

LMR

BUILDING THE 10%

J U N E • 2 0 1 7

PULSE ON THE MARKET

Minimum Wage Battles

Yellen Jinxes

Recovery

McEnroe Gets Served

CNN Cans Crew

WOULD REPEALING OBAMACARE KILL LOTS OF PEOPLE?

by Robert P. Murphy

THE AMERICAN QUEST FOR HEALTH, WEALTH, & INDIVIDUAL POWER

PART 2

by L. Carlos Lara

HOW THE WORLD WORKS

Interview With Jacob Huebert

L A R A - M U R P H Y R E P O R T

THIS MONTH'S FEATURES

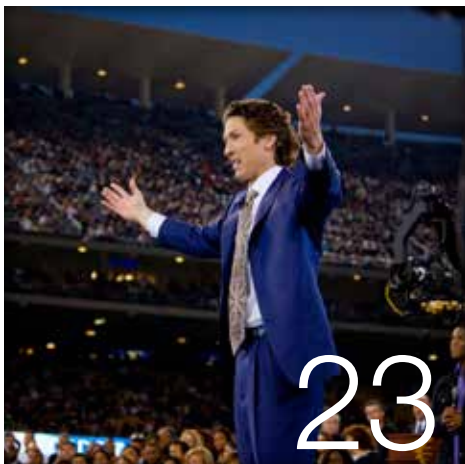


9

WOULD REPEALING OBAMACARE KILL LOTS OF PEOPLE?

BY ROBERT P. MURPHY

The single biggest objection to tinkering with ObamaCare is that it would allegedly kill lots of people. Yet the actual evidence may surprise you.



23

THE AMERICAN QUEST FOR HEALTH, WEALTH, AND INDIVIDUAL POWER: PART 2

BY L. CARLOS LARA

The conclusion of Lara's investigation.



34

HOW THE WORLD WORKS

INTERVIEW WITH JACOB HUEBERT

INTERVIEW

Huebert is a lawyer fighting to protect the individual. Austrian economics helps in his battles.

IN EVERY ISSUE



4

DEAR READERS

LARA-MURPHY REPORT

Remembering how bleak things looked in the past, gives us courage to continue striving for the future.



6

ECONOMIC DEEP END

PULSE ON THE MARKET

Minimum Wage Battles • Yellen Jinxes Recovery • McEnroe Gets Served • CNN Cans Crew



42

ONE MORE THING

EVENTS AND ENGAGEMENTS

Learn more in person from Lara, Murphy, and other Austrian economists, at these upcoming appearances.



ABOUT LARA & MURPHY

L. CARLOS LARA is CEO of United Services and Trust Corporation, a consulting firm specializing in business advisory services with a primary focus on working with companies in financial crisis. His background in capital formation and business rehabilitation makes him a regular speaker at credit and business conferences.

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

He is a co-creator of the IBC Practitioner Program for financial professionals and sits on the board of the Nelson Nash Institute.

ROBERT P. MURPHY is Research Assistant Professor with the Free Market Institute at Texas Tech University. He is co-author of *How Privatized Banking Really Works*. He is the author of *Choice: Cooperation, Enterprise, and Human Action* (Independent Institute 2015) and co-host with Tom Woods of the popular podcast *Contra Krugman*.

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.

LMR Editor in Chief: L. Carlos Lara
LMR Executive Director: Dr. Robert P. Murphy

Managing Editor: Anne B. Lara
 Design Director: Stephanie Long

Customer Service: www.usatrustonline.com
 Comments: LMRinfo@usatrustonline.com
 Advertising: LMRads@usatrustonline.com

READERS

STATUS: LMR staff and its contributors warrant and represent that they are not "brokers" or to be deemed as "broker-dealers," as such terms are defined in the Securities act of 1933, as amended, or an "insurance company," or "bank."

LEGAL, TAX, ACCOUNTING OR INVESTMENT ADVICE: LMR staff and its contributors are not rendering legal, tax, accounting, or investment advice. All exhibits in this book are solely for illustration purposes, but under no circumstances shall the reader construe these as rendering legal, tax, accounting or investment advice.

DISCLAIMER & LIMITATION OF LIABILITY: The views expressed in LMR concerning finance, banking, insurance, financial advice and any other area are that of the editors, writers, interviewee subjects and other associated persons as indicated. LMR staff, contributors and anyone who materially contributes information hereby disclaim any and all warranties, express, or implied, including merchantability or fitness for a particular purpose and make no representation or warranty of the certainty that any particular result will be achieved. In no event will the contributors, editors, their employees or associated persons, or agents be liable to the reader, or its Agents for any causes of action of any kind whether or not the reader has been advised of the possibility of such damage.

LICENSING & REPRINTS: LMR is produced and distributed primarily through the internet with limited numbers of printings. It is illegal to redistribute for sale or for free electronically or otherwise any of the content without the expressed written consent of the principle parties at United Services & Trust Corporation. The only legal audience is the subscriber. Printing LMR content for offline reading for personal use by subscribers to said content is the only permissible printing without express written consent. Photo's are from various public domain sources unless otherwise noted.

“In 1954, there was no Austrian movement. There was no Austrian School. There was Mises, and there was Hayek. They must have been seen as the last of their generation, and not too much of a threat.”

—Israel M. Kirzner

Out of the extensive list of Austrian economists living today, one of the most closely identified with the School is Professor of Economics at New York University, Israel M. Kirzner. Kirzner, after all, was Mises’s assistant in addition to attending his weekly lectures here in the United States.

In a recent interview Dr. Kirzner provided some interesting insights on the Austrian School and on Mises the man. One of his most striking comments about their relationship was that despite spending a great deal of time in Mises’s office, Mises rarely commented on Kirzner’s work. As Kirzner puts it, *“It was not easy to discuss matters of theory with Mises. He was always gracious, polite, and kind, but always reserved. Most of what I understood of Mises was attained from diligently studying and thinking about passages in ‘Human Action’ again and again.”*

When asked if there were any other insights on Mises he could share, Kirzner spoke of a personal anecdote when he asked Mises for advice. After telling of the incident he ended by saying *“he was a man of great integrity.”*

Did Kirzner know what he was getting into with a school of thought that most of the economics profession regarded as old fashioned? *“Not at first.”* In terms of where it is today, he said, *“its sheer size is very pleasing.”*

When asked about another great Austrian, Murray Rothbard, Kirzner replied, *“Rothbard was unquestionably a genius. His ‘History of Thought’ exemplifies his life-long ability to absorb an enormous amount of literature and write clearly. He played an important part in inspiring young scholars to take a look at the Austrian body of thought.”*

And so it goes, with each of us in our own unique way continuing to pass on to others this distinctive way of thinking and understanding the world. Without the Austrian lenses we’re left with economic darkness. Even though the Austrian School was much more commonly recognized in the distant past, it’s astonishing to realize that not so long ago it wound down to just one man—Mises. For a while he carried the whole of the Austrian School by himself. It could have died out all together. This is all the more reason that we should not rest on our current growth as gratifying as it is, but rather continue to persist in our individual efforts to spread this message anyway that we can. Thank you for the great part you play in this!

Yours truly,
Carlos and Bob





PULSE ON THE MARKET

MINIMUM WAGE BATTLES

TWO PROVOCATIVE STUDIES THROW DOWN THE GAUNTLET

Up through the 1980s, “right” and “left” economists alike agreed that minimum wage laws reduced employment among unskilled workers, particularly teenagers. However, starting in the early 1990s, a string of papers came out with new framing techniques that began to challenge this consensus. (The most famous of these was the Card-Krueger 1994 study on New Jersey’s minimum wage hike.)

This “new” literature on the minimum wage argued that the traditional approach was not constructing adequate control groups. So even though it was indisputable that teenage job growth seemed to be restrained by state-level minimum wages that were above the federal level, this could be due to the fact that bad economic “shocks” happened to hit those states. In reality, we can never have a controlled experiment in economics, and the new literature made sophisticated arguments about why the *true* impact of a (modest) hike in the minimum wage might not be so bad for teenage employment.

In this context, free-market friendly economists are taking great interest in two new papers. One is from Ekaterina Jardim et al., titled, “Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence From Seattle.” The researchers were specifically commissioned by the city to study the impact of Seattle’s aggressive hike of the minimum wage from \$9.47 to \$11 (in April 2015) and then from \$11 to \$13 (in January 2016). Because of the small geographical application, the steep hike, and the richness of the data set (which included hours worked), this particular episode offered rare insight into the effects of the minimum wage. By focusing on all workers earning below a threshold wage—in contrast to the normal approach which looks at, say, all teenagers or all restaurant employees—the Seattle team came up with very large (negative) impacts. To be sure, critics of the study have pointed out potential problems, but it is definitely gaining attention because of its novel features.

Similarly, a new paper by Claus Kreiner et al. studies the minimum wage by exploiting a quirk in Denmark. Apparently the Danish minimum wage that must be paid to young workers jumps 40% when they turn 18. The researchers concluded that this 40% increase in wages corresponds to a sudden 33 percent drop in employment. The researchers investigate other possible explanations (such as teenagers leaving their jobs for other opportunities when they turn 18) but conclude that the large jump in mandated wages is the main explanation.



PULSE ON THE MARKET

YELLEN JINXES RECOVERY

FED CHAIRWOMAN ISSUES OMINOUS ASSURANCE

According to CNBC, Fed Chairwoman Janet Yellen said in London, “I think the public can see the capital positions of the major banks are very much stronger this year...All of the firms passed the quantitative parts of the stress tests.” She also predicted that a major financial crisis like the one in 2008 wasn’t likely “in our lifetime.”

Lots of wiseguys on social media took to recycling similar assurances from Ben Bernanke before the last crisis. Needless to say, Janet Yellen’s upbeat prognosis doesn’t make us change our minds. We still think readers should prepare for the coming financial storms. (To learn more, look at the video on our website: www.lara-murphy.com.)

.....

MCENROE GETS SERVED

TENNIS LEGEND GETS SUCKED INTO PC CROSSHAIRS

You may have heard about the public rift between tennis stars John McEnroe and Serena Williams. The innocent bystander may even have seen a headline and come away thinking that McEnroe went out of his way to belittle a pregnant woman, all to sell more copies of his book. What a pig!

The truth is less scandalous. McEnroe was doing an interview on NPR for his new book, *But Seriously*. (McEnroe’s trademark phrase from a 1981 Wimbledon match was, “You cannot be serious!”) Apparently in the book, McEnroe says Serena Williams is the best female player in the world. The NPR host, Lourdes Garcia-Navarro, was the one to bring up this passage. In response, McEnroe endorsed what he had written, saying, “Best female player ever—no question.”

But then Garcia-Navarro followed with, “Some wouldn’t qualify it, some would say she’s the best player in the world. Why qualify it?”

At this point, McEnroe seems to be surprised and asks for clarification. The NPR host pushes him, and so he was forced to say, “Well because if she was in, if she played the men’s circuit she’d be like



PULSE ON THE MARKET

700 in the world.”

Now in fairness to the host, later on Twitter she sent out, *“Is being the best [athlete] in the world about pitting men against women? By that metric women can never be best. (1/2)”* So it’s possible that she wasn’t disputing the fact that Serena Williams would not win consistently against today’s best men’s players. She may simply have been asking McEnroe to praise Williams relative to her peer group, in much the same way that people could argue Rocky Marciano is the best boxer of all time, even though he would presumably get destroyed in the ring today.

But regardless of the NPR host’s original intent, the scandal soon blew up on social media and every subsequent interview McEnroe did. (For one example, Rebecca Shapiro wrote at the Huffington Post, “John McEnroe Just Can’t Apologize For Sexist Serena Williams Comments.”) In the grand scheme of things, McEnroe is not suffering here; the controversy is undoubtedly fueling book sales. But we can’t help but point out how absurd modern discourse has become, when McEnroe’s praise for Serena Williams in his book was transformed into a sexist attack simply because he refused to say what he thought was an obvious falsehood.

.....

CNN CANS CREW

YOU KNOW YOUR STORY WAS WEAK WHEN CNN FIRES YOU

Three CNN journalists were forced to resign in the wake of controversy over their story linking a Russian investment fund to an ally of Donald Trump. The entire story was based on a single, anonymous source, and the whole claim eventually collapsed.

We don’t have the space to rehash the episode, but for a good summary—as well as a catalog of some of the “greatest hits” of Russia-Trump stories that have been retracted after garnering viral status—we refer you to Glenn Greenwald’s June 27 article at the Intercept entitled, “CNN Journalists Resign: Latest Example of Media Recklessness on the Russia Threat.”

Would
REPEALING OBAMACARE
KILL Lots of **PEOPLE?**



By **ROBERT P. MURPHY**

NOT CONTENT TO DERIDE THE GOP House and Senate health insurance bills as cruel punishments for the poor that serve only to fuel tax cuts for the rich, the latest Democratic talking point is to stress that these measures would literally kill hundreds of thousands of Americans. For example, Bernie Sanders claimed that repealing the Affordable Care Act (ACA) would kill 36,000 people *annually*.

plans might accelerate the “death spiral” and end up discrediting an alleged market-based reform.

However, my purpose in this article is not to discuss the particulars of the GOP bills, or to suggest my own plan for restoring genuine competition to health insurance and health care markets. (Interested readers should get my book, co-authored with ER



Now I’m by no means endorsing the particular GOP bills. To be sure, in some respects they are movements in the right direction. For example, they roll back the massive tax hikes under the Affordable Care Act, and they reduce the severity of the Orwellian individual mandate in which people are punished for not wanting to buy health insurance. However, because they attempt to keep the “goodies” of ObamaCare while allowing people greater freedom to enter or stay out of the health insurers’ risk pool, the GOP

The GOP plans might accelerate the “death spiral” and end up discrediting an alleged market-based reform.

doctor Doug McGuff, entitled *The Primal Prescription*, featuring a foreword by Mark Sisson.) Rather, in this article I want to show just how weak is the claim that ObamaCare



.....

My primary source for this article is a blockbuster February 2017 study by Manhattan Institute scholar Oren Cass.

.....

saved many thousands of lives, and therefore any attempt to repeal it would result in thousands of dead Americans. As we will see, there is scant evidence for such provocative charges.

Oren Cass the Pioneer

My primary source for this article is a blockbuster February 2017 study by Manhattan Institute scholar Oren Cass.¹ I have

supplemented his research with additional evidence and context, but I want to officially acknowledge that much of my material comes from his study.

Where Are the Pro-ObamaCare People Getting Their Numbers?

When trying to debunk the popular claims that ObamaCare saved x lives per year, we first need to understand where these estimates come from. Cass explains that many of these claims are based on the following procedure: First, we can use historical studies to see the relationship between expanded health insurance coverage and improvement in health outcomes (quantified for example as avoided mortality). Second, we can estimate how many more people have insurance because of ObamaCare than would

otherwise enjoy coverage. Third, we can multiply the two numbers together to estimate how many lives ObamaCare saves per year, relative to what would otherwise have happened.

Unfortunately, there is a huge problem with this procedure. At least some of these historical studies were looking at the expansion of *private* health insurance coverage, when calculating how much insurance contributes to avoided deaths. For example, under the “Romney-Care” episode in Massachusetts, more people ended up with private insurance.

Yet that is not relevant when it comes to assessing the effects of ObamaCare, because *private* health insurance coverage went down due to the ACA—at least relative to what we otherwise would have expected as the economy recovered from the 2008 crisis. Cass explains:

If the ACA were increasing private insurance coverage independent of macroeconomic trends, the number of people with that coverage should have increased relative to the number of people employed. But no such increase occurred. In 2006, at the peak of the last business cycle, there were 1.26 people enrolled in private coverage per person employed. During 2007–10, total employment fell 5.5% and private



insurance coverage fell a slightly larger 7.0%; the ratio of coverage to employment was 1.25. During 2010–15, total employment rose 8.8% and private insurance coverage rose a slightly larger 9.5%; by 2015, the ratio was once again 1.25.

Across the entire business cycle, the share of non-elderly Americans with private insurance fell from 66.8% in 2007 to 65.6% in 2015. Some 300,000 fewer Americans had private insurance than might have been expected had the relationship of employment to insurance of 2006–10 held. [Oren Cass, p. 4, endnote removed.]

But hold on a second. If the amount of Americans with private health insurance arguably went down (relative to what otherwise would have happened as the economy slowly began to recover) because of ObamaCare, then why are its proponents so happy about it?

The explanation is that millions of Americans gained health insurance through the expansion of Medicaid that the ACA fostered. Here's Cass once again:

Whereas 18.1% of the non-elderly population had public insurance coverage in 2006 and 2007, that share had risen to 22.0% by 2010. Rather than dropping as the economy recovered, the share then continued to increase—all the way to 25.3% in 2015. If the share of the non-elderly population with public insurance coverage would have returned to prerecession levels absent the ACA, the law is responsible for almost 20 million new enrollees. If the post-recession level of 2010 represented a “new normal,” the ACA still accounts for an increase of 9 million new enrollees. [Oren Cass, p. 4, endnote removed.]

Thus, it is illegitimate to cite the example of “RomneyCare” when touting the mortality benefits of ObamaCare, unless we make the assumption that private health insurance coverage confers the same health benefits as Medicaid coverage. And yet, there is an extensive literature with conflicting con-

clusions on the physical health benefits of Medicaid.

What the Literature Says About Medicaid

Believe it or not, several reputable studies question whether Medicaid confers any significant improvement in the health of those covered by the program. For example, consider the following excerpt from the literature review contained in a peer-reviewed article that was *supportive* of Medicaid:

Previous research showed that Medicaid expansions in the 1980s reduced mortality among infants and children, though other studies showed little effect. Numerous observational studies have documented a correlation between Medicaid coverage and adverse outcomes among adults, prompting some observers to claim that Medicaid coverage is worse than no coverage. [Sommers et al. 2012, citations removed.]²

Now to be sure, supporters of Medicaid



argue that the apparently negative results in some studies were due to a selection bias, where people who are poorer and sicker end up going on Medicaid. And this particular study (by Sommers et al. 2012) found that Medicaid expansion among certain states in the 2000s led to better mortality outcomes in those states, compared to other states that rejected the expansion.

.....

In general, statistical
assessments of government
policies are difficult, because
you rarely get a controlled
experiment.

.....

However, the authors admit that there are problems with their approach. For example, most of the estimated benefits were driven by the improvement in a single state (New York), which might have had improved mortality for some independent reason. For another problem, the states that expanded Medicaid were not randomly chosen; perhaps they did so because their economies were doing relatively well, and thus they could afford the luxury of expanding coverage for their poor. In this case, the higher mortality for the non-expansion states could be due to their weaker economies.

In general, statistical assessments of government policies are difficult, because you rarely get a controlled experiment.

The (In)Famous Oregon Medicaid Experiment

In light of the above discussion, we can appreciate why a 2008 episode in Oregon is so significant. The state government wanted to expand its Medicaid coverage for its people, but it lacked the funds for everyone. Therefore, state officials implemented a lottery system to award Medicaid to a randomly selected subset of the total applicants. This provided a rare opportunity for health researchers to get a pretty good approximation of a genuinely controlled experiment, or “randomized control trial” (RCT) as they call it in the literature.

After one year, researchers published preliminary findings, based on subjective self-reporting by the Oregon residents. Things looked good for Medicaid, and—not surprisingly—progressive health care wonks wrote about what a great piece of evidence this was. For just one example, Ezra Klein (now editor-in-chief of Vox) wrote a Bloomberg column titled, “Amazing Fact! Science Proves Health Insurance Works” He explained why the Oregon experiment was so important in the health insurance policy debate:

The gold standard in research is a study that randomly chooses who gets a new treatment and who doesn't. That way, you know your results are unaffected by differences in the two populations you are studying. That's hard to do with health-care insurance: Are you going to randomly refuse to give people access to medical care just to see how much worse than the in-



sured they fare? Is that even ethical?

But in Oregon, it was happening anyway. *The state, due to overwhelming demand and limited resources, was going to randomly give insurance to some via a lottery and leave the rest uninsured. So a team of health-care policy researchers proposed the first randomized experiment to compare Medicaid -- or, to their knowledge, any form of insurance -- to being uninsured.*

...

*And though the Oregon project's results can't tell us much about how to save money and improve care, they underline the need for experiments that can. After all, **we are only now seeing the results from the first gold-standard study examining whether being on Medicaid is better than being uninsured.** We can't wait that long for the studies showing which forms of Medicaid — and Medicare, and private insurance — deliver the most effective care for the least amount of money. [Ezra Klein 2011, bold added.]³*

In the interest of brevity, I picked from the beginning and ending of Klein's article in the block quotation above. But to repeat, he wrote the above *after the first year of data came in* from the Oregon study, when it seemed that the people who had won the lottery were doing better medically than the people who lost and didn't get on Medicaid.

Alas, with an additional year of data, things no longer seemed so good. It was still true that the lottery winners had better *financial* outcomes—after all, the state was paying for their medical treatment—and they also *reported* that they were in better health, and had lower rates of depression.

.....

Yet on all of the *physical* measures of health, there was not a single one that showed statistically significant improvement.

.....

Yet on all of the *physical* measures of health, there was not a single one that showed statistically significant improvement. As the researchers summarized it:

We did not detect significant changes in

measures of physical health including blood pressure (systolic or diastolic), cholesterol (HDL or total), glycated hemoglobin, or a measure of 10-year cardiovascular risk that combined several of these risk factors. Nor did we detect changes in populations thought to have greater likelihood of changes, such as those with prior diagnoses of high blood pressure of the portion of our population over age 50.⁴

Now to be sure, once this bombshell evidence was reported, political partisans on both sides went to work. Right-wingers claimed vindication that government can only screw up health care for the poor, while

.....

Critics can't object that the authors of the tepid Oregon results were biased against Medicaid expansion.

.....

progressive leftists pooh-poohed the mere two years of data, arguing that the study ideally should have had a bigger sample size and a longer time frame for Medicaid coverage's benefits to manifest themselves in physical health outcomes.

Yet before moving on, let me remind readers that after the first year of results, when the Oregon experiment seemed to confirm that Medicaid helped the poor's health, plenty of progressives were running victory laps, explaining that it was a gold standard

in research design.

Finally, in one last note of irony, let me mention that one of the researchers involved in the Oregon project was Jonathan Gruber—one of the intellectual architects of ObamaCare, who would be famously caught on tape explaining that the legislation had to be written in a “tortured” way, where “lack of transparency” was a virtue, because of “the stupidity of the American voter.”⁵ So say what you will, critics can't object that the authors of the tepid Oregon results were biased against Medicaid expansion.

The Final Nail in the Coffin: Actual Mortality Data

So far we've seen that the standard techniques for estimating the lives saved by ObamaCare are dubious, because they assume Medicaid expansion is the same thing as private health insurance coverage. And this is very much an open question in the health literature.

So Cass suggests another approach: If ObamaCare is really saving tens of thousands of lives, then shouldn't we see that in the actual mortality data?

Specifically, even though the ACA was signed into law in 2010, the expansion of insurance didn't occur until 2014. So can we see a shift in mortality trends, before and after 2014?

It turns out we can, but the result is the

opposite of what Obama's fans have been claiming. Figure 1 shows the perhaps shocking result.

In Figure 1, we are presenting the CDC's "age-adjusted" mortality rates. These aren't the raw mortality figures, because the population in the U.S. has been aging over time and thus would bias the numbers upward. Therefore, the age-adjusted mortality rate is the most relevant for our present question.

As Figure 1 shows, in general the mortality rate drops over time. Adjusting for the aging of the population, for every 100,000 people, 856 of them died in 2002, and that number had dropped to 733 by 2013.

(I've only shown the chart back to 2002, but the statistic was 1,304 deaths in 1968,

and 1,044 deaths in 1978, to give broader context.)

Going into 2014, when ObamaCare's expansion of health insurance really kicked in,

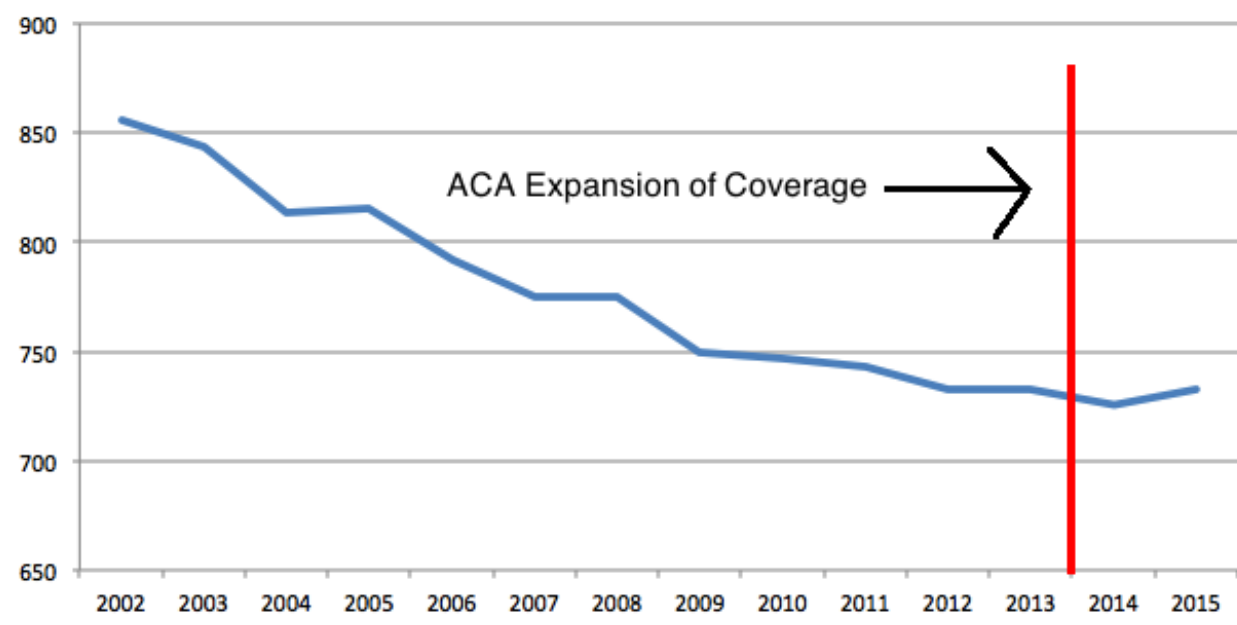
.....

**If ObamaCare is really saving
tens of thousands of lives, then
shouldn't we see that in the
actual mortality data?**

.....

the mortality rate dropped again, to 726. But then, for some reason, it shot back up in 2015 to 733, thus erasing the earlier gain. This was certainly an anomalous result compared to the prior history.

Figure 1. U.S. Age-Adjusted Mortality Rates per 100,000 Population, Annual (2002-2015)



SOURCE: CDC WONDER Database⁶



What's even more surprising is that the increased mortality happened well after the economy had emerged from the depths of the Great Recession. If the insurance provisions of ObamaCare had kicked in right away in 2010, and yet we saw it go hand-in-hand with an unusual spike in mortality rates, we might have attributed it to the bad economy. Yet it seems hard to take that approach when mortality rates kept gently falling even through the financial crash and its immediate aftermath, and we only saw the unusual spike in mortality in 2015.

For another piece of evidence that something screwy happened with Americans' health, here is a headline from late 2016: "Life Expectancy in U.S. Drops for First Time in Decades, Report Finds."⁷ So there was definitely something amiss with Americans' health, right in the period when—according to Bernie Sanders and Hillary Clinton—the Affordable Care Act should have been sparing tens of thousands of deaths.

Looking at the States

Cass isn't done. He admits that the increase in mortality soon after ObamaCare kicked in might be due to some external factor. For example, the opioid crisis has gripped many areas of the nation, and so perhaps it was just a coincidence that the country gets hit with an outside public health menace right when ObamaCare was phased in?

Yet Cass argues that we have a good way to control for that possibility. In practice, only *some* states (31 as of this writing⁸) have accepted the Medicaid expansion under the ACA, while the other 19 so far have rejected the option. So if it were true that ObamaCare is actually *good* for reducing mortality rates, but that the country as a whole got smacked with an external blow to health in 2015 that caused a surge in deaths, then we should still see a *relative* improvement in the states that took the Medicaid money versus those that didn't.

And yet, Cass reports, we see *the exact opposite*. Namely, the Medicaid-expansion states saw a bigger jump in mortality rates in 2015 than the states that opted not to take the federal money to expand Medicaid coverage.⁹



Why Is This Happening?

Thus far I think I've offered (based largely on Oren Cass' pioneering work) a pretty strong empirical case that the Affordable Care Act did *not*

.....

The Medicaid-expansion states saw a *bigger* jump in mortality rates in 2015 than the states that opted not to take the federal money to expand Medicaid coverage.

.....

save tens of thousands of lives annually, and that therefore partially repealing it wouldn't be killing people.

But what's the mechanism involved? Exactly *how* would giving more Americans health insurance coverage through ObamaCare cause a spike in deaths?

At this point I am not prepared to spec-

ulate on that question. The "best" case for the pro-ObamaCare people would be that expanded coverage allowed more people to get prescriptions for pain medication, which then ironically fueled overdoses. But I have not formally tested this hypothesis.

More generally, we should remember that the Affordable Care Act used coercion to try to force the existing medical infrastructure to absorb millions of people who previously lacked coverage, all the while degrading the remnants of market signals in the health insurance sector. It really shouldn't shock us that this procedure went hand-in-hand with a drop in overall life expectancy.

For an analogy, suppose the government passed a law saying all grocery stores had to provide food to anybody who showed up, whether or not the person could pay for all they wanted to eat. Realizing that this would bankrupt all the grocery stores, the government then added the further measure that



all Americans had to buy three square meals a day of food from grocery stores, whether or not they were hungry. (Indeed, vegetarians would be forced to spend \$30 a week on steaks that they couldn't eat.) Well, in this kind of a screwy arrangement, our food distribution system would be all messed up, and we might actually see an increase in hunger.

What Does the Other Side Say?

Before closing, I want to assure the incredulous reader that I looked at work from “the other side” to make sure I wasn't being bamboozled by conservative talking points. And yet, the defenders of ObamaCare give away the game, unwittingly.

For example, the Kaiser Family Foundation (KFF) provides information on health insur-

ance reform from a progressive perspective; it is very much in favor of ObamaCare. It is instructive, therefore, to quote their summary from a February 2017 research paper that reviewed studies on the ObamaCare Medicaid expansion:

.....

I want to assure the incredulous reader that I looked at work from “the other side” to make sure I wasn't being bamboozled by conservative talking points.

.....

This summary reviews findings from 108 studies of the impact of state Medicaid expansions under the ACA published between January 2014 (when the coverage

provisions of the ACA went into effect) and January 2017...It includes peer-reviewed studies as well as free-standing reports, government reports, and white papers published by research and policy organizations, using data from 2014 or later. [Kaiser 2017]¹⁰

The report touted numerous benefits from the expansion, such as a higher percentage of the population being covered. But what about actual improvements in physical measures of health? Here's what their "Key Findings" section says:

Access to care, utilization, affordability, and health outcomes: *Most research demonstrates that Medicaid expansion positively impacts access to care, utilization of services, the affordability of care, and financial security among the low-income population. Studies have also shown improved self-reported health following expansion, but additional research is needed to determine effects on health outcomes.* [Kaiser 2017, underline added.]

To repeat, this is the section of the "Key Findings" where the researchers would be telling us how the ACA's Medicaid expansion actually helped the people involved. It is not surprising that it improved "access to care" or "financial security"; after all, people who were previously uninsured were now being covered by the taxpayers.

But when we ask: "Did the people who get Medicaid under ObamaCare *actually enjoy better health?*" the answer is remarkably

vague. The Kaiser summary says that people told interviewers that they were healthier, and yet there is no reported improvement in physical measurements. We see the same pattern here as in the "gold standard" Oregon Medicaid experiment.

Conclusion

It is entirely possible that the spike in mortality rates in 2015 was a fluke; we really don't know until we see more recent data. However, what we *can* confidently say right now

.....

The only real solution to the health insurance crisis is to bring down the prices of health care. This will happen through genuine free-market reforms.

.....

is that *the proponents of ObamaCare* have no basis to warn that tens of thousands of people will die if they don't get their way. As I've documented above (largely relying on Oren Cass' work), their own method for generating those estimates is flawed, and if anything the actual observed death rates *jumped* in precisely those states that took advantage of the "benefits" of ObamaCare.

It's also important to emphasize that there is more to life than mortality rates. For example, many Americans could probably ex-

tend their life expectancy by greatly reducing their intake of alcohol, pizza, and chicken wings, and by driving a less expensive car to have extra money for a gym membership. But if the government passed a law *forcing* them to make these lifestyle changes—and thereby pushing down mortality rates in the long run—that wouldn't necessarily be a good thing.

Likewise, even if it were true that ObamaCare caused an improvement in one particular metric (namely, the mortality rate), it wouldn't follow that overall the plan was a success. It relies on massive amounts of coercion—including tax hikes on rich people, yes—but also forcing young, healthy people to buy insurance that they think is too expensive

to be worth it. After all, the vast majority of Obama and Hillary Clinton supporters think individual choice trumps the prolongation of life when it comes to fetuses, so they shouldn't be allowed to blow up their political opposition by simply citing this one metric.

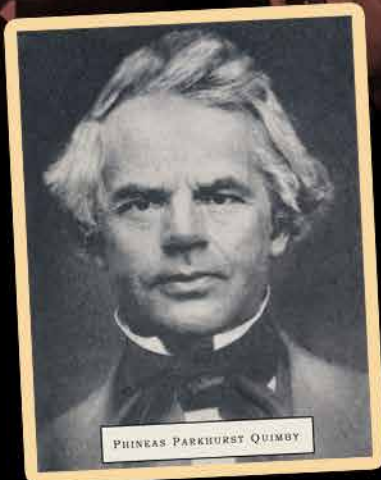
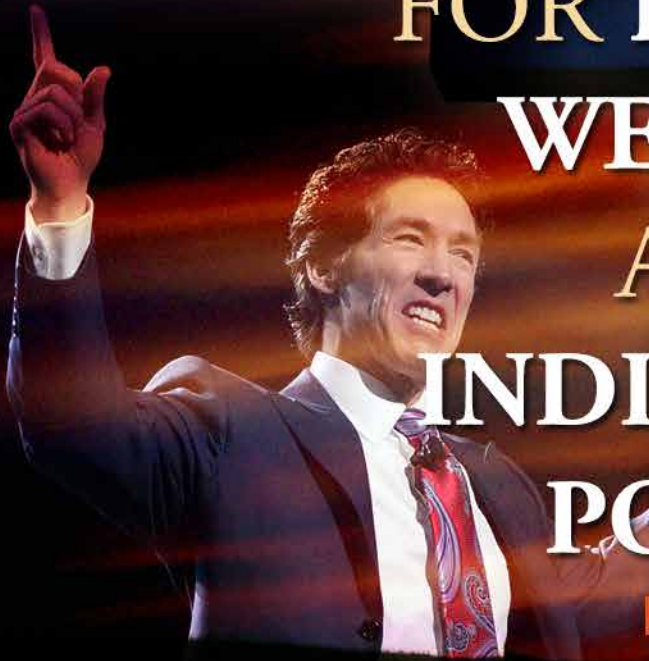
Finally, as my co-author Doug McGuff and I point out in our book *The Primal Prescription*, the only real solution to the health insurance crisis is to bring down the prices of health *care*. This will happen through genuine free-market reforms that introduce more competition. If you want poor people to have greater access to health services, then get rid of the FDA and state-run licensing guilds. ♦♦♦

References

1. Oren Cass, "Will Repealing Obamacare Kill People?" Manhattan Institute Issue Brief, February 22, 2017, available at: <https://www.manhattan-institute.org/html/will-repealing-obamacare-kill-people-10044.html>.
2. Benjamin Sommers et al., "Mortality and Access to Care among Adults after State Medicaid Expansions," *New England Journal of Medicine* 2012; 367: 1025–1034, available at: <http://www.nejm.org/doi/full/10.1056/NEJMsa1202099#t=article>.
3. Ezra Klein, "Amazing Fact! Science Proves Health Insurance Works," Bloomberg View, July 6, 2011, available at: <https://www.bloomberg.com/view/articles/2011-07-07/amazing-science-proves-health-insurance-works-commentary-by-ezra-klein>.
4. NBER, "The Oregon Health Insurance Experiment," available at: <http://www.nber.org/oregon/3.results.html#health>.
5. Gruber's infamous remarks (from one occasion, there were several) are here: <https://www.youtube.com/watch?v=hlyRaguLtJ4>.
6. Data on age-adjusted mortality obtained from CDC WONDER database at: <https://wonder.cdc.gov/cmf-icd10.html>.
7. Rob Stein, NPR, December 8, 2016, available at: <http://www.npr.org/sections/health-shots/2016/12/08/504667607/life-expectancy-in-u-s-drops-for-first-time-in-decades-report-finds>.
8. Medicaid expansion data at: <http://www.kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>
9. The clever reader might object at this point. "Wait a second, Murphy, I thought you had earlier cast doubt on the Sommers et al. study looking at Medicaid expansion in various states in the early 2000s, because these weren't controlled experiments? So why are you letting Oren Cass use the same argument when it goes the other way?" My answer is threefold: First, I wasn't rejecting the Sommers study, but was merely explaining that one of its limitations was that states that chose to expand Medicaid may have been in a better fiscal position than the states that didn't, which in turn could partly explain why the study found an improvement in health outcomes for the expanding states. So I was merely pointing out a limitation, and explaining why a more controlled experiment (like the one in Oregon) is preferable, other things equal. Second, Oren Cass's argument relies on a much bigger pool of expansion states: 31 compared to 3 in the Sommers et al. study. Third, it would be harder to explain why the states more willing to take ACA money and expand coverage were also more likely to have increases in mortality (for independent reasons), compared to the situation in the Sommers et al. paper with its pretty straightforward possibility that states in good fiscal health would be more likely (on their own) to expand Medicaid coverage and would also be more likely to have healthier people than states with bad economies and bad fiscal positions. (I could imagine stories to explain what happened with the ACA expansion—where the states that expanded Medicaid coverage were more likely to have sicker people—but they would be more contrived than the stories to explain the opposite.)
10. Larisa Antonise et al., "The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review," Kaiser Family Foundation, February 22, 2017, available at: <http://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review/>.

THE AMERICAN QUEST FOR HEALTH, WEALTH, AND INDIVIDUAL POWER

PART II



PHINEAS PARKHURST QUIMBY



BY
L. CARLOS LARA

IN PART 1 OF THIS ARTICLE I WROTE ABOUT an in-depth research and discovery I made regarding one of the most familiar, yet at the same time, one of the most mysterious psychological processes utilized today. I am referring specifically to the notion and the power of *positive thinking*.

Whatever we may say against or in favor of this idea, the positive thinking movement in 2017 is a multi-billion dollar industry, which

Furthermore, I learned that positive thinking was first known as the *thought movement*, then later as *mind cure* and owes its development to a woman and the church she established in 1879. The history behind this movement is most unusual and contains a diverse cast of characters. In this Part 2 and conclusion I will highlight some of its key figures and the important parts they played in the development of this unique way of thinking.

(My main text for this part of the article is taken primarily from the book, *The Positive Thinkers: Religion As Pop Psychology From Mary Baker Eddy To Oral Roberts*, by Donald Meyer, PhD. Copyright 1965, 1980)¹

Animal Magnetism

We begin to trace this history with the introduction of an unusual procedure. To see it all correctly, keep in mind that at the beginning

of the 19th century, psychology, psychiatry, neurology, and even medicine were all fields in their infancy. All these were thought of as dubious practices performed by either quacks or butchers. One strange German doctor/showman/scientist by the name of *Friedrich Mesmer*² furthered the lack of credibility



The positive thinking movement in 2017 is a multi-billion dollar industry,

rides the crest of an overarching mantra that preaches that positive thoughts create and transform reality. What I was most surprised to learn from this study was that positive thinking is a uniquely American idea, which had its beginnings in 1820.

with his strange demonstrations in Paris using something he called *animal magnetism*.

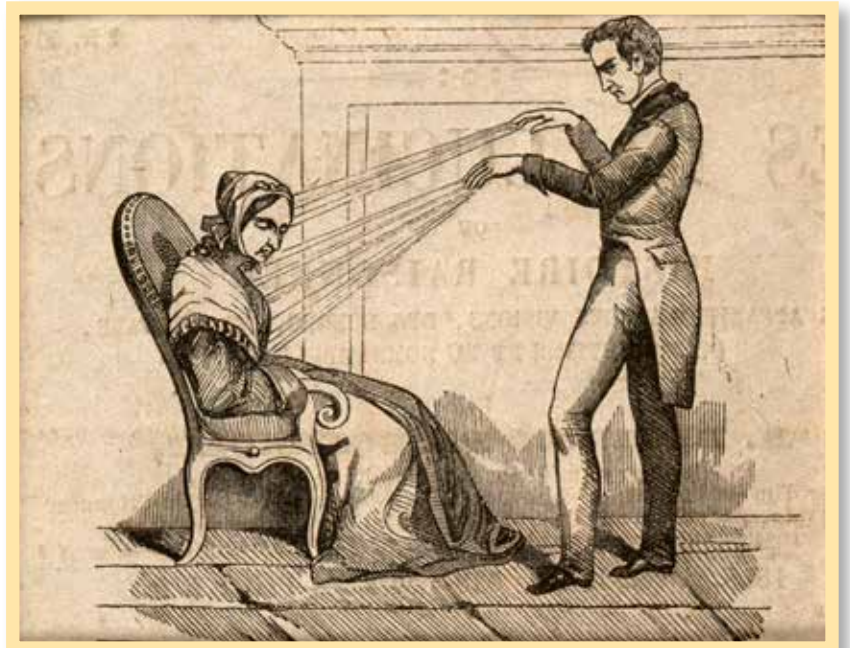
Mesmer theorized that there was an energetic connection between all animate and inanimate objects in the world and his demonstrations showed that the use of magnets influenced both the body and the mind in his subjects, bringing about peculiar sensations and even health cures. The practice became known as *mesmerism*.

But after Mesmer's death in 1815 closer scrutiny of his practices by several of his contemporaries revealed that nothing actually came from the magnets, instead everything came from the subject and took place in the subject's imagination from within the mind. It was really a form of hypnosis.

Nevertheless, Mesmer's groundbreaking discovery spawned countless numbers of "wannabe" psychic practitioners including one *Phineas P. Quimby*³, who is actually known as the founder and discoverer of the *thought movement* in America.

Phineas P. Quimby

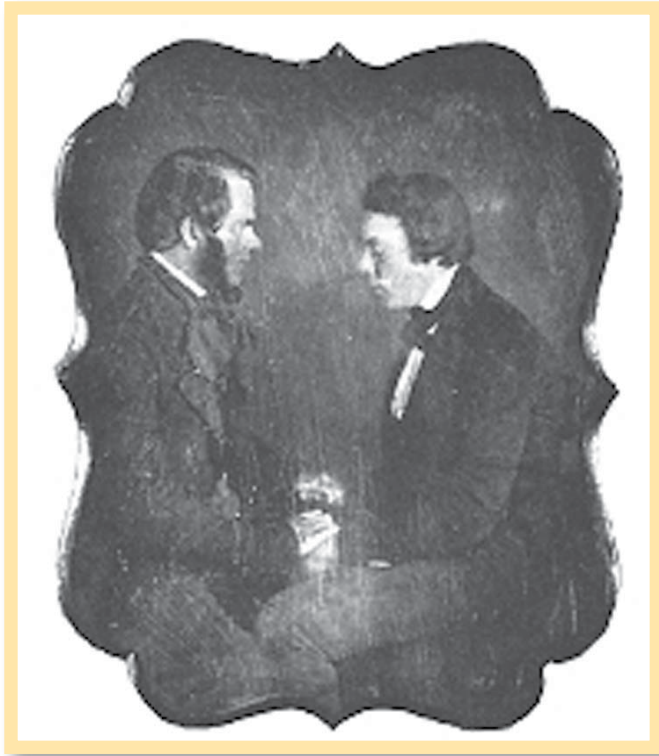
Quimby was a self-educated handyman from Belfast, Maine who repaired clocks for a living. His greatest passion was in think-



But after Mesmer's death in 1815 closer scrutiny of his practices by several of his contemporaries revealed that nothing actually came from the magnets, instead everything came from the subject and took place in the subject's imagination.

ing deeply about the psychological exotica that circulated the New England communities during the early 1800s. Since he was a semi-invalid and had lots of time off from work, Quimby would attend various esoteric lectures on things such as spiritualism, hydrotherapy, and mesmerism just to fill his days.

He first learned of hypnotism in a live presentation 1827 by a French lecturer visiting Portland by the name of Charles Poyen.⁴ In 1838 he began experimenting with hypnosis, first on others and then himself. He documented everything he did and eventually perfected the art. In a few years Quimby



The more Quimby practiced his trade the more he cultivated the power of thought in connection to healing and pushed it further into the realm of metaphysics.

cured himself. By the 1860s he had become well known in the Portland area as a mesmerizer and healer.

One thing about Quimby—he was modest enough to say that he did not invent his trade nor was he performing miracles, “a defense against making myself equal with Christ.”⁵ But his observations taught him that the healing was all mental. As his reputation grew he discovered that patients responded just as well to cheap remedies as well as to the more expensive and complicated. This meant that the patient basically believed in the efficacy of

the remedies themselves that Quimby would prescribe. For this reason Quimby soon gave up on hypnosis altogether in favor of mental suggestion pure and simple. By transitioning to this approach in his procedures the *thought* movement was born.

The more Quimby practiced his trade the more he cultivated the power of thought in connection to healing and pushed it further into the realm of metaphysics. Quimby died in 1866 and his notes were not published until 1921. But in 1862, four years before his death, he met with a sickly woman by the name of *Mary Baker Eddy* and cured her. That one event changed the direction of the thought movement and Mary Baker Eddy’s destiny.

Mary Baker Eddy

Mary Baker Eddy⁶ was born in 1821 in a village in New Hampshire into a strict Protestant family. From early childhood she was prone to mood swings and depression, brooding constantly over religious issues mostly having to do with heaven and hell. She especially despised the scriptural doctrine of predestination.

Eddy married at age 23 and was tragically widowed when her young husband died of yellow fever while she was still carrying an unborn infant in her womb. She soon remarried in 1853 to a doctor of dentistry and spent years moving from village to village while slipping in and out of severe depres-

sion. Her husband's dentistry business failed and he was captured during the Civil War leaving her all alone and in poverty. It was at that time that she came to Portland seeking help from Quimby.

Once Quimby cured Eddy she enthusiastically became his disciple. She studied all of his written notes and spread his reputation to everyone she came in contact with. She was happy for once in her life—she was cured. After returning to her husband again in Massachusetts, her father died in 1865 and then she learned of Quimby's death in 1866. That year she suffered a serious fall on an icy road and became crippled and emotionally worse off than ever. According to her memoirs “it was then she discovered the *Science of Divine Metaphysical Healing*,” and cured herself.

From then on her mind became fixed on the one single goal of taking this healing message, which she believed was divine, to the world. She began teaching its principles and attracting large numbers of students. Soon she had an entourage. As she continued her teaching she gained a personal strength of mission and a determined purpose to write a book of her healing techniques. When the book did finally come out in 1875 it was hardly noticed, but her fame kept growing, advanced by the testimonies of her converts. By this time the thought movement was being referred to as “mind cure.” In 1879 she and her followers chartered The *First Church of Christ Scientist* in Boston, Massachusetts and the direction of the new religion changed forever.



From then on her mind became fixed on the one single goal of taking this healing message, which she believed was divine, to the world.

Notably, and so unlike Quimby's modest stance, Mary Baker Eddy never stopped her disciples from equating her as an equal to Christ. This was a criticism that rose up against her after her death and especially after Quimby's notes were published exposing her plagiarism of Quimby's writings. Mary Baker Eddy died in 1910 amidst church schisms and turmoil until a central church board regained control.

Although in serious decline presently, the Church of Christ Scientists initially grew rapidly hitting its pinnacle in the 1930s with an estimated 270,000 converts. It became the most conspicuous and pervasive form of the *mind cure* movement, and was known as



Although in serious decline presently, the Church of Christ Scientists initially grew rapidly hitting its pinnacle in the 1930s with an estimated 270,000 converts.

the fastest growing church in America after WWII. By the mid 1950s there were 2300 organized Christian Science churches and societies in the United States—10,000 practitioners of Christian Science therapy and hundreds of reading rooms. It is best known for its newspaper, *The Christian Science Monitor*⁸, which has won 7 Pulitzer Prizes between 1950 and 2002.

Mind Cure's Leading Wholesaler—The Unity School

Charles Fillmore and his wife Myrtle commenced teaching mind cure as an enterprise in Kansas City and produced a small publication called *Modern Thought* in 1889. They had both been initiated into mind cure

in Christian Science classes in 1887, but never joined Mrs. Eddy's church. Both had been healed and thought of their particular work as that of expounding a practical Christianity directed to all church denominations. Thus *Unity*⁹, as their particular brand of teaching and healing was called, was to be a "school" not a new church. The idea was so well received that soon after Unity's

inception the flood of books and magazines came pouring out and the public gobbled them up. Many of these publications were written for and were attracting businessmen.

Freelance writers taking notice of all of this reading excitement created a geyser of mind cure writings directed at members of mainline denominational churches. By the 1930s many of these authors began to push the envelope of mind cure and enlarge what Quimby had begun as a focus on health in a very narrow sense, into unlimited areas with unrealistic promises. This opened the floodgates for even more "how to" books on success thinking directed at salesmen with book titles such as *The Law of Success and How To Sell Your Way Through Life*, and *Think and Grow Rich*, by Napoleon Hill.

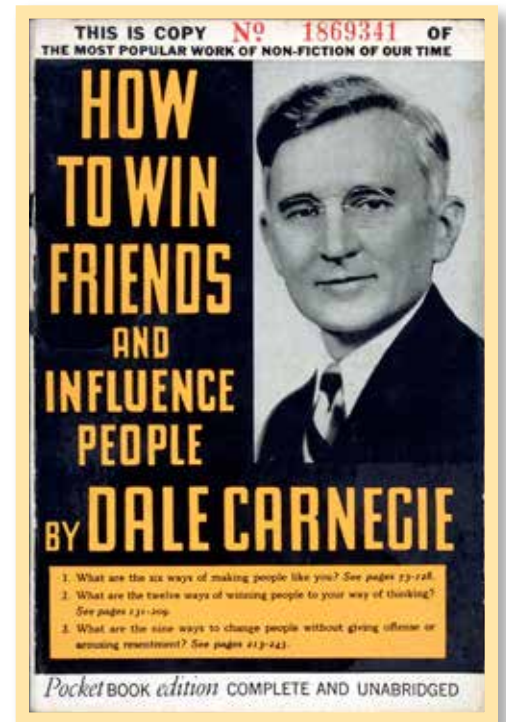
But it was Dale Carnegie who taught America how to develop a million dollar smile in his classic book "How To Win Friends And Influence People."

Another expert of psycho-success during these times was Claude Bristol who wrote *The Magic of Believing* in 1948, which quickly went through 17 printings. Drawing heavily on the *thought movement*, *mind cure*, *Christian Science*, *Unity* and other religious science teachings he claimed no religious affiliation at all. His only claim was that the *magic of believing* was itself all that religion was. Faith was believing. You need only wish and it's yours.

But it was Dale Carnegie who taught America how to develop a million dollar smile in his classic book "*How To Win Friends And Influence People*." Like all mind cure writers before him, he too quoted and touted mind cure's greatest proponent, *William James*¹⁰. James, known also as the father of Psychology, was always careful to keep his distance from the mind cure religious philosophy, but often stated that everyone should "act as if," from which Carnegie developed the belief that a smile was all that was necessary in order to feel happy.

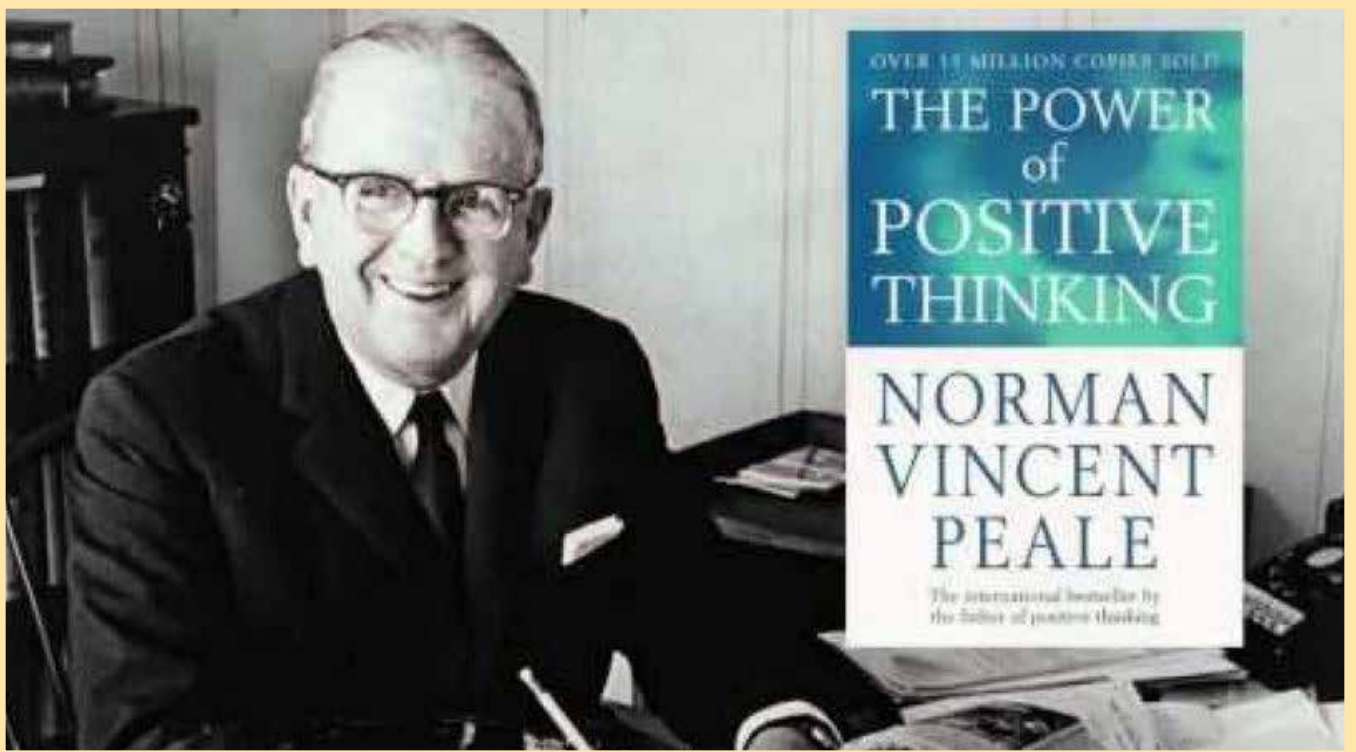
Norman Vincent Peale

By the 1920s mind cure faced a new situation. The old line Protestant churches were



beginning to respond and compete by embracing the new therapeutic psychology into their own outreach programs. They too started deliberately incorporating mind cure notions into their presentations of faith. By 1936 Norman Vincent Peale¹¹, a Methodist ordained minister serving a historic Reformed church in New York's lower Fifth Avenue, organized the first Religious-Psychiatric Clinic. Peale's approach made mind cure more respectable and more focused on *positive thinking* in order to deal with the anxieties of modern man. But even he went further by saying, as all other mind cure proponents before him had said, that positive thinking power was divine.

By 1955 Peale's influence over the American public was extensive encompassing massive national circulation of magazines, books, church journals and radio broadcasts. He was a powerful motivational preacher. He



Yet the push back from the very conservative religious groups against Peale's message was just as pervasive. They argued that Peale had turned Protestantism into a form of cheap grace.

set out to prove that he was right about this new form of religion by publishing the testimonials of those who professed that positive thinking had worked for them in much the same way Mary Baker Eddy had done.

Yet the push back from the very conservative religious groups against Peale's message was just as pervasive. They argued that Peale had turned Protestantism into a form of cheap grace. They questioned the compatibility of religion and psychology and the confusion that mind cure had brought into churches in pursuit of health. They claimed psychology appealed only to the mind of man and fed the *self* thereby creating an extreme form of self-centeredness. Donald Meyer

seemed to agree with this assessment. (*As a side note, Norman Vincent Peale was Donald Trump's minister and family friend. He performed the wedding between Donald Trump and Trump's first wife Ivana.*) Nevertheless, Norman Vincent Peale brought positive thinking into the limelight and gave it the widespread popularity it has today.

Oral Roberts

Meyer was quick to point out that patrons of itinerant charismatic evangelists and healers were usually individuals from poor farming families. In other words, the preacher

came to them and preached on their home turf. Due to their poor schooling and economic circumstances they found the power displays of spiritual healers and their use of “glossolalia” (the speaking in tongues) particularly attractive. At age 17 Granville Oral Roberts¹² entered the field of traveling preachers in 1935 serving Holiness and Pentecostal churches in small towns across Oklahoma.



In 1971 Oral Roberts got his wish when the University was established complete with a medical school and by 1977 a hospital was added.

Roberts commenced healing in 1947 in circus sized tents packed with people. But he also spent time building his organization by establishing ties with wealthy Tulsa businessmen and promoting heavily using magazine publications, books, letters, and “anointed handkerchiefs” that went out by the thousands in response to requests. Roberts was not only a very charismatic evangelist but was a great organizer and fundraiser. He put together a radio network and began using television extensively. In 1962 he began work on a university and in 1968, Roberts, the son of a Pentecostal preacher, stunned all of his followers when he joined the Methodist Church in Tulsa.

In 1971 Oral Roberts got his wish when

the University was established complete with a medical school and by 1977 a hospital was added. Known as *The City of Faith*, Donald Meyer believed that this entire complex demonstrated Robert’s unique way of underwriting spiritual healing by combining it with education and medical science.

Billy Graham

Billy Graham¹³ is set distinctly apart by Meyer from the rest of the personalities in the mind cure movement for several reasons. First of all Graham was neither a healer nor a positive thinking motivational preacher. Graham was a Christian evangelist ordained



Positive thinking is alive and well and its two leading proponents in the marketplace are Joel Osteen and Tony Robbins.

as a Southern Baptist minister. He is principally known for his worldwide *Billy Graham Crusades*, which began in 1947 and continued until 2005 where he preached to audiences in 185 countries. He has been consistently named as one of the most admired men in America and is known as a spiritual advisor to Presidents.

Graham's message to audiences was simple—“*the end is near.*” If you sought signs to prove the message, Graham could easily point to the evidences of decadence, breakdown, and corruption all around. Some of the signs contained embarrassing implica-

tions such as Watergate and the resignation of Richard Nixon who owed his Presidential victory to Protestants urged on by Graham. In fact Meyer believed Nixon's fall exposed the narrowness of Graham's social imagination.

But Donald Meyer chose to end his masterful book on the *Positive Thinkers* with Billy Graham in order to specifically highlight the struggles of main-line denominations that became visible at the peak of Graham's career. Whereas Protestant religion and the denominational churches had actually given rise to the mind cure movement in the 19th

and 20th centuries, now all of them were losing members, money, and seminary candidates. From Meyer's perspective the erosion was having a direct effect on human beings and it was being translated into the shape of the nation. All those structures of hope, thought, and community that people depended on for centuries were now giving way to widespread staggering insecurity and fear.

As Graham's career wound to a close, a new form of social, political, and economic liberalism and yes, even feminism was taking over the country. Numerous large denominational congregations of 5,000, 10,000 and even 20,000 members whose pulpits had been filled with generations of men with thirty, thirty-five and even forty years of service were now being occupied by women. It's as though the mind cure movement, which started with a woman, had come full circle.

From this point it is not difficult for us to trace the path into our 21st century. As we have already seen in Part 1 of this article *positive thinking* is alive and well and its two leading proponents in the marketplace are Joel Osteen and Tony Robbins. Given the fear and instability of the masses that has since multiplied with many believing the nation is on the verge of collapse, the future bodes well for the positive thinking industry.

For those readers who would prefer an alternative way to view all of this and to reaffirm to themselves that the world has never been right about anything, Donald Meyer culminates the meaning of these former times by quoting St. Augustine from the 4th century. In his book, *The City of God*, written at the time the Roman Empire was falling, Augustine's admonition to the faithful remnant was "*not to let mere history undermine them. Rome may fall, but they would be saved.*"



References

1. The Positive Thinkers: Religion As Pop Psychology from Mary Baker Eddy To Oral Roberts, by Donald Meyer, Copyright 1965, 1980, Pantheon Books, New York, NY
2. Franz Friedrich Anton Mesmer, Article Description from Wikipedia, the Free Encyclopedia, https://en.wikipedia.org/wiki/Franz_Mesmer, June 30, 2017
3. Phineas Parkhurst Quimby, Article Description from Wikipedia, the Free Encyclopedia, https://en.wikipedia.org/wiki/Phineas_Quimby, June 30, 2017
4. Charles Poyen, The Positive Thinkers, By Donald Meyer, Chapter 2, Page 34
5. The Positive Thinkers, By Donald Meyer, Chapter 2, Page 33
6. Mary Baker Eddy, Article from Wikipedia the Free Encyclopedia, https://en.wikipedia.org/wiki/Mary_Baker_Eddy, June 30, 2017
7. Divine Metaphysical Healing, The Positive Thinkers, By Donald Meyer, Chapter 2, Page 38
8. The Christian Science Monitor, Article from Wikipedia the Free Encyclopedia, https://en.wikipedia.org/wiki/The_Christian_Science_Monitor, June 30, 2017
9. Unity, The Positive Thinkers, By Donald Meyer, Chapter 2, Page 40
10. William James, Article from Wikipedia the Free Encyclopedia, https://en.wikipedia.org/wiki/William_James, June 30, 2017
11. Norman Vincent Peale, Article from Wikipedia the Free Encyclopedia, https://en.wikipedia.org/wiki/Norman_Vincent_Peale, June 30, 2017
12. Oral Roberts, Article from Wikipedia the free Encyclopedia, https://en.wikipedia.org/wiki/Oral_Roberts, June 30, 2017
13. Billy Graham, Article from Wikipedia the Free Encyclopedia, https://en.wikipedia.org/wiki/Billy_Graham, June 30, 2017
14. The Positive Thinkers, By Donald Meyer, A Reckoning for 1980-Conclusion, Page 340

HOW THE WORLD WORKS



INTERVIEW WITH
JACOB HUEBERT



Jacob Huebert is senior attorney at the Liberty Justice Center, a free-market public-interest law firm in Chicago, where he litigates cases to protect economic liberty, free speech, and other constitutional rights. He received his B.A. in economics from Grove City College and his J.D. from the University of Chicago Law School. After law school, he clerked for Judge Deborah L. Cook of the United States Court of Appeals for the Sixth Circuit. He is author of the book *Libertarianism Today*, and his writing has been published widely in scholarly, professional, and popular publications.

LARA-MURPHY REPORT: How did you become interested in Austrian economics?

JACOB HUEBERT: I became interested in libertarianism and free-market economics in high school, when someone introduced me to *The Freeman* magazine published by the Foundation for Economic Education (FEE). That, in turn, led me to attend Grove City College, where FEE's former president, Hans Sennholz, had taught economics from an Austrian perspective for

“I was interested in economics in general,
and Austrian economics in particular,
because I wanted to understand how the
world works.”

decades. One of my economics professors there was Jeffrey Herbener, who assigns works by Ludwig von Mises, Murray Rothbard, and other Austrian economists for his classes. And he introduced me to the Ludwig von Mises Institute, where I learned more about Austrian economics at the annual Mises University and through more reading. I was interested in economics



“We sue state and local governments to challenge laws that infringe on liberty, especially including economic liberty.”

in general, and Austrian economics in particular, because I wanted to understand how the world works, and because it showed how the libertarian policies I favored for moral reasons would lead to greater prosperity.

LMR: Can you explain your role in the legal sector, and how it intersects with economic liberty?

JH: I’m senior attorney at a public-interest law firm in Chicago called the Liberty Justice Center. We sue state and local governments to challenge laws that infringe on liberty, especially including economic liberty, focusing on Illinois, where, as you might imagine, there’s plenty to keep us busy.

LMR: It might be interesting for our readers to hear about some of your successful cases. For example, can you tell us about the ordinance regarding new vehicle-for-hire services, as well as your work involving Airbnb?

JH: In 2012, we successfully challenged a Bloomington, Illinois, law that prevented people from starting new vehicle-for-hire businesses. This law prohibited anyone – including our client, who was an experienced vehicle-for-hire driver with an idea for a better service – from starting a new ve-



hicle-for-hire business unless a city official determined that an additional service would be “desirable” and “in the public interest.” The official would make that determination by asking the owners of existing vehicle-for-hire businesses what they thought, and of course they would always say that the city already had exactly the right number of services and that adding even one more would be disastrous. We sued, and a judge struck the law down, not only because “desirable” and “in the public interest” are unconstitutionally vague criteria, but also because the law was obviously designed to serve private interests rather than the public.

In one of our latest cases, we’ve teamed up with fellow libertarian lawyers at the Goldwater Institute to challenge Chicago’s ordinance that restricts people’s ability to rent out their homes on Airbnb and other homesharing platforms. There’s so much wrong with this law, legally and morally. It says that if you register with a homesharing site, the city can search your home at any time without a warrant. It prohibits you from renting out a single-family home, or a unit in a building with 2 to 4 residential units, if

“We sued, and a judge struck the law down, not only because “desirable” and “in the public interest” are unconstitutionally vague criteria, but also because the law was obviously designed to serve private interests rather than the public.”



“Chicago’s anti-homesharing ordinance is obviously designed to benefit a private special-interest group—in this case, established players in the hotel industry.”

it’s not your “primary residence.” It limits the number of units in a building that can be registered or licensed for homesharing—just registered or licensed, regardless of whether they’re ever actually rented out—so your neighbor can potentially take away your right to rent out your home just by filling out a form on Airbnb’s website. Under the limits, no more than six units can be registered or licensed for homesharing, even in the city’s biggest residential high-rises, and in smaller buildings, the limit is even lower. Also, the law allows the city to take away your right to rent out your home based on violations of a noise rule that’s impossible to follow and stricter than the noise rules that apply to everyone else. And it makes homesharing guests pay a 4% tax on top of the city’s hotel tax, which they also have to pay. Like the Bloomington law, Chicago’s anti-homesharing ordinance is obviously designed to benefit a private special-interest group—in this case, established players in the hotel industry—and not the public.

LMR: What about your case regarding union fees for government workers?

JH: We’re asking the U.S. Supreme Court to take a case, *Janus v. AFSCME*,

that could end mandatory union fees for government workers nationwide. Under existing Supreme Court precedent, governments can force their employees to pay fees to a union as a condition of their employment. But in some recent decisions, the Supreme Court's conservative justices have suggested that they're ready to overturn that precedent. It seemed likely that they would do that in a case the Court heard last year, *Friedrichs v. California Teachers Association*, but Justice Scalia died shortly after the Court heard arguments in the case, so it ended in a 4-4 tie vote. With a new justice on the bench, we're giving the court an opportunity to take the issue up again. The argument here is that forcing government employees to pay union fees violates their First Amendment rights to free speech and free association.

“Justice Scalia died shortly after the Court heard arguments in the case, so it ended in a 4-4 tie vote. With a new justice on the bench, we’re giving the court an opportunity to take the issue up again.”

The arguments the state and unions make to try to justify forcing people to pay union fees are really weak. For example, they argue that mandatory fees are necessary to prevent employees from “free riding” on unions’ collective bargaining efforts. Workers benefit from a union bargaining on their behalf, the argument goes, so they should be forced to pay their “fair share” of the cost.

One problem with this argument is that workers might not actually consider the union’s bargaining to be beneficial. For example, our client is a state employee who doesn’t support his union’s advocacy for ever-higher pay and benefits because he believes it’s harmful to taxpayers and the state’s economy. The unions’ argument assumes that people like him don’t exist and that people only care about their own pecuniary self-interest. Another problem with the “free rider” argument is that, even if some people would “free ride,” that’s not a good enough reason to force them to pay. We all benefit from things other people and organizations do, but, in general, those other people and groups can’t force us to give them money; they have



to persuade us to support their efforts.

This case is important because, among other reasons, it's dangerous for government to run large portions of the economy, then make people who get jobs there hand over money to a private interest group that will, in turn, use it to advocate for even bigger government through lobbying and electioneering. Mandatory union fees give public-sector unions an unfair advantage in politics, to the detriment of taxpayers and anyone who favors smaller government.

“We all benefit from things other people
and organizations do, but, in general,
those other people and groups can't force
us to give them money.”

The Supreme Court will likely decide whether to take the case – which, I should add, we brought together with attorneys at the National Right to Work Legal Defense Foundation – when its new term starts in October.

LMR: Finally, and for a change of pace, we were intrigued when you weighed in publicly on the circumstances around Heath Ledger's death. People had been criticizing Mary-Kate Olsen for her actions at the time, but you de-

fended her in an online post. Can you explain?

JH: Sure. Heath Ledger's masseuse discovered his body about 20 minutes after he died. The media attacked her because, when she found him, she called his friend Mary-Kate Olsen four times before she called 911. The press went after this woman as though she was somehow responsible for Ledger's death, but I thought that was unfair for several reasons. For one, he was already dead when she got there—although apparently she didn't realize that at first—so it doesn't really matter who she called. For another, calling 911 might not always be the best or fastest way to get help—especially if you have rich friends with their own security teams nearby. You can't necessarily count on the government to help—courts have said you have no legal right to assistance from police or paramedics, so they're free to ignore your pleas or take their time in coming (although I'm sure many dispatchers and paramedics are conscientious). In fact, Mary-Kate's private security team did arrive at Ledger's apartment at least as soon as, and maybe before, the 911-dispatched team.



“Mary-Kate’s private security team did arrive at Ledger’s apartment at least as soon as, and maybe before, the 911-dispatched team.”

Another good reason why the masseuse might have been reluctant to call 911 is because bringing in government help could have exposed Ledger to prosecution for possessing the drugs that were reportedly strewn about his bedroom (if he had survived). When you call 911 and the police come to your house, they can potentially seize any evidence of a crime that they see in plain view and use it against you. This is another way the war on drugs kills people: by making them and the people around them afraid to call for help. So the media’s outrage in the Ledger case—like so much media outrage—was directed at the wrong target. ♦♦♦



EVENTS & ENGAGEMENTS

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

JUNE 17, 2017
LUBBOCK, TX

Murphy teaches at high school economics seminar for Free Market Institute.

.....

JULY 11 & 12, 2017
NASHVILLE-BRENTWOOD, TN

Lara and Murphy present IBC Tax Strategy at Private Physician Dinner and Business Owner Breakfast for Three C Corporation.

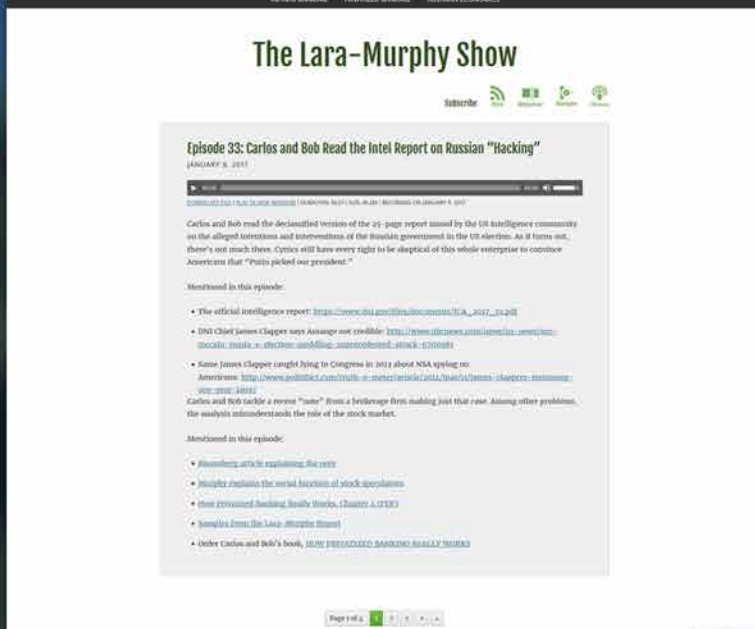
.....

JULY 23-29, 2017
AUBURN, AL

Murphy teaches at Mises University.

.....

SOME EVENTS MAY BE CLOSED TO GENERAL PUBLIC.
FOR MORE INFORMATION: LMREVENTS@USATRUSTONLINE.COM



Get more insights
and updates at

lara-murphy.com

including our
archive of popular
podcast shows.

Go to
lara-murphy.com/podcast
or just click on the
Podcast link



Lara-Murphy
Reporting

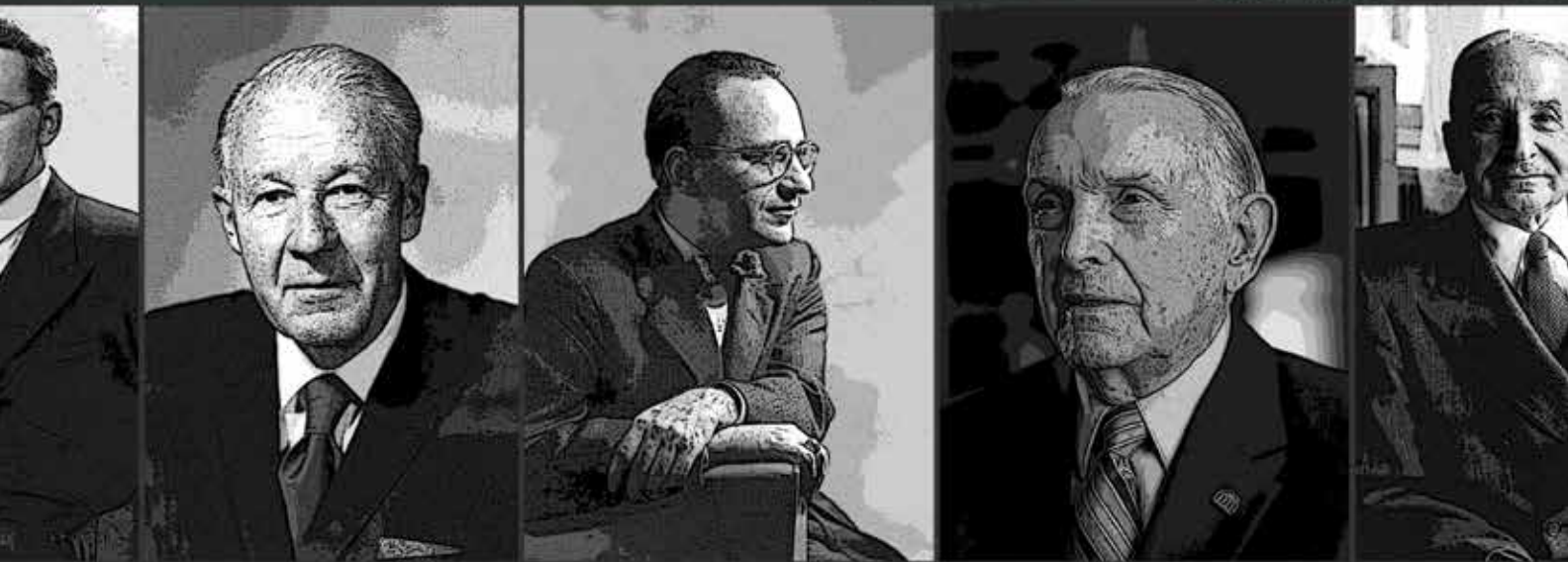
The IBC PRACTITIONER'S PROGRAM[®]

A brand new educational program designed exclusively for the financial professional

Includes brand-new video lectures from NELSON NASH

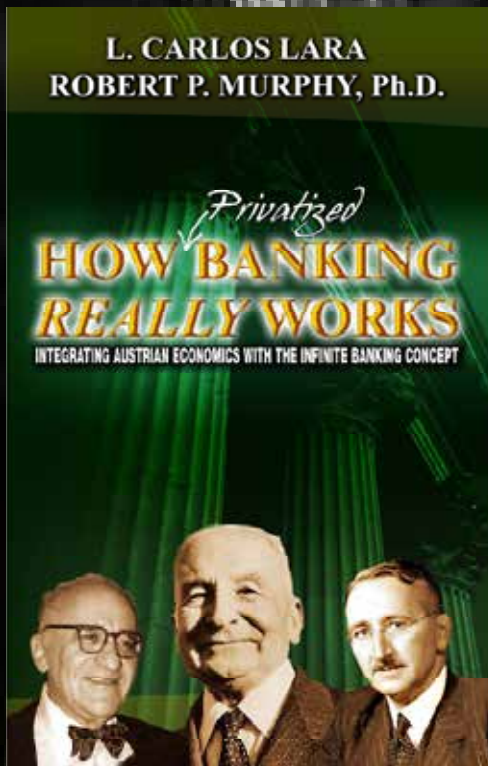
Learn the economics of life insurance that you won't get anywhere else!

For full details see www.infinitebanking.org

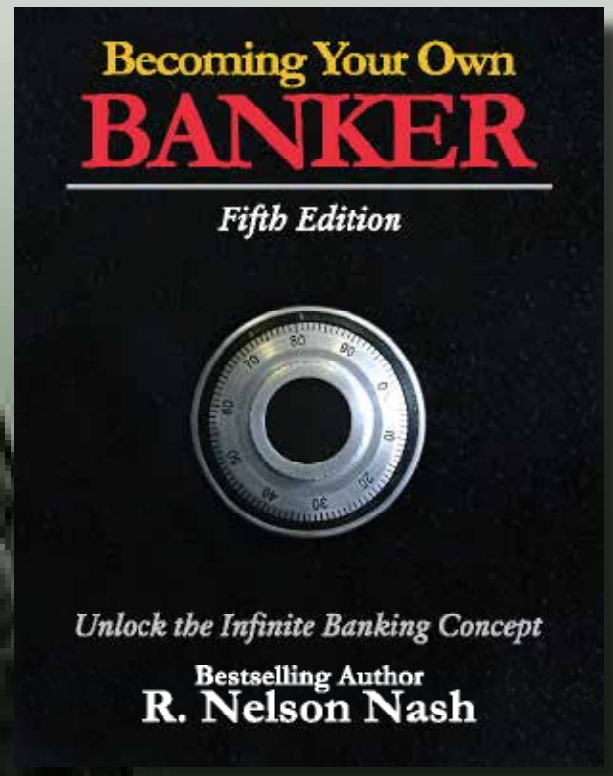


NELSON NASH INSTITUTE

Infinite Banking Concepts LLC • 2957 Old Rocky Ridge Road • Birmingham, AL 35243
www.infinitebanking.org



+



FUND YOUR OWN BAILOUT

If you don't like giving large sums of money to banks and mortgage companies to finance your cars, homes, boats, capital expenditures for business needs or any thing else you need to finance, then you are going to really like this alternative. The rebirth of **PRIVATIZED BANKING** is underway. You can take advantage of the years of experience that these three authors in these two books are offering you.

Go to **LARA-MURPHY.COM** to find these and other fine books.