but on account of Dodd-Frank since 2010 it's certainly

The FDIC has maybe a little more than 1% in reserves to cover the total of insured bank deposits.

questionable now since the new law says very clearly that in the next bank financial crisis there will be no more taxpayer bailouts.

Final Comment & Conclusion

The FDIC currently has a reserve fund of $88 billion, which is a sizable sum of money, however, it has to insure $7.1 trillion in total insured bank deposits. Just the disparity between these two numbers ($88 billion to $7.1 trillion) tells the whole story and a calculator quickly shows that the FDIC has maybe a little more than 1% in reserves to cover the total of insured bank deposits. A sobering reality..

Now, I realize that I have thrown a lot at you in a very short period of time. If any of this has stimulated some questions please make note of them now and we can explore them further during the break, the lunch hour and the formal Q&A session coming up.

Again, thank you very much for your attendance today and for your kind attention.

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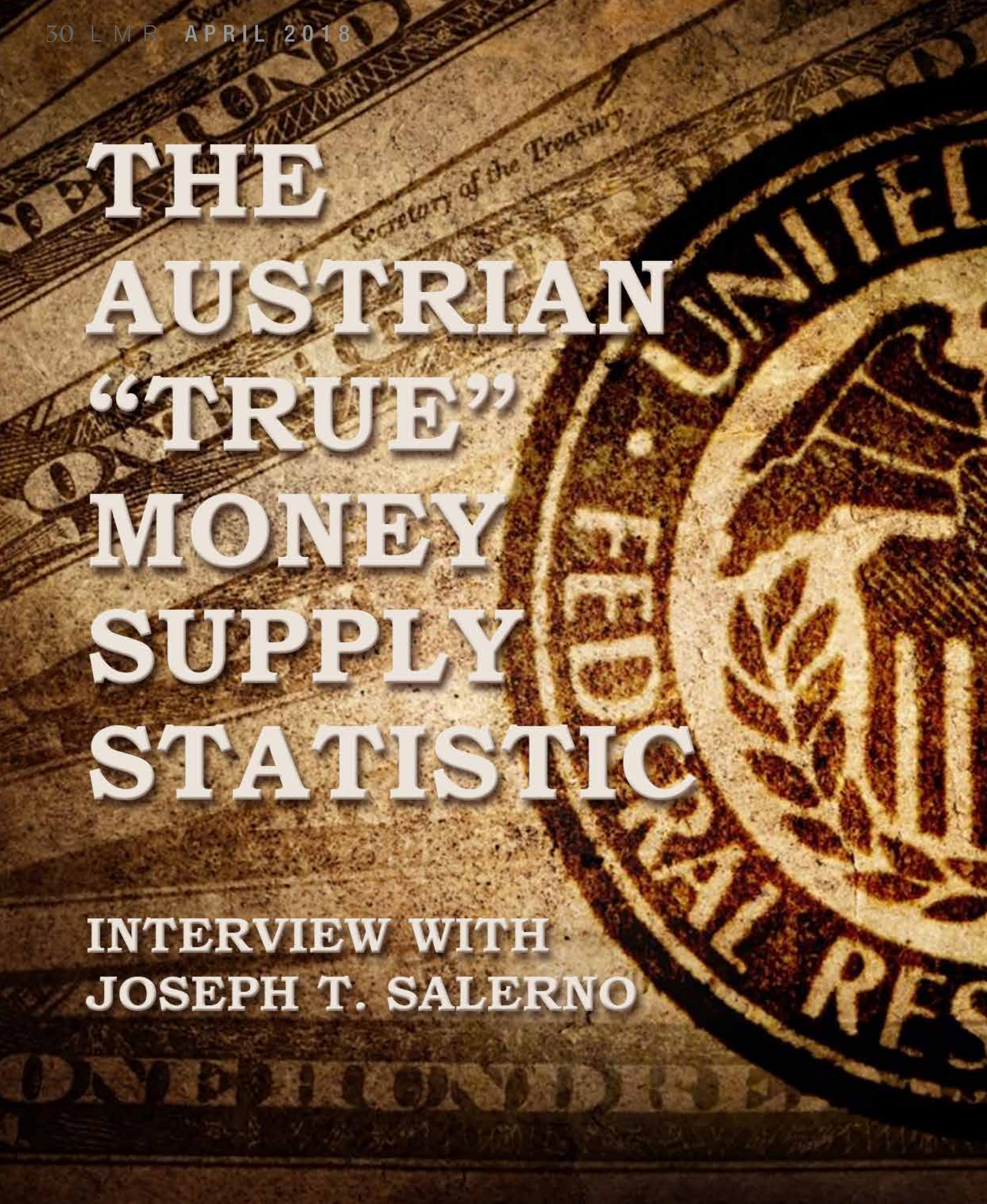


THE AUSTRIAN "TRUE" MONEY SUPPLY STATISTIC

INTERVIEW WITH JOSEPH T. SALERNO

Joseph T. Salerno received his Ph.D. in economics from Rutgers University. He is a professor of economics in the Finance and Graduate Economics Department in the Lubin School of Business of Pace University in New York City. He is the editor of the *Quarterly Journal of Austrian Economics* and the Academic Vice President of the Ludwig von Mises Institute where he holds the Peterson-Luddy Chair in Austrian Economics. He also holds the John V. Denson II Endowed Professorship in the economics department at Auburn University.

Professor Salerno is a research associate of the Foundations of the Market Economy in the economics department at New York University and is on the Board of Editors of five academic journals. Salerno has published over 50 articles and essays in refereed journals and scholarly books. His latest book is *The Fed at One Hundred: A Critical View on the Federal Reserve System,* co-edited with David Howden (Springer 2014). He is the author of Money: Sound and Unsound (Mises Institute 2010). He recently published "Currency Depreciation and the Monetary Adjustment Process: Reconsidering Lord King's Contributions" (with Carmen Elena Dorobat) in the *Oxford Economic Papers* in 2017.

He has testified before U. S. Congress several times and published numerous op eds online at mises.org, forbes.com, Christian Science Monitor.com, Wall Street Oasis.com, and Economic Policy Journal.com.

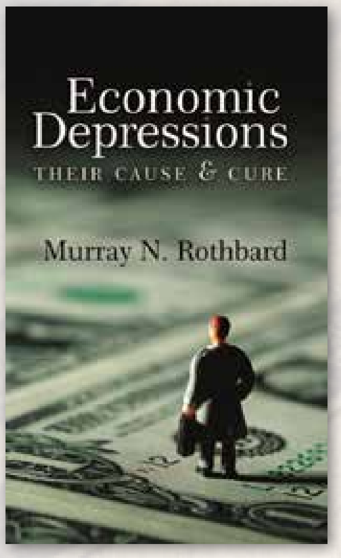
Salerno lectures frequently throughout the U.S. and internationally, and more than fifty of his lectures are available online. He has also been interviewed on broadcast and online radio and TV shows including Bloomberg radio, CSPAN, Fox News, Fox Business Network, New York Lawline, and RTtelevision. He blogs at http://mises.org/Blog.

Note from the Editors: Salerno was originally featured in the Lara-Murphy Report back in August 2011. The first question and answer below draw on that original interview, while the remaining questions are new to this issue.

Lara-Murphy Report: Not all of our readers may realize this, but you are one of the pillars of the modern Austrian School, particularly in the tradition of Murray Rothbard. How did you become interested in Austrian economics?

Joe Salerno: Thank you for that somewhat hyperbolic introduction. I consider it a great honor to be mentioned as a noteworthy participant in the tradition of Murray Rothbard. The books that he published in the 1960s were the main source of the modern revival of Austrian economics in the mid-1970s and his intellectual influence continues to be one of the dominant forces animating the Austrian movement today. Of course Rothbard always spoke of himself as in the praxeological tradition extending back through Mises to Carl Menger and Eugen von Böhm-Bawerk. And he actually worked in this tradition and wrote a great treatise as well as applied studies extending it rather than merely talk about how others should conduct their research.

I became interested in Austrian economics as a result of a series of happy coincidences. When I entered college I was a Goldwater conservative who was becoming increasingly influenced by the writings of Ayn Rand. I rapidly shed



"I learned more about inflation, depression, and business cycles during the forty-five minutes it took me to read the booklet than I had from my two semesters of introductory and intermediate macroeconomics."

the last vestiges of conservatism in my freshman year when I discovered libertarianism, and I soon found myself on the road to becoming a full-fledged libertarian with strong anarcho-capitalist leanings. I had also decided to declare an economics major but I quickly became disenchanted with the statist policy implications that seemed to follow from the mainstream economics I was being taught in my classes, particularly in the macroeconomics courses. One day in my junior year I was avidly perusing the cover article of *New York Times Magazine* on libertarianism where I came across references to "the Austrian School" and to Murray Rothbard. During my five semesters of economics courses, I had never heard either one mentioned. When I later mentioned Rothbard at the campus YAF (Young Americans for Freedom) office, one of the officers of the chapter handed me a small booklet entitled *Depressions: Cause and Cure* written by Rothbard. I rushed back to my dorm and read the booklet and the scales immediately fell from my eyes. I learned more about inflation, depression, and business cycles during the forty-five minutes it took me to read the booklet than I had from my two semesters of introductory and intermediate macroeconomics.

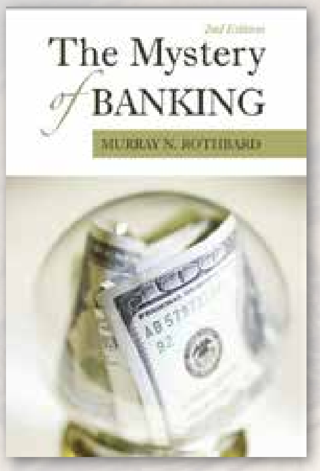
I also happened to be taking a History of Economic Thought course with a very learned Jesuit professor during the same semester. When we came to the chapter on the early Austrian School, the professor, who had a low-key but very effective classroom manner, suddenly became very enthusiastic. He told us that the birth of the Austrian School was a unique event in intellectual history because never before had a group of such brilliant men consciously collaborated so closely in developing a common approach to economics. I was hooked, and the following summer I began reading every Austrian book that I could lay my hands on. So by the time I enrolled in grad school, I was pretty well versed in the works of Rothbard, Mises, and Hayek and determined to pursue a vocation of teaching and writing Austrian economics.

LMR: We ultimately want to ask you about the latest readings on the "true money supply" calculation, but before we do that, can you first explain to our readers why there are different concepts about "the money supply" in the first place? We don't even mean what the Austrians say. Right now, can you just explain why there are different measures, such as M1, M2, etc., and why there is even a debate as to what counts as "money"?

JS: The Fed calculates several monetary aggregates. M1 includes currency held by the (nonbank) public and checkable deposits, both standard checking accounts and "other checkable deposits" such as NOW accounts, which are checking deposits that pay interest. M1 is an attempt to quantify the total number of dollars that people hold for the purpose of making transactions. M2 includes M1 plus "non-transaction accounts," which people hold mainly as liquid savings and which include: small time deposits, which are certificates of deposit (CDs) of $100,000 or less that cannot be withdrawn without penalty before their maturity date; savings deposits including money market deposit accounts that offer limited checking privileges; and money market mutual fund shares (MMMFs) issued by nonbank financial institutions and offering check writing privileges. M2 is the preferred aggregate of policymakers and mainstream economists because it has the most stable relationship with interest rates and total spending in the economy. The Fed also calculates MZM, for "money of zero maturity," which is a relatively new aggregate and is an attempt to capture the supply of dollars that are immediately accessible at par value (that is, without penalty). It is basically equal to M2 minus small time deposits plus wholesale MMMFs available only to large institutions. In terms of its purpose and its components, MZM is much closer to the aggregate that Rothbard believed and some contemporary Austrians like me believe is most useful for applied work.

LMR: Now that you've given the readers a crash course in monetary aggregates, can you explain the development of the so-called Austrian true money supply (TMS)? You developed it with Rothbard, right?

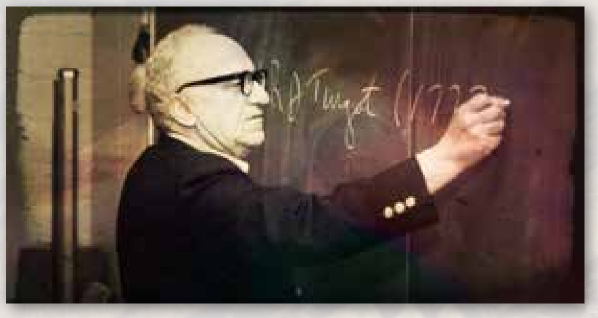
JS: In his book, *America's Great Depression* published in 1963, Rothbard developed a U.S. monetary aggregate based on the theoretical definition of money as the general medium of exchange. Rothbard elaborated on this definition in an article published in 1978 and in his book, *Mystery of Banking*, published in 1983.



"Rothbard developed a U.S. monetary aggregate based on the theoretical definition of money as the general medium of exchange."

In creating this new monetary aggregate, Rothbard aimed at capturing the supply of dollars instantly accessible for spending by the public. Thus he included all currency outside bank vaults plus deposits at commercial banks and thrift institutions (savings banks, saving and loan associations, and credit unions) that could be withdrawn on demand at par value. These deposits naturally included all checkable deposits but also all savings deposits. Rothbard also added U.S. and foreign government deposits at banks and the Federal Reserve, which had been routinely included in the money supply by most economists before World War 2. More controversially Rothbard also included the cash surrender values of life insurance policies, that is, the savings component of life insurance policies that could be withdrawn on demand.

In 1987, I published an article in the *Austrian Economics Newsletter* entitled "The 'True' Money Supply: A Measure of the Supply of the Medium of Exchange in the U.S. Economy." My article was an attempt to elaborate and defend Rothbard's definition of the money supply, especially with respect to the items he chose to include or exclude from the money supply. I called Rothbard's monetary aggregate the "'true' money supply" or TMS, with the word "true" in scare quotes to emphasize the fact that the proposed monetary aggregate was true in the limited sense of approximating the theoretical definition of money as the general medium of exchange. Thus for an asset to be included as a component of TMS, I argued that it must be either generally and routinely accepted in exchange as a final means of payment for goods and services, like dollar bills issued mainly by the Federal Reserve or immediately redeemable for dollar bills at par on demand by the depositor. All of the items in TMS meet this criterion. Or, if we wish to put it in these terms, all components of TMS are "money of zero maturity," dollars that are instantly accessible by their owners at par value.



"So Rothbard had anticipated the Fed by nearly 30 years in developing a monetary aggregate that emphasized instant redemption."

Sometime after I published my article, Rothbard and I agreed that we should delete the savings component of life insurance policies, mainly for practical reasons. Besides being controversial, it was difficult to acquire the data on this series necessary to calculate TMS in a timely manner. Also, Professor Timberlake, a prominent monetarist, had claimed that by including this item in the money supply Rothbard had deliberately overstated the inflationary nature of the 1920s. However, in defending Rothbard, I recalculated the TMS series for the 1920s without the life insurance component and found that it made very little difference to the growth rate of the money supply. I also found that several authors of mainstream money and banking textbooks in the 1960s and 1970s routinely included this item in their broader definitions of the money supply or as near-moneys. Nonetheless, TMS no longer includes the net cash values of life insurance.

Here, I will digress a bit to distinguish between TMS and the Fed's MZM aggregate. About a year after my article was published, Brian Motley, a senior economist at the San Francisco Fed, argued based on empirical factors that M2 should be redefined based on "the single distinction between deposits that have a specified term to maturity (term accounts) and those that have no fixed term and are, for practical purposes, withdrawable on demand (nonterm accounts)." He proposed a new monetary aggregate, which he called "nonterm M3"and which included all the components in TMS, except government deposits. However, he also included MMMFs, which are excluded from TMS. In 1991, William Poole, later president of the St. Louis Fed, referred to the importance of the aggregate in testimony before Congress and labeled it MZM. Shortly thereafter the Fed began to calculate MZM and added it to its menu of official aggregates. So Rothbard had anticipated the Fed by nearly 30 years in developing a monetary

"Although the value of a share is fixed at $1.00, in the case of extreme losses on the fund's portfolio, such as occurred during the financial crisis, the shares may "break the buck" and fall below the value of $1.00."

aggregate that emphasized instant redemption as the key criterion for determining which dollar deposits should be included in the statistical definition of the money supply.

In contrast to MZM, however, TMS excludes MMMFs. Despite the fact that they offer checking privileges, MMMFs are not instantly redeemable claims to a fixed quantity of dollars. Rather they are equity shares in a portfolio of short-term assets, like high-grade commercial paper and Treasury bills, whose value fluctuates proportionally to the gains and losses to the value of the underlying assets. Although the value of a share is fixed at $1.00, in the case of extreme losses on the fund's portfolio, such as occurred during the financial crisis, the shares may "break the buck" and fall below the value of $1.00. As with a decline in the value of any investment, the shareholder would bear the burden of the capital loss. Furthermore, when a buyer writes a check on an MMMF to make a payment, say $10,000, the shares themselves are not actually transferred from the buyer to the seller. The check is actually drawn on a bank associated with the MMMF and $10,000 is transferred from the MMMF's bank deposit to that of the payee named on the check. The bank then informs the MMMF of the transaction, which in turn liquidates $10,000 of assets, replenishes its checkable deposit at the bank, and debits that amount to the share account of the person who drew the check. MMMFs therefore do not meet the criteria to be included in TMS: they are not redeemable at par under all circumstances nor are they a final means of payment. In short, MMMFs are not fixed claims to immediately spendable dollars, but are shares of ownership in a portfolio of assets that must first be sold for dollars before spending can take place.

LMR: Now we are in a position to ask: What's been happening lately with this particular measure, i.e. what's happening with "the true money supply"?

JS: During the past year the growth rate of TMS has fallen sharply from over 10% per year to 4% per year. This parallels the behavior of TMS growth during 2005, the year leading up to the end of the housing bubble, when the growth rate declined precipitously from 9% to 2%. After a further decline of TMS growth rate to 1% and a leveling off of the housing prices in 2006, the subprime and financial crises and the Great Recession struck in 2007-2008. In fact if we go back to 1978, we observe similar sharp falls in the growth rate of TMS preceding the recessions of 1980-82, 1990-91, and 2001. (See the TMS graphs constructed by Jeff Peshut, available at: http://realforecasts.com/what-does-the-dramatic-deceleration-in-the-growth-of-the-true-money-supply-mean-for-real-estate-investors/ .)

LMR: Of course Austrian economists know that we can't predict the future. Even so, can you give our readers a sense of what you think is in store? Many financial pundits are becoming very alarmed about asset markets, now that the Fed is hiking rates. What do you think?

JS: We should be clear that the Fed does not directly control interest rates. When we say that the Fed is "raising or lowering rates," what we really mean is that it is changing the quantity of money in the economy. For what the Fed controls directly and completely is the monetary base, which it creates out of thin air and which consists of currency (dollar bills) held by the public and bank reserves. By increasing the bank reserves component, the Fed increases the funds that banks have on hand to lend. The "reserves" are actually just digital entries in the banks' reserve deposits in the Fed's computer, which can be turned into currency on demand. In order to induce businesses and households to borrow these newly created funds, the banks reduce the interest rate, and then create new checking deposits for the borrowers, up to $10 for every dollar of reserves.

If this is a one-shot deal and the Fed were then to stop creating reserves in exchange for government securities purchased from the banks via "open market operations," then the interest rate would return to roughly its former level despite the increased supply of money in existence. In order to suppress the interest rate permanently below its market or "natural" level the Fed must continually inject new reserves into the banking system thus constantly expanding the money supply. And this was exactly what it did from the end of 2008 to the end of 2015 the when it maintained the fed funds rate—the basic interest rate that banks charge each other on overnight loans—at roughly 0 percent. The Fed actually created

"In order to suppress the interest rate permanently below its market or "natural" level the Fed must continually inject new reserves into the banking system thus constantly expanding the money supply."

more bank reserves than necessary to hold interest rates at zero under its policy of quantitative easing (QE). Since 2015 it has *permitted* the interest rate to rise very slowly to 1.5 percent. As a consequence of these monetary policies and its attempt to manage a super-slow unwinding of ZIRP in the past two years, the Fed expanded the money supply (MZM) by 66% or $6 trillion, from $9.275 trillion at the end of 2008 to $15.365 trillion in March 2018.

The Fed's "unconventional" monetary policies thus brought us a gigantic monetary expansion that fueled bubbles in the housing market, the student loan market, and equities markets. After reaching all time highs early this year, The Dow Jones Industrial Average lost about 8.5% of its value and the NASDAQ lost 7.8%. The Wilshire 5000, which approximates the total capitalization of the stocks issued by U.S.-based firms, shed 7.7% or over $2 trillion dollars of value. But there is still a long way down, because these indexes currently stand well above the highs reached immediately prior to the financial crisis of 2007-2008. In addition, the housing bubble continues to expand despite the uptick in mortgage rates as housing prices continue to accelerate well beyond their previous all-time high of early 2007. As a result the quality of mortgage loans continues to deteriorate. For example, roughly 20% of the conventional mortgages that were approved last quarter went to borrowers who are spending 45% or more of

"The quality of mortgage loans continues to deteriorate."

their pretax monthly incomes on mortgage payments and other debts. This is the largest percentage of mortgage borrowers spending such a high proportion of their monthly income on debt service since the percentage spiked to 35% shortly before the subprime mortgage crisis.

Given these conditions, if the Fed adheres to its recently stated commitment to raise interest rates three more times and shrink its balance sheet by nearly one-half trillion dollars in 2018, it will further throttle back the growth rate of TMS, possibly turning it negative. This portends a spike in market interest rates, a collapse of the housing bubble, and a deep dive in equity prices. The ensuing financial crisis and recession will be made worse by the fact that large financial institutions are still in a weakened state. While these events cannot be precisely timed and quantified, Austrian business cycle theory teaches us that they are the inevitable outcome of the Fed's 10-year manipulation of money and interest rates.

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Note: The economists and financial professionals interviewed in the LMR are given the freedom to express their views, without necessarily implying endorsement from the editors.

EVENTS & ENGAGEMENTS

NOTE: MANY OF THESE EVENTS ARE OPEN TO THE PUBLIC. CONTACT US FOR FURTHER DETAILS.

APRIL 14, 2018
NASHVILLE, TN

Lara and Murphy join Jeff Deist of the Mises Institute to discuss the state of the economy.
Details at: www.mises.org/events

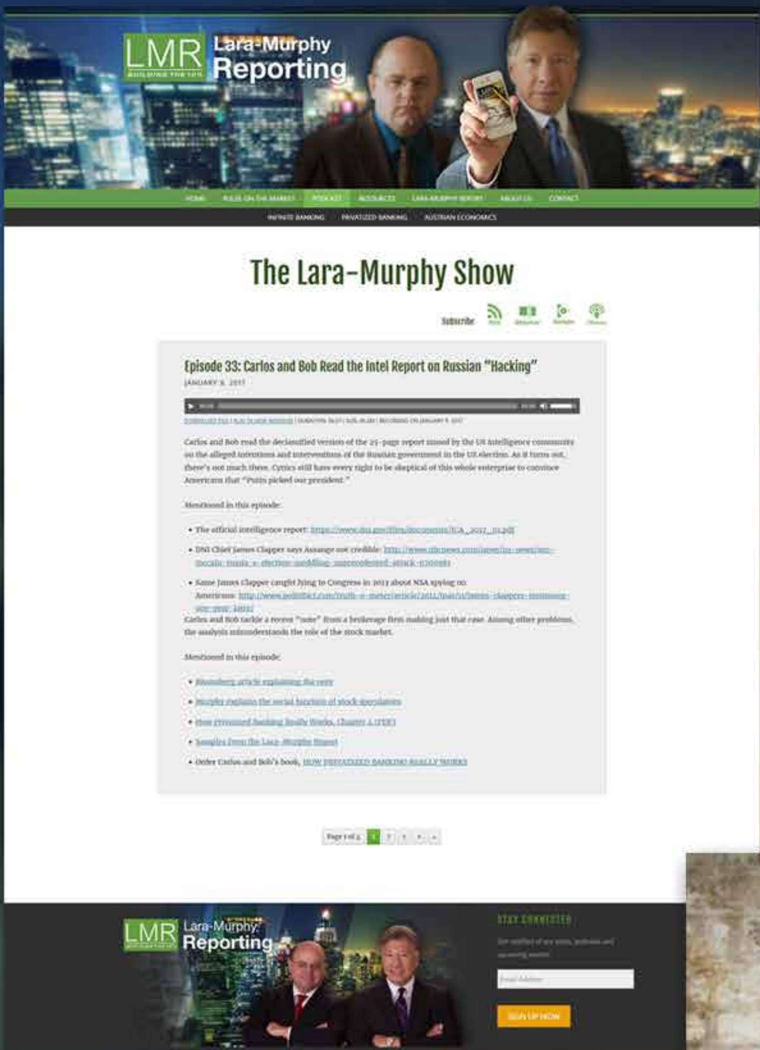
APRIL 16, 2018
NEW YORK, NY

Murphy debates George Selgin on fractional reserve banking.
Details at: www.thesohoforum.org

MAY 19, 2018
CHICAGO, IL

Lara, Murphy, and David Stearns present the IBC Seminar for the general public. Details at: www.IBCSeminar.com

SOME EVENTS MAY BE CLOSED TO GENERAL PUBLIC.
FOR MORE INFORMATION ON EVENTS CONTACT: RPM@CONSULTINGBYRPM.COM



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