Necessity: The Argument of Tyrants

By Glenn Jacobs

January 2, 2014

Despite admitting that the National Security “vacuums up information about virtually every telephone call to, from, or within the United States,” William Pauley, a federal judge on the United States District Court for the Southern District of New York, decreed last week that the NSA’s dragnet approach is constitutional because, well, he believes that it is necessary.

As William Pitt the Younger observed, “necessity is the plea for every infringement of human freedom. It is the argument of tyrants; it is the creed of slaves.”

The world is an inherently dangerous place. The idea that the government can protect us is patently absurd. All the government can do is to destroy our liberties while promoting the illusion of safety.

President Dwight Eisenhower acknowledged this fact when he said that if you wanted real safety, go to prison. You get three meals and a bunk. Heck, you even get government health care. The only thing missing is freedom.

What Ike did not say is that in prison you are at the mercy of those guarding you. Unfortunately, this fact is lost on Judge Pauley, who wrote, “there is no evidence that the government has used any of the bulk telephony metadata it collected for any purpose other than investigating and disrupting terrorist attacks.”

What matters is not whether the government has used this information for nefarious purposes, but whether it now has the ability to engage in such behavior.

We often hear that “it” can’t happen here. “It,” of course, refers to outright tyranny and State oppression. The reason that “it” couldn’t happen is that certain safeguards were built into the system. Namely, our Bill of Rights.

Granted, the Bill of Rights is simply words on paper, not some sort of natural law that governs the actions of men and governments. Nevertheless, those words used to carry a certain gravitas.

No politician has ever won office by saying that he was going to eliminate the Bill of Rights. They have won office by promising to protect us, and portraying the Bill of Rights as an impediment to that sacred duty. Unfortunately, after many years of exposure to such propaganda, many Americans have now come to view their liberties as a luxury to be discarded when their safety is threatened. By the time they realize how precious those liberties are, it may be too late.

While Pauley might (dubiously) claim that government officials have not abused the NSA’s program, he cannot guarantee that future government officials will act so judiciously. In fact, history shows that governments will exercise their powers to their fullest extent. That’s why the Anti-federalists demanded a Bill of Rights in the first place!

The government is claiming that it can rightfully troll through nearly everything that we do—from what websites we visit, to what our e-mails say, to what we buy with our credit cards—and a federal judge fails to see a problem?! What could be more ripe for abuse than a program such as this one?

We are at a very dangerous point in our history.
The traditional bulwarks against tyranny have been degraded or eliminated, and a police state infrastructure has been erected in the shadows. All it takes is the right crisis, and this infernal machine roars to life, probably to the cheers of the masses.

Perhaps we will be lucky and the government will not abuse the powers that it has usurped. However, so long as perceived necessity trumps liberty, it’s only a matter of time before that luck runs out.

Glenn Jacobs is the actor and wrestler Kane.

Comment by R. Nelson Nash - I am spearheading an effort to change the name of Washington, DC to “Fear-Factory” – everything coming out of that place is based on creating fear among the populace – “the world is coming to an end because of ______ (fill in the blank) and only the Federal Government can save us from this catastrophe!

Fear is a very powerful motivator and it is an easy thing for governments to instill in the minds of citizens. History is full of examples. For instance, consider all this nonsense about “global warming” and inferring that carbon dioxide is a poisonous gas! Don’t these folks know that carbon dioxide is “food for all plant life?” Yet one of their prized slogans is “Go Green!”

Sinking in a Sea of Buts

April 1, 1970 by Leonard E. Read

There were five of us, one an Austrian, at a pre-dinner get-together. These friends were each as near purists in the freedom philosophy as one ever comes upon—which is the only reason for mentioning one man’s dissent. His dissent seemed insignificant, but it’s the minor deviations and inconsistencies of the philosophical elite—not the imitators among us—that weigh so importantly against exemplary action.

That’s the setting; here’s the talk: A free market affirmation of mine brought an immediate response from the Austrian, "I infer that you wouldn’t even approve of the Vienna Opera." (State owned.)

"Indeed, I would not."

"Why, Leonard!"

Following my explanation, he remarked, "I agree with you in principle, but...."

I cut him short by saying, "If you agree with me in principle, then we have nothing more to talk about."

However, in that remark I was wrong. This is precisely where the talk should begin—with the origin of his and countless other buts.

To complete the background, my friend confessed the next morning, "I lay awake most of the night fretting about our discussion. While I still agree with you in principle, I find myself so emotionally committed to the Vienna Opera that in this instance I must make an exception."

It is not my intention here to pick on socialized opera or to show how socialization of the arts is authoritarian or even how a free market for the arts gives consumers what they wish in exchange for their money. This should be apparent to anyone who has an understanding of how freedom affords justice, whereas socialism does not and cannot. Rather, I wish to suggest the fallacy and the damage arising from allowing exceptions or "butts" to what one regards as right principle.

Emotionally Committed Rather than Rational

I rather like the phrasing of my friend’s excuse for his deviation: "emotionally committed." By using this term, he acknowledges that his is not a rational commitment; for one of his understanding, it couldn’t possibly be. No use explaining to him how the market works—he already knows. So do countless others who approach exemplary status! His phrasing is valuable because it brings to light a facet of the freedom problem that has been eluding us: emotional rather than rational commitments against which rational rebuttals are fruitless.

Among those who understand the freedom philosophy and how it works in practice will be found very
few, indeed, who aren’t emotionally committed to this or that practice of socialism. Nearly every one of these near-exemplars has his socialistic "thing." If it isn’t the Vienna Opera, it is the Gateway Arch, this or that bit of protectionism, a subsidy that befits his convenience, or whatever. "I agree with you in principle, but…." In the first place, I cannot allow my own pet exception to freedom without allowing others their pet buts. Every socialistic "thing" is someone’s pet. Logically, if I break faith, then I am, by my conduct, endorsing faithlessness on the part of everyone. For me to stand for one socialistic item, regardless of how emotionally committed, is for me to give away the case for freedom; it is to open the sluice gates for all-out socialism. I cannot allow myself an exception and deny a similar allowance to others.

Freedom, as I define it, is "no man-concocted restraints against the release of creative human energy." This, in my view, is right in principle. Granted, a principle stands whether or not anyone stands for it. But whether or not I am a man of principle depends on whether I adhere to or abandon the principle. I cannot slightly defect and remain principled any more than I can slightly lie and remain truthful, or any more than I can slightly steal and remain an honest man.

Bearing in mind that we are here discussing the minor flaws of near or would-be exemplars of freedom—the actions of the philosophical elite—the word "slightly" suggests another error common among them. It is that we must rid ourselves of socialism but it must be disposed of gradually, that is, slightly, or by a step at a time. Were it abolished suddenly, so it is argued, the shock would be unbearable, adjustments to a free society impossible.

This argument rests upon the unwarranted assumption that, were you or I to stand for the immediate repeal of all socialism, then immediate repeal would follow. Actually, if millions of us turned against socialism and demanded its immediate repeal, it would take years for the realization. The wheels of society turn slowly. Gradualists fail to distinguish between principle and practice.

Whenever anyone urges the gradual repeal of laws he believes to be wrong, he has lost the thought and force behind the case for repeal. Instead, postponement is actually advocated; and postponement, as eternity, has no calendar days, no deadline—it is a never-never proposition. Gradualism has yet another flaw. It implies that what is declared to be wrong isn’t all wrong; otherwise, why abide it for a moment? It’s like saying that we should bring the thief slowly to justice else the baker and the haberdasher will lose the malefactor’s trade too suddenly.

When events in society are going wrong—and they appear to be nothing less than exemplary action can set them aright, a difficult role. Any exemplar must be prepared for disfavor and unpopularity, simply because his principled positions are and of necessity must be an affront to the mores, a break with the prevailing wrongs. Freedom appears to be submerged in a sea of buts. It is entirely realistic to expect these buts from persons who do no thinking for themselves. The exemplar, however, never degrades a principle with a but. To do so is com-monplace, not exemplary.

Comment by R. Nelson Nash – I remind you that Leonard E. Read was my personal friend and mentor. What a blessing it has been for me to “sit at the feet” and learn from such a man!

Biographer, Scholar, Friend: Mary Sennholz at 100
by Jeffrey M. Herbener on January 11, 2014

[Editor’s Note: Mary Sennholz, wife of Austrian economist Hans Sennholz and friend of Margit and Ludwig von Mises, recently spoke with Senior Fellow Jeffrey Herbener and Associated Scholar Shawn Ritenour about her long career as a writer and editor, and as a friend and colleague of many other giants of the Austrian School. The interview was recorded as part of the Mises Institute’s Oral History Project for release in 2014.]

Mary Sennholz has never been one to sit on the sidelines watching life pass her by. Although the decision to climb on board was not always in her
hands. After being forced by a violent storm to land their private plane on a small, grass runway in the highlands of Colorado, her husband and pilot had made two unsuccessful attempts to take off in the heavy, wet grass. Before the third attempt, Hans had told Mary that if it failed, she and her luggage would have to be left behind to catch up with him and their young son, Robert, on the west coast where Hans, the important Austrian economist and student of Mises, was scheduled to deliver a lecture. As Mrs. Sennholz relates the story in her interview, the relief in her voice is palatable as she recounts the moment she felt the wheels become airborne.

Even before she met Hans, Mary Homan was living an interesting life. A few days after Pearl Harbor, she was hired to manage a pool of secretaries in the executive office of the president. She worked in that capacity for the administrations of both Franklin Roosevelt and Harry Truman. After the war, she was part of Adlai Stevenson’s committee of American officials in London working to establish the United Nations. She resigned in 1947 to join Leonard Read at the Foundation for Economic Education. Her admiration for the founder of FEE was clear. In the foreword to her biography, Leonard Read: Philosopher of Freedom, published in 1993, she wrote, “Leonard Read, the offspring of New England pioneers, was to become the leader who, at a crucial moment in American history, rallied the demoralized and tired forces of individual freedom and the private property order. This book is dedicated to his memory, which will live as long as the Foundation for Economic Education or one of its offshoots carries his message to anyone willing to listen.”

One of her duties at FEE was to organize the seminars in which Ludwig von Mises and other luminaries would speak. In her work, she rubbed shoulders with Frank Chodorov, Baldy Harper, Henry Hazlitt, Israel Kirzner, Edmund Opitz, Gary North, Benjamin Rogge, and Murray Rothbard among others. The only unpleasant encounter she mentions in the interview was with Milton Friedman.

Like Read, however, Mises was more than a casual acquaintance. She faithfully attended his NYU seminar with her friend Bettina Bien. The fruits of the seminar were not merely intellectual for Mary. It was there that she became acquainted with her future husband. Margit von Mises played matchmaker for Leonard Read’s assistant and her husband’s Ph.D. student. What began as a contractual relationship, Miss Homan editing the manuscript that would become Dr. Sennholz’s dissertation, blossomed into a beautiful partnership.

The friendship between the Mises’s and the Sennholz’s lasted a lifetime. Margit became a devoted godmother to Mary and Hans’s son, Robert. The couples traveled together to Guatemala and Mexico. As Mary tells it, the calm, cerebral Lu found his complement on the lecture circuit in the passionate, inspiring Hans. Margit and Lu visited Grove City several times over the years. The most memorable was in June of 1957 when Hans arranged for Grove City College to award Mises an honorary doctorate degree at commencement. Hans and Mary hosted a post-commencement reception for Mises at their home.

In February 1956, the fruits of Mary’s labor in soliciting the 19 contributions for, and editing the resulting Festschrift volume for Mises, On Freedom and Free Enterprise, were born. After all the hard work, she took delight in playing host to Mises in March 1956 at a banquet in his honor held at the University Club in NYC.

In addition to Leonard Read and Ludwig von Mises, another luminary of the liberty movement whose life intertwined with that of the Sennholz’s was J. Howard Pew. He was a trustee of FEE and chairman of the board of trustees at Grove City College. Pew was responsible for Hans being hired as chairman of the department of economics at GCC. Mary entertained him as a guest at the Sennholz’s reception for Mises in June 1957. As with Leonard Read, her admiration led her to write a biography of Pew from material gathered by the Pew family, Faith and Freedom: The Journal of a Great American, published in 1975. In the acknowledgements, she wrote that writing the book, “has been much more than an enjoyable experience. For almost a year it has meant living with the thoughts and actions of a great man who, as was said of Saul,
son of Kish, “From his shoulders and upward he was higher than any of the people.”"

FEE served as bookends for Mrs. Sennholz’s professional activity in the liberty movement: starting just after its founding in 1946 working with Read for nearly a decade and returning to work with her husband who served as president from 1992 to 1997. Her last book to date is a collection of The Freeman articles she edited, Faith of Our Fathers, published in 1997.

Mrs. Sennholz reached her 100th birthday on November 2, and it is the hope of many that for a third time she will be driven by her admiration to write a biography: one of her husband, Hans.

Comment by R. Nelson Nash – Be sure to read her book, Leonard Read: Philosopher of Freedom. Among other things, she was an accomplished pianist. I have a fond memory of gathering around the piano to sing Christmas Carols at an FEE gathering.

Why the U.S. Has Lost Manufacturing Jobs

By Michael S. Rozef

January 31, 2014

The U.S. has lost manufacturing jobs, and it is not due to increases in productivity in manufacturing or because there is a natural maturation into a services economy. The main reason is the freeing up of labor forces in Asia, particularly China, due to their political reforms. Reforms in China, or movement toward greater free markets, began in 1978. Agricultural productivity went up. Peasant (farm) labor pools then started to move to the cities and manufacturing jobs. Imports into America began to increase. However, they were subject to tariffs that were uncertain. Congress renewed the tariffs annually, and they could be raised or lowered. In 2000, that uncertainty ended, and China entered the WTO. Manufacturing companies could then move production to China in greater volume without worrying that their investments might be harmed by sudden tariff increases by the U.S. The labor market in China became more integrated with the labor market in America through the flow of capital and manufacturing to China. Hence, manufacturing in the U.S. felt this shock and so did the labor forces employed in that manufacturing.

The basic story is that half the world had a labor force that was basically being thwarted by communist and similar repressive governments, and when the dam was burst and free market forces unleashed, giant equilibrating economic forces came into play. One result has been lower prices for products imported made overseas and imported into America. Another result is that American workers have had to compete with Chinese workers. This has put pressure on pay. American workers have had to retrain and seek employment in other occupations. It has been a very difficult and trying period for large numbers of American workers who once had well-paid manufacturing jobs. A third result is that some localities, cities and regions that had built up government spending that depended on the manufacturing tax base had to adjust to reduced tax bases. A fourth result is that some companies that moved manufacturing overseas have lowered their costs and shown higher profits.

The time when this equilibration is complete is unpredictable. It depends on Chinese and American policies, agricultural productivity in China, the movement of peasants, etc. High profits attract more capital and more demand for labor, raising wages in China. This tends to slow the exit of capital and jobs from America. The creation of new industries and jobs in America is another unpredictable factor. As costs rise in China, the incentive to locate in America goes up.

Naturally, there is some demand in America for the government to do something about this. Government can’t do anything fundamental to help by shifting money around or printing money. The FED’s policy of stimulating housing by buying mortgages won’t help Americans to remain competitive and develop

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new industries and productivity enhancements that produce better-paying jobs. It won’t help workers who have to migrate and retrain. Raising the minimum wage won’t help. Government make-work won’t help. Government subsidies for favored industries won’t help. Redistributing wealth won’t help. Extending unemployment benefits again and again won’t help. Standard government nostrums cannot deal effectively with the strong economic forces that are at work in the world economy. The most effective incentives are those to be found in free markets. The government can most effectively deal with these forces by removing the impediments in various industries that it has introduced over the last 50 years and counting. It can call a moratorium on new measures of the same ilk. It should not be doing anything to strangle the internet or internet businesses (like sales taxes) or imposing burdens on these businesses, because they are a locus of new jobs that can compete in the world economy.

The U.S. government could help American workers tremendously by ending its extremely costly interventions overseas and reducing its military establishment. Employment in defense industries would decline, but if the reduction in government spending were matched by tax cuts, then the economy would be given a big leg up to adjust to productive lines of work. The U.S. is over-investing in phantom security.

The U.S. government could help American workers tremendously by scrapping Obamacare and freeing up the medical sector of the economy, thereby making it more competitive and producing lower costs and higher quality.

The U.S. government could help American workers tremendously by making Social Security optional for them.

These measures are regarded as too radical and too out of the mainstream of the two major parties.

A true growth agenda for America and Americans need not even take these measures just mentioned, however. Any political candidate can assemble a list of measures that free up the American entrepreneurs and economy by focusing on individual industries and sectors and locating those costly regulations and measures that are impeding them. Such a list will not resemble at all the existing programs produced annually by Congress, which are aimed at votes, interest groups and not at improving the American economy. A political candidate who really intends to do something for Americans and their economy has to be willing to go over the heads of Congress and its entrenched interests, to go directly to the broad American public and rally them behind a new program and a new agenda for American growth.

Michael S. Rozeff is a retired Professor of Finance living in East Amherst, New York. He is the author of the free e-book *Essays on American Empire: Liberty vs. Domination* and the free e-book *The U.S. Constitution and Money: Corruption and Decline*.

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Comment by R. Nelson Nash -- *Mike is one of my favorite writers. He has great insight and ability to communicate his thoughts. I recommend that you pay close attention to what he has to say.*

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**Nelson’s Favorite Quotes**

*All healing is first a healing of the heart.*
— Carl Townsend

*Everything in the world we want to do or get done, we must do with and through people.*
— Earl Nightingale

*A goal should scare you a little, and excite you a lot.*
— Joe Vitale
Welcome the newest IBC Practitioners
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The following producers completed our Infinite Banking Concepts Practitioners Program course of study during the past month, and joined our IBC Practitioner Team:

• Dale Moffitt - Red Deer, Alberta, Canada
• Dennis Volpe - Mays Landing, New Jersey
• Daniel Lomas - Halifax, Nova Scotia, Canada
• Stephen Devlin - Vancouver, British Columbia, Canada
• Jerold Wood - Robertsdale, Alabama
• Franz Griswold - Dansville, New York

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

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

The IBC Practitioner has signed the IBC Practitioner’s Agreement with the IBI that specifies that he or she is a financial professional who wishes to advertise his status as an IBC Practitioner, and acknowledges possession of the proper licensing and other legal requirements to practice in his industry. The IBC Practitioner agrees for those clients who want an IBC policy, he will design it according to certain characteristics to ensure that these specific clients are getting a “Nelson Nash” policy, as described in his books and seminars. If an IBC Practitioner is dealing with a client who asks for an “IBC,” “Nelson Nash,” “privatized banking,” or “banking” policy, or if the Practitioner recommends such a policy to the client, and/or if the client has come to the Practitioner by referral from his listing at the IBI website, then and only then the Practitioner must be sure to set this particular client up with a dividend-paying, whole life policy.