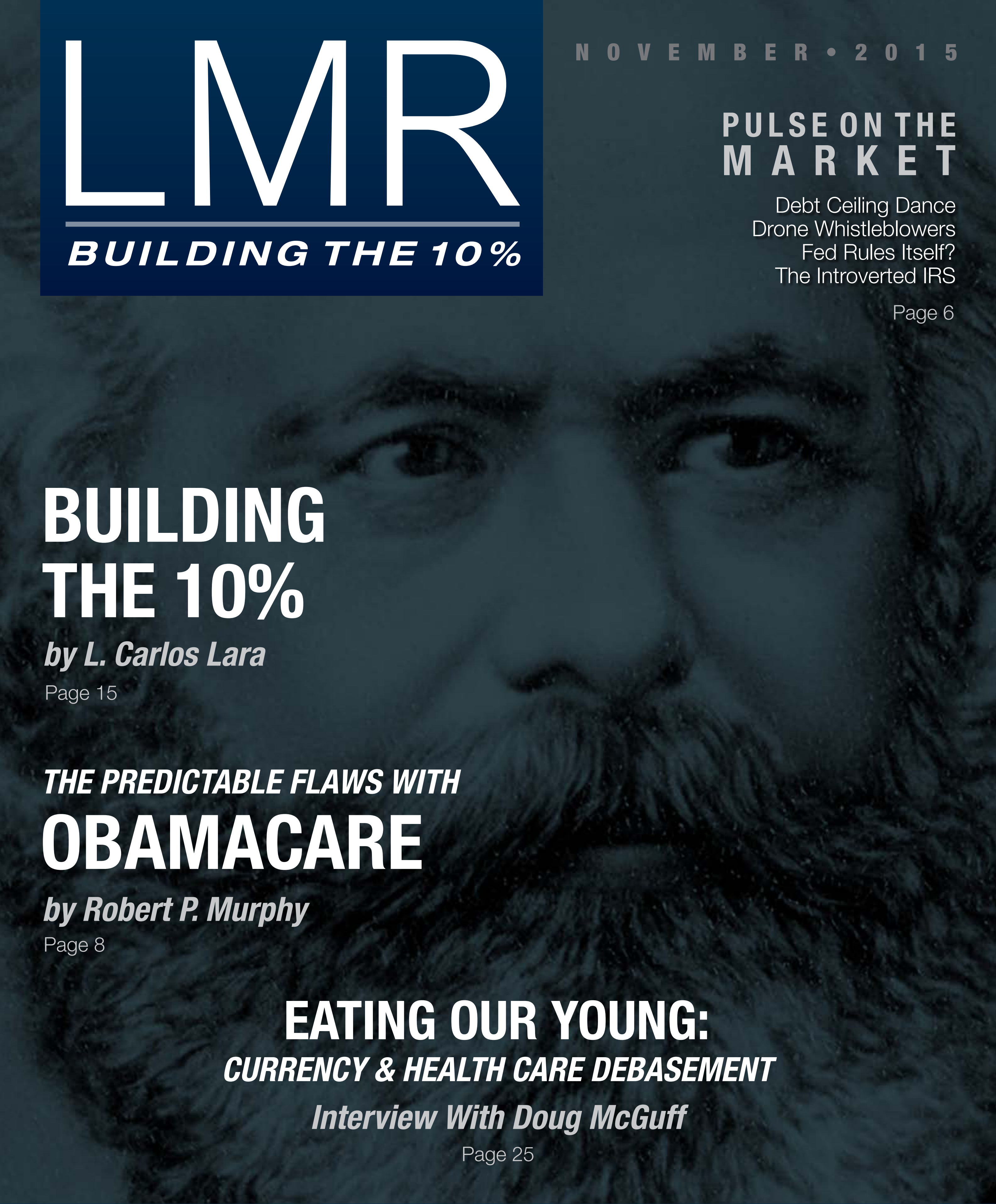

LMR
BUILDING THE 10%

NOVEMBER • 2015

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ABOUT LARA & MURPHY

L. Carlos Lara manages a consulting firm specializing in corporate trust services, business consulting and debtor-creditor relations. The firm's primary service is working with companies in financial crisis. Serving business clients nationwide over a period of three decades, these engagements have involved companies in most major industries including, manufacturing, distribution and retail. Lara incorporated his consulting company in 1976 and is headquartered in Nashville, Tennessee.

He married Anne H. Browning in 1970. Together they have three children and five grandchildren.

Dr. Robert P. "Bob" Murphy received his Ph.D. in economics from New York University. After teaching for three years at Hillsdale College, Murphy left academia to work for Arthur Laffer's investment firm. Murphy now runs his own consulting business and maintains an economics blog at ConsultingByRPM.com. He is the author of several economics books for the layperson, including *The Politically Incorrect Guide to the Great Depression and the New Deal* (Regnery, 2009).

Murphy is Research Assistant Professor with the Free Market Institute at Texas Tech. He is also Senior Economist with the Institute for Energy Research and a Research Fellow with the Independent Institute.

LMR

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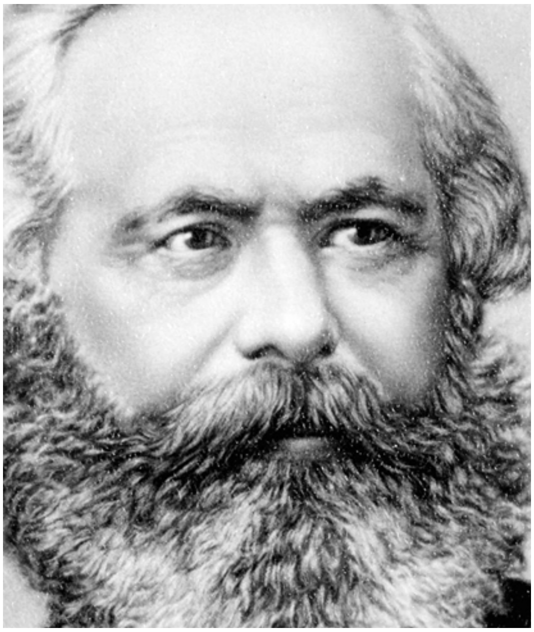
"The Kingdom of Christ is not of this world; socialism, on the contrary, wants to establish the kingdom of salvation on earth. Therein lies its strength, therein, however, its weakness too, from which it will collapse some day just as quickly as it has triumphed."

—Mises

If there was one thing we could say with regards to socialism that would cause people to rethink socialism's entire ideology and reject it, we would point to its inability to calculate or appraise anything. It has no means for testing. Without this one ingredient in the fabric of society how could anything worthwhile ever be produced?

There would certainly be attempts at production, but there would be no means to determine whether the production was even necessary, or how to determine the cost to produce the desired good. No means are available to compute the value of anything, simply because in socialism there is no system of profit and loss. This fact alone makes the entire idea completely irrational.

Common sense should tell us that socialism's proponents are not ushering in a better world as they so often promise. But rather they are introducing a transformed world that necessitates the eventual nationalization of everything in order to function for the limited lifespan it has before it collapses in failure.



Socialism exists only because private enterprise has produced so much already and continues to produce alongside it, although under increasing duress. But as the bureaucratic system of government grows in power, *capitalism* is rapidly being extinguished while the nation as a whole begins to resemble more of an "industrial army."

Not too long ago the term *socialism* was never politically vocalized because it would be easily defeated at the voting polls. Nevertheless it continued to thrive camouflaged in the *Welfare State*. This is when we first saw the work ethic diminishing by the creation of easy money, and individuals of moderate income losing their incentive to save. Then government intervention came along and crippled the power to save altogether. Due to the continual erosion of our property rights we have been forced into a nation of speculators, consumers and welfare recipients.

Today, socialism is being openly embraced in the presidential elections as more than half of the country is living on taxpayer money. This is not a good sign. If ever we needed people of conviction and courage to stand strong against this menace it is now. Join with us and help build the 10%.

Yours truly,
Carlos and Bob

"It is the masses that determine the course of history, but its initial movement must start with the individual."

— How Privatized Banking *Really* Works

PULSE ON THE MARKET

RECENT DEVELOPMENTS THAT MAY BE OF INTEREST TO READERS OF THE LARA-MURPHY REPORT…

Debt Ceiling Dance

THE FAMILIAR FARCE HAS BEEN PLAYED AGAIN

At the end of October Congress managed to come up with a deal to raise the debt ceiling—phew! The politicians agreed to let themselves go deeper into debt. As Warren Mass reported, the Treasury's own website (http://www.treasurydirect.gov/govt/reports/pd/pd_debttothepenny.htm) showed that the official public debt shot up $339 billion in one business day (looking at the difference at the end of October and the start of November). What presumably happened is that Treasury Secretary Lew had been using all sorts of tricks to keep the official debt from rising, even though the Treasury was accumulating implicit debt (with things like government employee retirement accounts) through nod-and-wink arrangements. Once the debt ceiling had been officially raised, they could issue Treasury securities outright and "settle up" with the various groups owed money from Uncle Sam.

This whole episode was a farce (again), with Republicans pretending to care about fiscal prudence. If the Republicans would simply *stop approving the debt ceiling increase,* then the federal government would automatically be put on a balanced budget. They don't need a Constitutional amendment, they just need to stop raising the debt ceiling. Then the government could only spend what it took in in taxes.

Fed Rules Itself?

FED "FORM" ACT RECONSIDERED

In November there was activity to reconsider the Fed Oversight and Modernization (FORM) Act, which is H.R. 3189 originally introduced back in July. All the bill would do is require that the *Fed* announce its rules for monetary policy, so that outsiders could then see whether the Fed were living up to its own rules. There are other details, of course, but the big picture here is that Congress is trying to reassert its control over the printing press, however timidly. Naturally, Janet Yellen wrote to Congress explaining why she didn't like the bill.

PULSE ON THE MARKET

RECENT DEVELOPMENTS THAT MAY BE OF INTEREST TO READERS OF THE LARA-MURPHY REPORT…

Drone Whistleblowers

FOUR DRONE OPERATORS WALK AWAY FROM THE GUILT

We realize our readers have a wide range of views about U.S. foreign policy. However, if only to understand the nuances of the situation, it is worthwhile to listen to this "Democracy Now!" interview with four operators of Air Force drones who had to quit because of moral objections. (http://www.democracynow.org/2015/11/20/exclusive_air_force_whistleblowers_risk_prosecution) For example, the work environment spawned terms for killed children as "fun-sized terrorists." According to drone operator Michael Hass: *"Other terms we'd use would be "cutting the grass before it grows too long," just doing whatever you can to try to make it easier to kill whatever's on screen. And the culture is—that mentality is very much nurtured within the drone community, because these—every Hellfire shot is sort of lauded and applauded, and we don't really examine who exactly was killed, but just that it was an effective shot and the missile hit its target."*

Again, we recognize that the *LMR* is a financial publication. We do want to remind readers that the same people who are in charge of ensuring honesty on Wall Street and a sound banking system are also handling the terrorist threat.

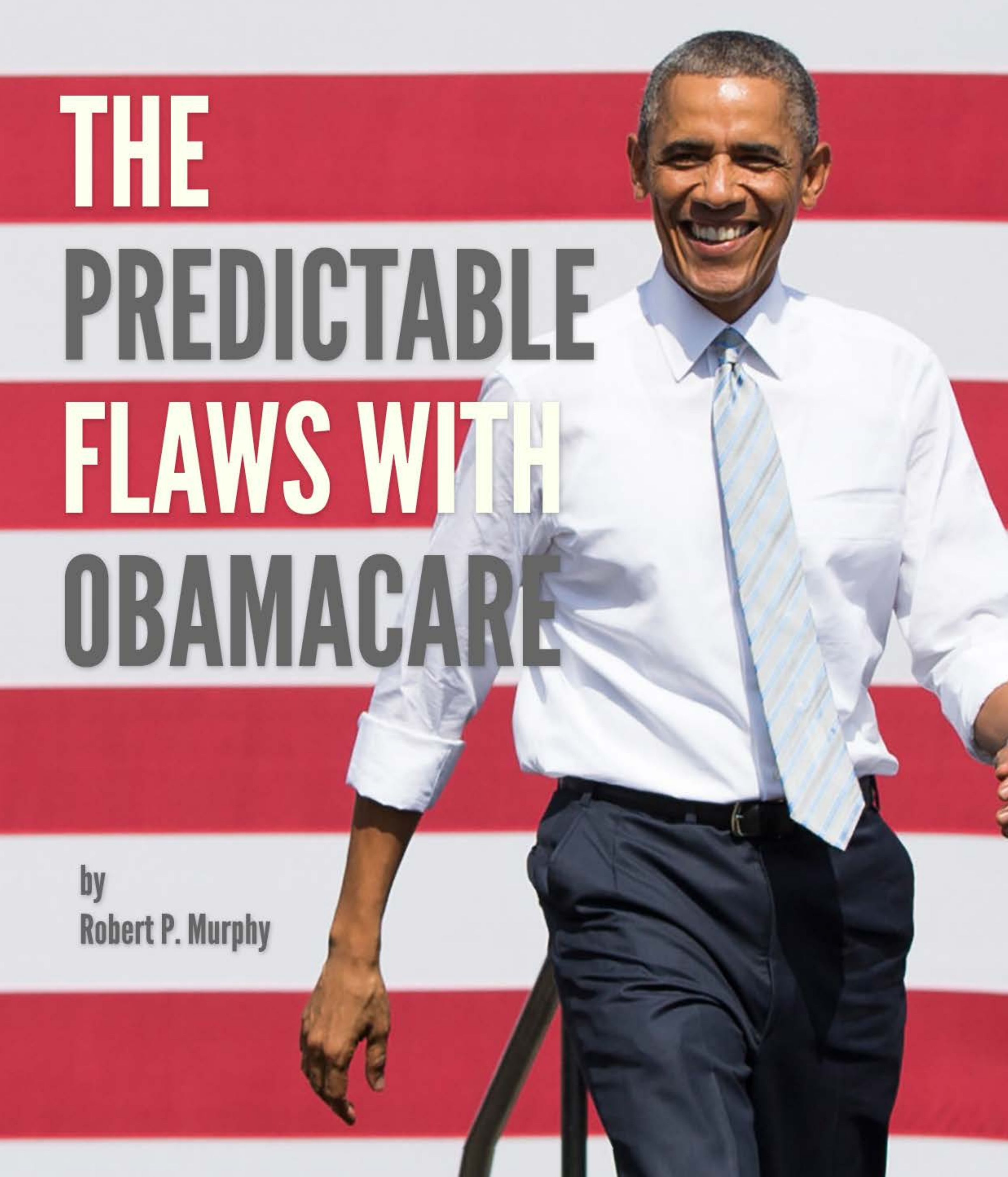
The Introverted IRS

TREASURY ANNOUNCES NEW RULES CRACKING DOWN ON TAX INVERSION

As CNBC reports: *"The department's notice will further limit the ability of U.S. firms to combine with a foreign entity in order to create a company in a third country. The notice also restricts the ability of American companies to inflate a foreign parent corporation's size and requires the new foreign parent to be a tax resident of the country in which it was incorporated."*

Regardless of the theoretical matters involved, the reality is that this is yet another attempt to cast a global net on wealth. The big boys don't want shareholders to have anywhere to hide—on the whole planet.

THE PREDICTABLE FLAWS WITH OBAMACARE



by
Robert P. Murphy

There have been some major blows dealt to the Affordable Care Act ("ObamaCare") in the news recently, as Tyler Cowen outlined at his popular blog MarginalRevolution.com. To supplement our interview this month with Doug McGuff, my co-author on our new book *The Primal Prescription: Surviving the "Sick Care" Sinkhole,* I thought it would be fitting in this article for me to explain the various problems that even the *New York Times* has been covering. Keep in mind, however, that all of these problems were predictable, as Doug and I anticipated them in our book, and indeed I discussed some of them in my August 2013 *LMR* article, "The Predictable Effects of ObamaCare."

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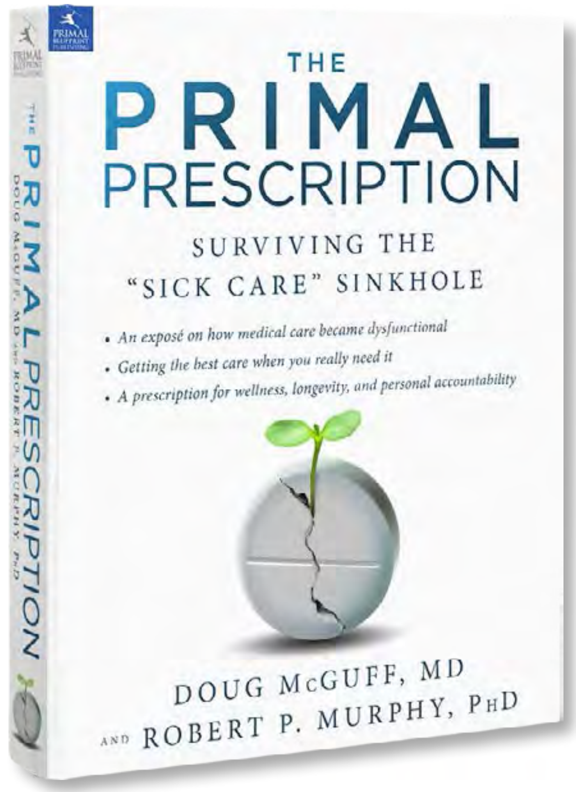

UNITEDHEALTH BOMBSHELL

The most significant news was the announcement from UnitedHealth, the nation's largest health insurer, that it may have to pull out of the Affordable Care Act (ACA) "exchanges" after 2016, because it is losing too much money on the federally-sponsored plans. As CNBC reported:

> Leading insurance company UnitedHealth said on Thursday that it expects to take big losses on its Obamacare health plans, and it's pulling back on marketing 2016 plans. The insurer revealed it may exit the exchanges that sell those plans in 2017 because of fears that it won't be able to make money.
>
> Obamacare observers said that UnitedHealth's announcement underscores financial challenges facing insurers that sell coverage on Affordable Care Act marketplaces, challenges that could lead to less choice and higher prices for exchange customers if UnitedHealth bolts the exchanges, and if other insurers follow suit.[1]

The most significant news was the announcement from UnitedHealth, the nation's largest health insurer, that it may have to pull out of the Affordable Care Act (ACA) "exchanges."

The ultimate problem is that the people signing up for these plans have been more expensive than UnitedHealth had originally predicted. On top of that, the federal government is compensating insurers less than they had originally thought according to the "risk corridor" subsidy program that was temporarily enacted under the ACA legislation. As Doug and I discuss in our new book, we have not yet seen the "new normal" when it comes to health insurance, because several features of the ACA have cushioned the blow to insurers during the transition period. If it's bad now, it's only going to get worse.

SKY-HIGH DEDUCTIBLES

More and more Americans are discovering that the "affordable" plans allegedly guaranteed by law are not so affordable after all. As the *New York Times* reports:

> [F]or many consumers, the sticker shock is coming not on the front end, when they purchase the plans, but on the back end when they get sick: sky-high deductibles that are leaving some newly insured feeling nearly as vulnerable as they were before they had coverage.
>
> "The deductible, $3,000 a year, makes it impossible to actually go to the doc-

We have not yet seen the "new normal" when it comes to health insurance, because several features of the ACA have cushioned the blow to insurers during the transition period.

The feds can't wave a magic wand and suddenly provide "affordable" health coverage to millions of previously uninsured people without something having to give.

> tor," said David R. Reines, 60, of Jefferson Township, N.J., a former hardware salesman with chronic knee pain. "We have insurance, but can't afford to use it."[2]

Note that the issue here isn't that high deductibles are bad. Indeed, that's one of the ways health insurers contain costs and give consumers an incentive to shop for more frugal health care providers.

However, the situation *does* underscore that the federal government is powerless to repeal basic economics. The feds can't wave a magic wand and suddenly provide "affordable" health coverage to millions of previously uninsured people without something having to give. Insurers are going to jack up deductibles, reduce patient choice, reduce support staff, argue with doctors over reimbursement formulas—or they may exit the ACA marketplace altogether, as UnitedHealth is considering.

EMPLOYERS RESPOND TO INCENTIVES—GO FIGURE

Another *New York Times* piece details what should surprise no one: Mid-sized employers are responding quite rationally to the "employer mandate" provision of the ACA. Here's the *NYT's* explanation:

> When LaRonda Hunter opened a Fantastic Sams hair salon 10 years ago in Saginaw, Tex., a suburb of Fort Worth, she envisioned it as the first of what would eventually be a small regional collection of salons. As her sales grew, so did her business, which now encompasses four locations — but her plans for a fifth salon are frozen, perhaps permanently.
>
> Starting in January, the Affordable Care Act requires businesses with 50 or more full-time-equivalent employees to offer workers health insurance or face penalties that can exceed $2,000 per employee. Ms. Hunter, who has 45 employees, is determined not to cross that threshold. Paying for health insurance would wipe out her company's profit and the five-figure salary she pays herself from it, she said.
>
> "The margins are not big enough within our industry to support it," she said. "It's not that I don't want to — I love my employees, and I want to do everything I can for them — but the numbers just don't work."[3]

Good intentions and pleasant titles are not enough.

Again, this is elementary stuff. Opponents of the ACA predicted this would happen. Back in August of 2013, after a wave of colleges were limiting classes for adjuncts and some labor leaders were complaining that the law threatened the 40-hour work week, I wrote here in the *Lara-Murphy Report:*

> If the government has to force employers to provide a benefit to their employees, it means it's unprofitable; otherwise the employers would have already done it as part of their compensation package in order to attract quality workers. So if this costly, unprofitable employer mandate only applies to firms with 50 or more employees, and even then only applies to those employees who work 30 or more hours, then we shouldn't be shocked, shocked to discover firms not growing past 49 employees, and/or limiting people to 29 hours per week.

Good intentions and pleasant titles are not enough. Look, if the government wants to discourage carbon emissions, what does it do? Taxes carbon. If the government wants to deter litter, what does it do? It levies a big fine on littering.

So, if the government now comes along and says, "Employers have to pay a lot of money—either with premiums or via a

> **You typically don't help people by forcing them to buy products or services against their will.**

fine—if they have more than 49 full-time employees," then what's going to happen? It will discourage firms from hiring more than 49 full-time employees.

HELPING PEOPLE AGAINST THEIR WILL?

In yet another *New York Times* article this month, economist Tyler Cowen discussed yet *another* blow to ObamaCare. He first explains that economists traditionally measure how much consumers value something by their "willingness to pay" for it. Using this criterion, a new study finds that ObamaCare may be harmful to many middle-income households. As Cowen reports:

> Using this measure, if everyone covered by the insurance mandate were to buy health insurance as the law dictated, more than half of them would be worse off.
>
> This may seem startling. But in an economic study, researchers measured such preferences by looking at data known as market demand curves. Practically speaking, these demand curves implied that individuals would rather take some risk with their health — and spend their money on other things — partly because they knew that even without insurance they still would receive some health care. These were the findings of a provocative National Bureau of Economic Research working paper, "The Price of Responsibility: The Impact of Health Reform on Non-Poor Uninsureds" by Mark Pauly, Adam Leive, and Scott Harrington; the authors are at the Wharton School at the University of Pennsylvania.[4]

The new paper underscores what should be an obvious point: You typically don't help people by forcing them to buy products or services against their will. For example, if the government passed an "auto mandate" that required every American to drive a car at least as good as a 2014 Ford Taurus, with large subsidies available to those too poor to afford it, then many Americans would be

We provide evidence that at least some of the plans architects knew full well that the ACA was a stepping stone on the way to a "single payer" system.

hurt. The rich people forced to pay for the subsidies would clearly be worse off, but so too would those who made too much money to qualify for the subsidies but would rather have spent their money on things besides a nice car.

CONCLUSION

As Doug McGuff and I explain in our new book, *The Primal Prescription,* the Affordable Care Act ("ObamaCare") is simply another large step forward in the march to socialized medicine. Indeed, we provide evidence that at least some of the plan's architects knew full well that the ACA was a stepping stone on the way to a "single payer" system, in which the government brushes those pesky insurance companies aside and directly pays for all medical care in the country.

In this month alone several news items confirm the dreary prognosis Doug and I give in our book. However, there is hope: Just as we at the *LMR* have been urging secession from the Wall Street / commercial bank nexus through the practice of privatized banking, so too does *The Primal Prescription* show how to shield your family as much as possible from the crumbling health care system. There are ways to maintain your health and to choose a doctor to minimize your vulnerability to the unfolding chaos that some believe is quite intentional.

◆◆◆

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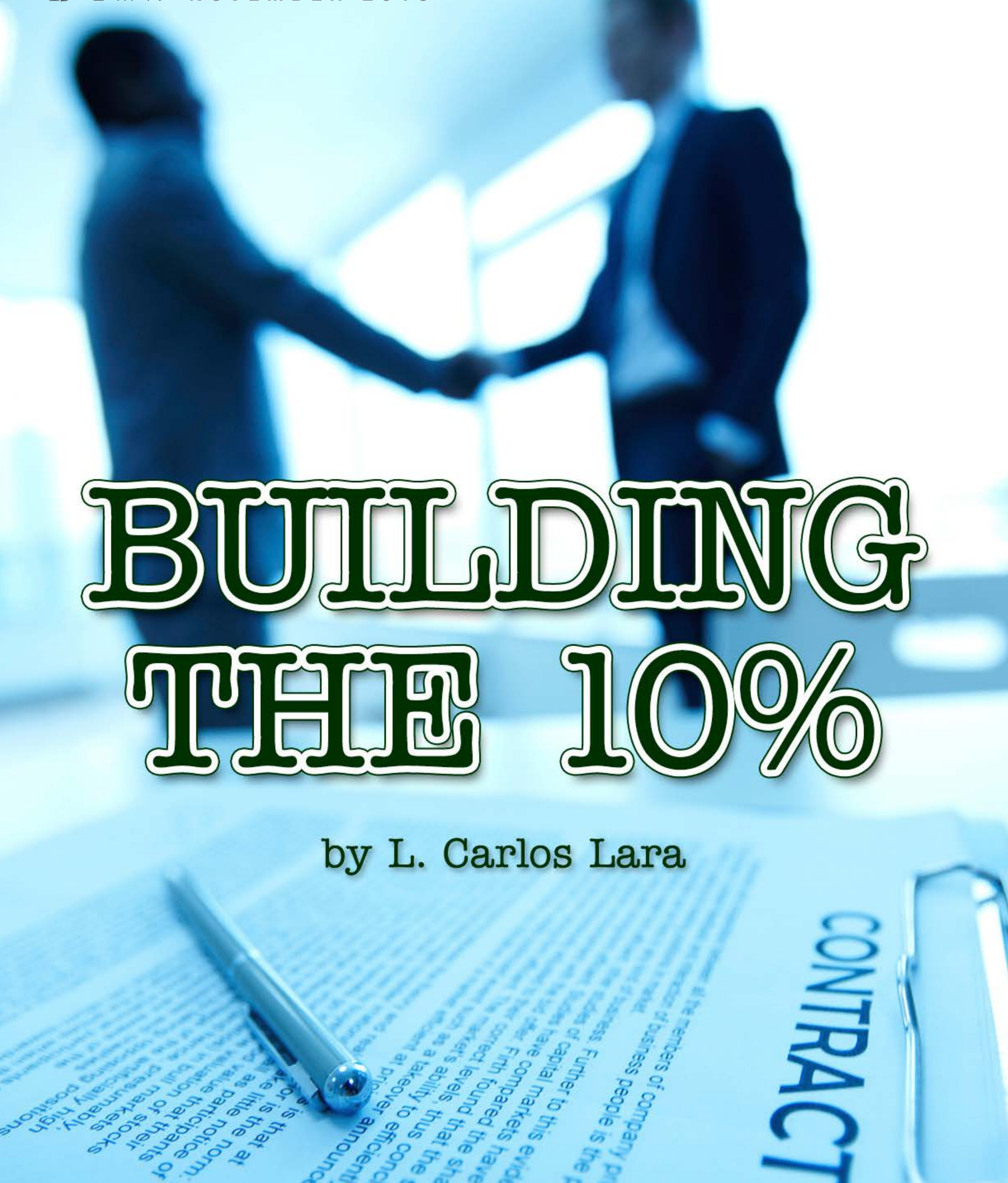
BUILDING THE 10%

by L. Carlos Lara



"EVERY INDIVIDUAL IS CONTINUALLY exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to society… ***He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intention."***

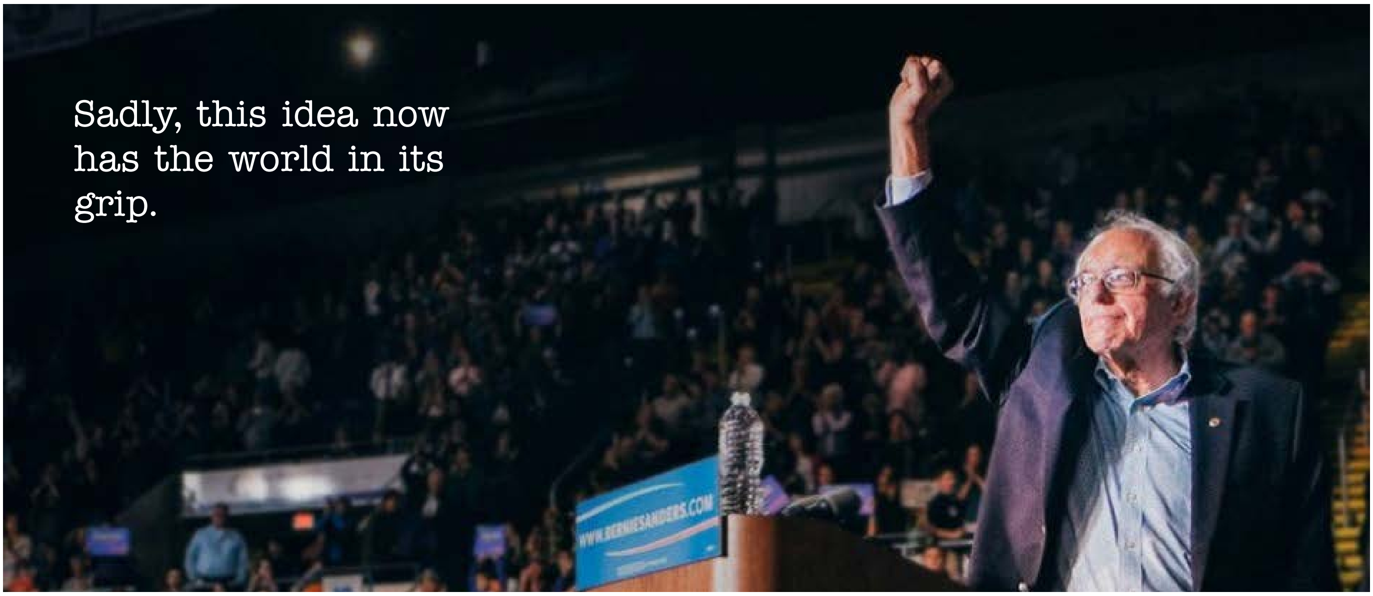
—Adam Smith, An Inquiry into the Nature & Causes of the Wealth of Nations. Volume I, 1759[1]

Quite literally, I am referring to 30 million people, or roughly 10% of the population of the United States.

Within this quote by Adam Smith resides the fundamental premise for the creation of the *IBC Practitioner Program* for financial professionals. This educational program came about in the aftermath of the 2008 financial crisis and targets the financial professional for a specific reason that I hope to highlight in this article. But its overarching motive for its development focuses primarily on benefiting all of society utilizing the power of *self-interest.*

These principles must be held with extraordinary conviction in order to prevail and ultimately triumph against Socialism.

The genesis for this strategy evolved out of a conversation between a businessman and an economist of the Austrian School tradition. That conversation, a form of conversion between the parties, was later summarized in the introduction to the book, *How Privatized Banking **Really** Works* with the broader elements of this strategy spelled out in the remainder of the manuscript. But at the very heart of this new idea was Nelson Nash's *Infinite Banking Concept (IBC)* as it is described in his great book entitled, *Becoming Your Own Banker.* Both of these books now



serve as the textbooks for the IBC Practitioner Program. For an in-depth explanation of the central themes of their message, both books should be read and studied.

If we lose liberty here, there is nowhere else to go.

Imbedded in the IBC Practitioner Program for financial professionals is a vision of a goal that must be reached and this goal requires the participation of quite a large number of individuals all believing the same ideology. Quite literally, I am referring to 30 million people, or roughly 10% of the population of the United States. Although this number may seem staggering in size and scope, the reader must understand that it is not a randomly picked percentile. To the contrary, the number is calibrated by scientific research and historical examples as supporting evidence. These studies and historical examples serve as part of the motivation to the goal's attainability.

The ideology I refer to and the one that must be held in the minds of this unique group of people are the tenets of the *laissez-faire* market economy as exemplified in the free enterprise system, otherwise known as *Capitalism*. These principles must be held with extraordinary conviction in order to prevail and ultimately triumph against *So-*

The only way to eradicate it is to change the current thinking of the American populace.

cialism. Since socialism is the control and ownership of all the means of production in society by government—either directly or indirectly through excessive taxation and regulation, it must be stopped or individual liberty and economic freedom will perish.

Sooner or later we must all face the fact that *Socialism* has gained supremacy as an ideology, not only in this country, but worldwide and that it is being executed daily by government mandated monetary policy. If we searched far and wide for the most succinct definition of society's main *"problem"* it is encapsulated in the word *socialism.* Defeating this idea is of such vital importance that one of the most famous economists in history, *Ludwig von Mises,* once described it as an evil idea that no one should give into. Sadly, this idea now has the world in its grip and it is exemplified in every form of government stranglehold we are currently experiencing. The only way to eradicate it is to change the current thinking of the American populace. This is the ***why*** for the building of the 10%.

The solution offered, which is the spreading of the freedom message through education, lacks one very important, but absolutely necessary ingredient.

It is the masses that determine the course of history.

In his magnum opus, *Human Action,* Mises made a profound statement that should not be ignored by any of us and gets at the crux of the matter. He said, "The masses do not conceive any ideas, sound or unsound. They only choose between the ideologies developed by the intellectual leaders of mankind. But ***their choice is final*** and determines the course of events… it determines the whole process of human history."[2]

During the middle of the 21st century free market advocates, especially those of the Austrian School, recognized the meaning of Mises' penetrating truth and began individual efforts designed to educate the public by forming educational institutes to turn the tide against the growing menace of socialism. Leonard Read was first to launch the *Foundation for Economic Education* in 1946, which became the model for scores of educational institutes similar to it, such as the

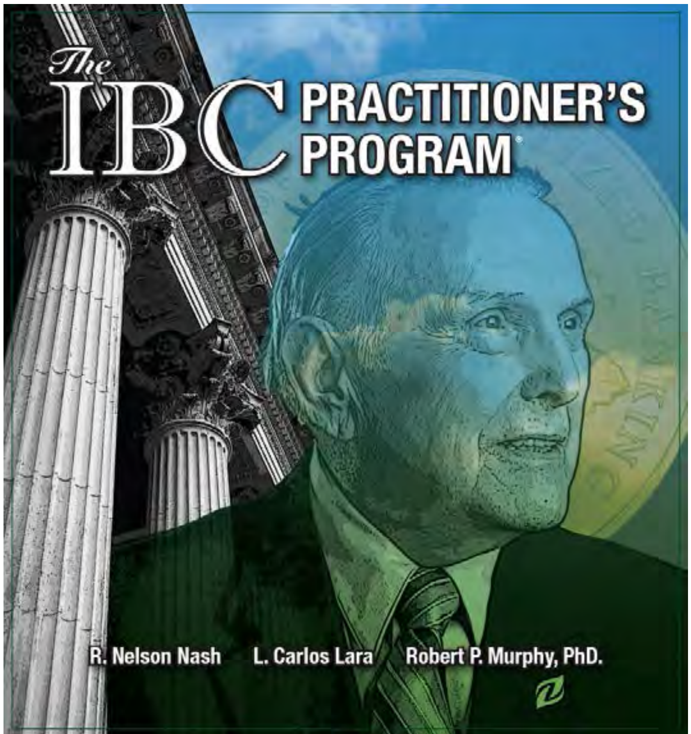
Mises Institute, the *Acton Group,* the *Independent Institute* and many others. Together, these educational non-profit centers have laid a formidable foundation of published material, books, and scholarly journals much of which is distributed to the general public for free. Over the past 60 years they have educated millions of people of all walks of life in the type of economic education rarely taught in our schools and universities. They continue to this day to fan the flame of liberty and due to their efforts there is faith, hope, and expectancy that a dramatic change in the political and social landscape may be right around the corner—a belief that a great change can take place overnight when the ideological conditions are right. Every conscientious citizen should join and become an active member of one. Obviously, the more like-minded people we have in our ranks the closer we get to achieving this goal.

The solution must be effective in releasing the individual from financial bondage immediately and without reservation.

There is only one problem with this approach. In spite of these valiant efforts the world has become even more socialistic than when these educational programs first began. Even after the fall of communism in 1989, the popularity of socialism as an idea continues to advance at an alarming pace. Although these educational institutes' explanation of the real *problem* is far superior to any one else's interpretation, the *solution* offered, which is the spreading of the freedom message through education, lacks one very important, but absolutely necessary ingredient—***individual incentive*** for the masses of society.

What we see is that education alone cannot advance very far or very quickly unless there is behind it an individual incentive for spreading the message of freedom to others. Some way, somehow, we need to benefit immediately from the message or we just won't bother passing it along. This is the main characteristic of the self-interest that resides in each individual human being. Since bondage today is very clearly represented in the financial realm, the solution must be effective in releasing the individual from financial bondage immediately and without reservation. Only a strategy of that caliber creates a strong enough reason to tell others about it, especially close friends and family, after first having implemented the strategy with quantifiable results.

But how is such a financial strategy even possible when government has seized and cartelized the institutions of *money* and *banking?* Incredibly the solution, the way out of this mess, is in learning how to *become your own banker.* It is to be found in *Privatized Banking* as described by Nelson Nash's *Infinite Banking Concept (IBC).* This is the missing link the businessman and the economist stumbled upon in their conversation. In other words, there was no need to wait on government to change anything. There was no need for *Sound Money* or *Sound Banking* to be incorporated into public policy for real change to occur. *Privatized Banking* could be done immediately and it could be done by virtually anyone! Here, for perhaps the first time ever since the inception of the Federal Reserve Act of 1913 and since the Federal Income Tax passed into law the very same year, was a formula that actually had the power to free us from government control, peacefully and legally.



Not only are there no such things as perfect investments, financial products and services offered by the financial services industry ultimately fall short of providing the results most needed for the general public.

In Search of the Perfect Investment.

In order to change the ideology of our present world and speed up its progress, the non-profit educational institutions need *partners* that are already versed in financial matters. By that we mean licensed financial professionals who are already earning their living by advising people about their money issues. They are the ones who must be taught the precepts of sound economics first, in order for the masses to then receive the same kind of education. By hand picking a few good men and women from the ranks of these professions and educating them in the principles of *Austrian Economics, The Sound Money Solution and Privatized Banking* as the *IBC Practitioner Program* for financial

professionals actually does, reaching the 10% goal is definitely possible. But not only is it possible, the financial incentive to follow through with it is tremendously motivating once we see how the numbers are actually calculated.

As we all know, financial professionals are in the business of selling financial security to the general public and are privy to an enormous array of financial products and services to accomplish that end. Conversely, the general public is always looking for that perfect investment to use as a storehouse for their money and to keep it earning a rate of return until they reach passive income time. They look to the financial professional for guidance in these matters. Unfortunately, not only are there no such things as perfect investments, financial products and services offered by the financial services industry ultimately fall short of providing the results most needed for the general public simply because of the government controlled economic environment in which we live. Thankfully, the *Infinite Banking Concept (IBC)* is neither a product, nor an investment. Instead it is a cash-flow management system that utilizes dividend-paying Whole Life insurance as the means for practicing *Privatized Banking.*

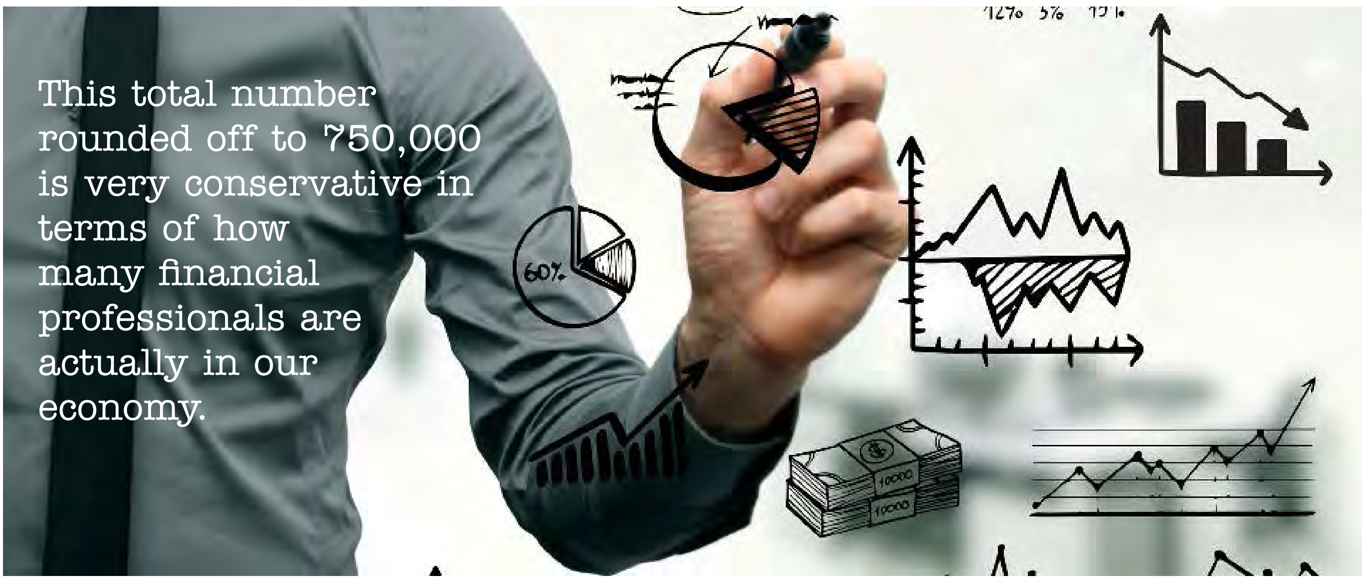
At this point in the discussion, the mere knowledge of this strategy's infrastructure turns many people away. They can't believe it. But if you the reader are willing to go further in your own research by examining the Nelson Nash Institute website and perhaps even discussing the concept with a trained financial professional who is one of our graduates (www.infinitebanking.org), you will discover what many refer to as the best kept secret in finance. Once you understand how it works and implement the strategy for yourself, one more individual is added to the ranks of the 10%. That individual will be you!

And so it goes, one individual at a time with each party receiving benefits and freedoms not thought possible due to our present economic environment. Due to space constraints I can do no more than allude to these financial advantages. But with each new educational conversion that is transacted a new way of life emerges that is beneficial immediately and showers financial benefits even to future generations. However, it is very important to realize that nothing significant in terms of a national movement against our real enemy—*socialism*—is visibly apparent as long as the numbers stay under 10%. But once that 10% critical mass is reached— the so-called *"tipping point"* occurs and according to the scientists at the *Rensselaer Polytechnic Institute of New York*—the idea turns into an evangelistic explosion. At that point freedom will prevail!

Conclusion—Let's Do The Math.

The financial services industry is by far one of the largest in our entire economy and it is also the most government-regulated industry. It consists of several money intermediaries, also known as "middlemen," and each is divided into financial sectors with each sector having a vast army of trained financial professionals that offer advisory services to assist an individual or a firm with saving, investing, or borrowing money. Our particular definition of a financial professional as we used it in the book *How Privatized Banking Really Works,* not only included these type of financial professionals, but it also referenced attorneys and accountants simply because they too are very active in educating people about their money.

In Chapter 2 of our book written in 2009, the total amount of financial professionals in the financial services industry was stated to be approximately 746,000, but attorneys and accountants were not added to this total. These two categories were merely referenced as being "legion." My point being that this total number rounded off to 750,000 is very conservative in terms of how many financial professionals are actually in our economy, as the statistics listed below will prove.



Seventy-five thousand of the best financial professionals will easily do the job if these men and women are properly educated.

According to the U.S. Department of Labor Statistics, the insurance sector (life, health, disability, property and casualty) listed estimates of 374,700 positions of which 272,050 were insurance agents as of 2014.[3]

According to the U.S. Department of Labor Statistics, estimates for securities, commodities, and financial services sales agents were listed at 354,600 as of a 2014 report.[4] However, FINRA's website shows 643,298 registered representatives as of October 2015.[5] Common sense tells us that there is overlap in these numbers, however, already we can see the conservatism in the original total of 750,000 and we have not even factored in the banking industry, which is the largest sector of them all.

According to figures put out by the American Bankers Association as of 2013 there are 2.1 million salaried workers in the banking industry of which 25% are in financial supervisory and financial management positions—that's an additional 500,000 financial professionals![6]

If we include the 1.3 million lawyers in the U.S. according to the American Bar Association's 2015 listing[7] and the number of Accountants, many of which are CPAs, at 326,720 as of 2014,[8] these numbers start to add up.

Here again, we have overlap in a lot of these classifications of financial professionals, but we can see that we have a substantial pool of financial professionals to draw from, possibly as many as 2 million. But we don't need that many, nor do we want them. We just want a small remnant—10%. Seventy-five thousand of the best financial professionals will easily do the job if these men and women are properly educated.

Now, let's finish the math. According to research conducted by anthropologists at Oxford University every individual has a contact base of stable social relationships of at least 150 people. This is known as *"Dunbar's Number,"*[9] named after British anthropologist Robin Dunbar. His study was extended to also examine a person's closest friends, which can be anywhere from 5 to 15 individuals, some of which are family members and represent a person's support group. Therefore, assuming a financial professional has a contact base of 150 people (usually they have more) and assuming each one of those people has close friends and family of at least 5 individuals (think of these as referrals), then a simple conservative calculation would look something like this: 75,000 x 150 x 5 = 56 million people. Remember we only need 30 million. Obviously this calculation can be done in several ways including factoring the size of an average banking policy sold to each of these individuals. But bottom line, the 10% can be reached!

If you have never done this type of simple calculation for yourself then more than likely you have dismissed the building of the 10% as idealistic. If that is the case then we have no one to blame but Bob and myself, *the businessman and the economist,* for not breaking down these basic numbers more specifically until now.

Nevertheless, it should be well understood that *Building the 10%* is not a fantasy. It is serious work with major social, political, and economic implications. This is why once these financial professionals come into our IBC Practitioner Program it is important that they remain with us; otherwise the 10% can never get the traction it needs to reach

Bottom line, the 10% can be reached!

critical mass. This is all the more reason why these men and women are literally being handpicked by the Board of the Nelson Nash Institute. They must be interviewed before they are allowed to take the course. It is important that we screen each financial professional to make sure they have the right mindset and spirit to see this job to the very end simply because—*"the interests of everyone hang on the results."*[10]

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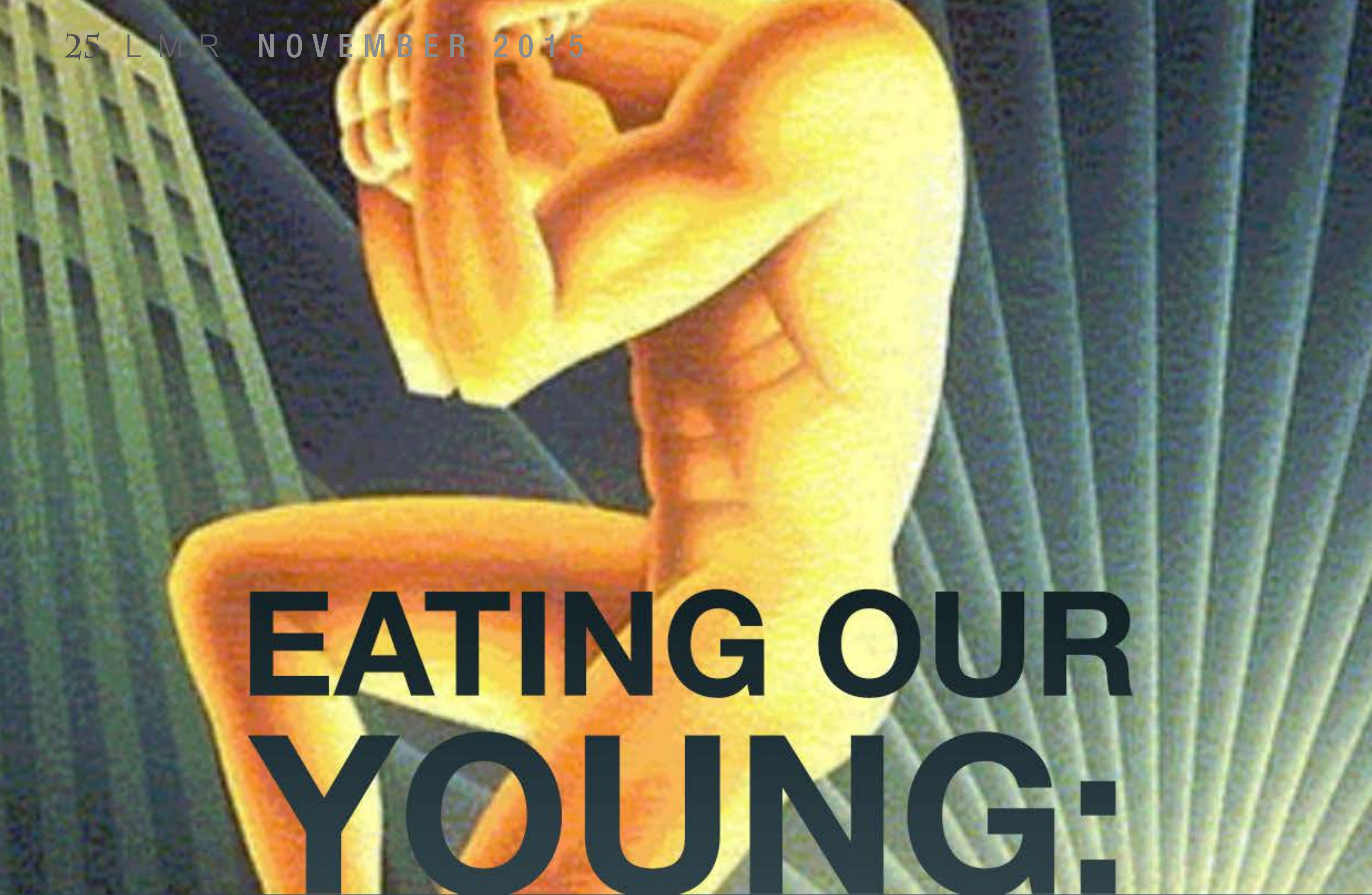


EATING OUR YOUNG:

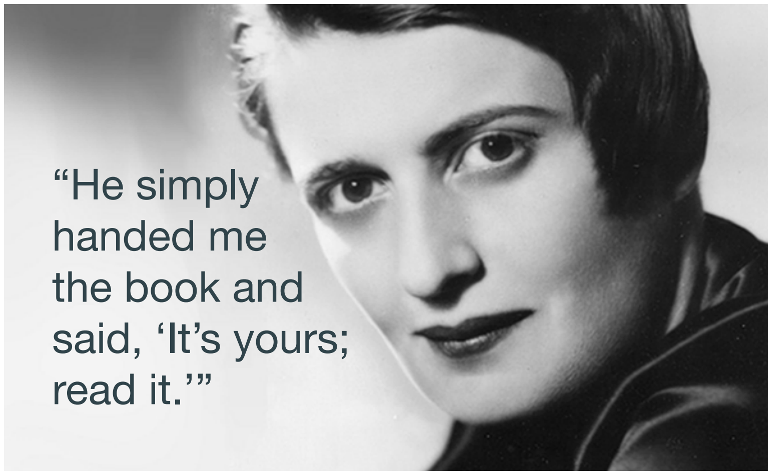
CURRENCY AND HEALTH CARE DEBASEMENT

Doug McGuff, MD, FAAEM became interested in exercise, diet, and human performance at the age of 15 when he took up weight training to improve his performance in the sport of bicycle motocross. While trading janitorial services for a membership at a Nautilus gym, he stumbled upon Arthur Jones' Nautilus Training Bulletin No. 2. In 1989, he graduated from the University of Texas Medical School at San Antonio; he went on to train in emergency medicine at the University of Arkansas for Medical Sciences at Little Rock, where he served as Chief Resident. From there, Dr. McGuff served as faculty in the Wright State University Emergency Medicine Residency and was a staff emergency physician at Wright-Patterson AFB Hospital. In 1995, Dr. McGuff completed his tour of duty in the Air Force and became a partner in Blue Ridge Emergency Physicians, P.A. in Seneca, South Carolina. In 1997, he realized a lifelong dream when he opened Ultimate Exercise, a personal training studio specializing in state-of-the-art high intensity exercise.

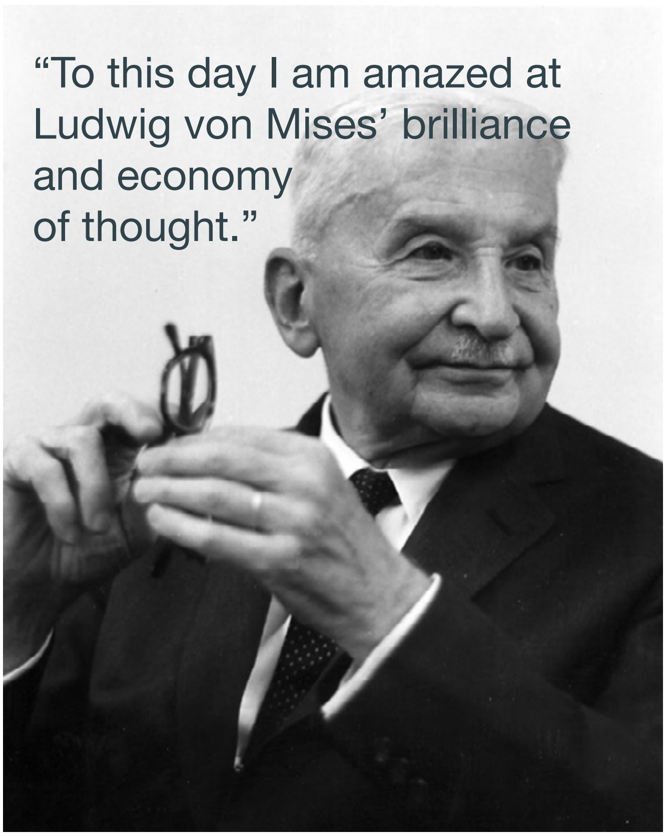
Lara-Murphy Report: It's unusual for a medical doctor to be well-read in economics generally, and in Austrian economics specifically. How did you discover this world?

Doug McGuff: That happened during my residency in emergency medicine. One night shift I went into the attending doctor's office to present a case and found him reading *The Voice of Reason*—a collection of essays by Ayn Rand. I asked him about the book and he said nothing; he simply handed me the book and said, "It's yours; read it." He also offered up *Capitalism: The Unknown Ideal.*

This opened up a whole world for me, and led to many long and meaningful discussions. When I graduated from residency he gave me a copy of [Ludwig von Mises']



Human Action as well as George Reisman's text on *Capitalism* and told me that if I read both of these books, I would at least retain enough to have a basic understanding of economics. It took me the next three years to get through these books, but he was right. It was life-changing. To this day I am amazed at Ludwig von Mises' brilliance and economy of thought. You can open any random page, drop your finger on a given sentence, and it will be the most profound and meaningful sentence one could imagine. Without the knowledge imparted to me by Dr. Allen and the reading he recommended to me, I truly think I may have lost my mind living through the past 25 years of my medical career. The distortions and illogic are so unbelievable that it boggles the mind. Without some sort of objective frame of reference to see this mess for what it is, I don't think I could have survived this career.



LMR: You have given very popular talks at the "21 Convention" on the relationship between health, fitness, and liberty. Can you explain?

DM: Sure. The 21 Convention is a convention dedicated to young people who are at the dawn of their career and life and who want to do all that they can to get a strong start. What I wanted to do in this talk was to give these young people a frame of reference with regard to our health care system and how it threatens their future. Young people have the most at stake in this health care debate because the cost of it is going to be borne by them. This country has been eating its young since the first half of the 20th century with the debasement of our currency and massive debt financing of the welfare state. Right now, older Americans are spending money that these young people haven't even earned yet via the Ponzi schemes of Medicare and Social Security.

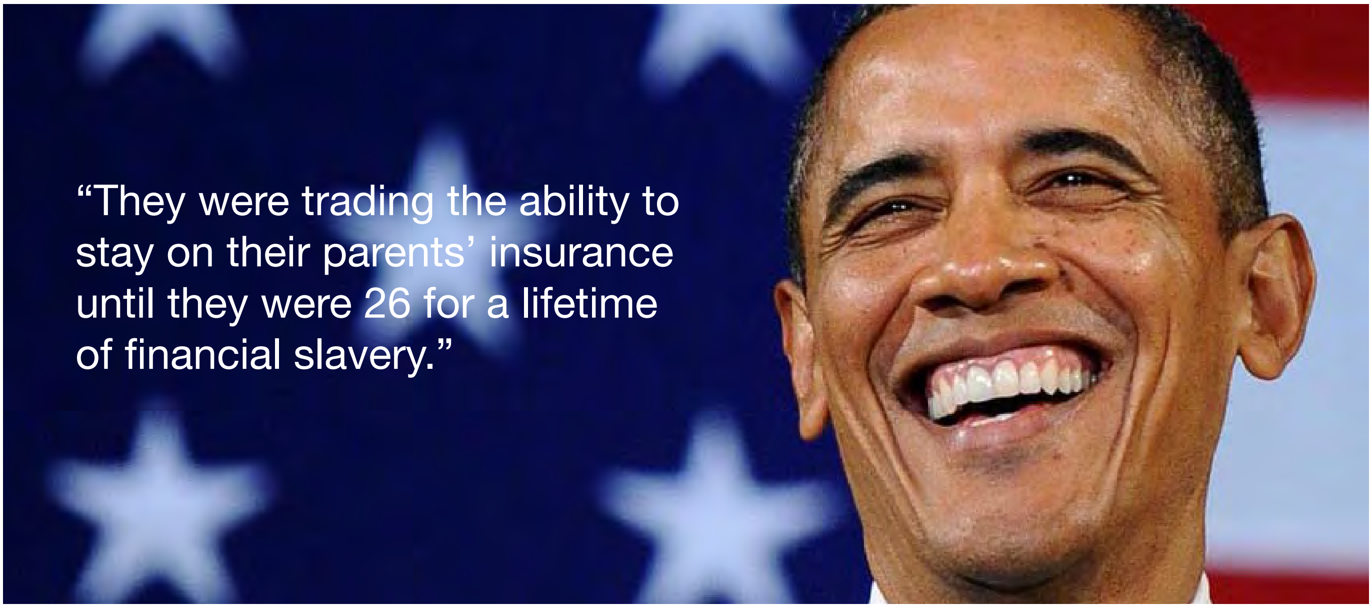
I wanted these young people to understand how the Affordable Care Act or ACA (which was pending at the time) stood to not only redistribute their future earned wealth, it stood to redistribute their health by using the payments of the young, who because of the general health, will not extract much in return. I wanted to show that they were trading the ability to stay on their parents' insurance until they were 26 for a lifetime of financial slavery in exchange for

> "What I wanted to do in this talk was to give these young people a frame of reference with regard to our health care system and how it threatens their future."

a health system that would only place them in a never-ending queue if they ever needed care. In order to do this, I needed an entire hour-long lecture to lay out how we got where we are in health care, because nothing meaningful could be explained in a sound bite. I showed that we have never really had a free market in medicine and things have gotten so bad for precisely that reason. I went step-by-step to show how each failure of social engineering was hidden and then doubled down upon until we have ended up where we are. I wanted to show that simply becoming ill and injured (in and of itself) represent a significant loss of liberty; but to lose that independence with a system that is essentially run by an overbearing nanny state will make one's loss of liberty absolute—with one's very life in the balance.

"This country has been eating its young since the first half of the 20th century with the debasement of our currency and massive debt financing of the welfare state."

LMR: To give backstory to our readers, we should explain that you and one of us (Murphy) have co-authored *The Primal Prescription: Surviving the "Sick Care" Sinkhole*, which recently came out. How do you explain the book to newcomers?



"In the second half of the book we acknowledge that we know what checkmate looks like: that socialized health care is here."

DM: Basically, the answer to this question is a slightly more condensed version of my answer to the previous question. The elevator pitch is that it is an expose of how our current health care debacle came to be. It shows that a "free market" has never existed in health care and that incremental efforts to collectivize health care have distorted the system in unimaginable ways, all the while blaming its failures on a "free market" that never existed. Through Bob's brilliant dissection of these economic distortions we are able to show instead of health care being "too important to trust to the free market," it is too important **not** to trust to the free market.

In the second half of the book we acknowledge that we know what checkmate looks like: that socialized health care is here and that more doubling down is in the future. As such, we spend time showing the reader how to navigate a system not of our approval. We elaborate on what one can do to take charge of their health and "stay out of the belly of the beast." We also acknowledge that, despite your best effort, you might still get pulled into the vortex of the medical system. We provide actionable advice on how to navigate the system as safely as possible while extracting the amazing benefits that modern medical still has to offer.

LMR: While we're talking about the book, can you elaborate on the connection to Mark Sisson's *Primal Blueprint?*

DM: Mark's approach to health is one of self-sufficiency and personal accountability, so it fits well with a pro-capitalist mindset. Also, there is a thread that runs through the Primal approach to health that basically says that signal disruptions have real downstream consequences that cannot be predicted and can be disproportionately worse than one can imagine. The same way that signal distortions that are incongruent with our biology can have negative health consequences, top-down signal distortions in a market economy can also wreak havoc. I think all of reality is connected, and I think this book ties together biology and economics in a way that has never been done before.

LMR: Finally, we're curious how your fellow doctors and hospital staff have reacted to the book. Anything you can share?

DM: From those who have read it, the response has been overwhelmingly positive. Most were very excited to see certain things made clear that they never could completely explain or understand. The most commonly mentioned items are the explanation for the drug shortages and "national backorders" that have occurred over the past 5 years, how EMTALA came to be, and how it is a rug under which the mistakes of social engineering can be swept, as well as the price-distorting effect of third-party payment.

I haven't heard from anyone hostile, although I am certain they are out there. There are many in medicine who have fame and fortune through government rent-seeking behavior, and I believe their tendency is to not even notice. As I have said before, there is no need for them to notice or respond…I know what checkmate looks like, and we are there. The real value of the book to me and my fellow doctors is simply that I got to have my say. For that, I will be forever grateful.

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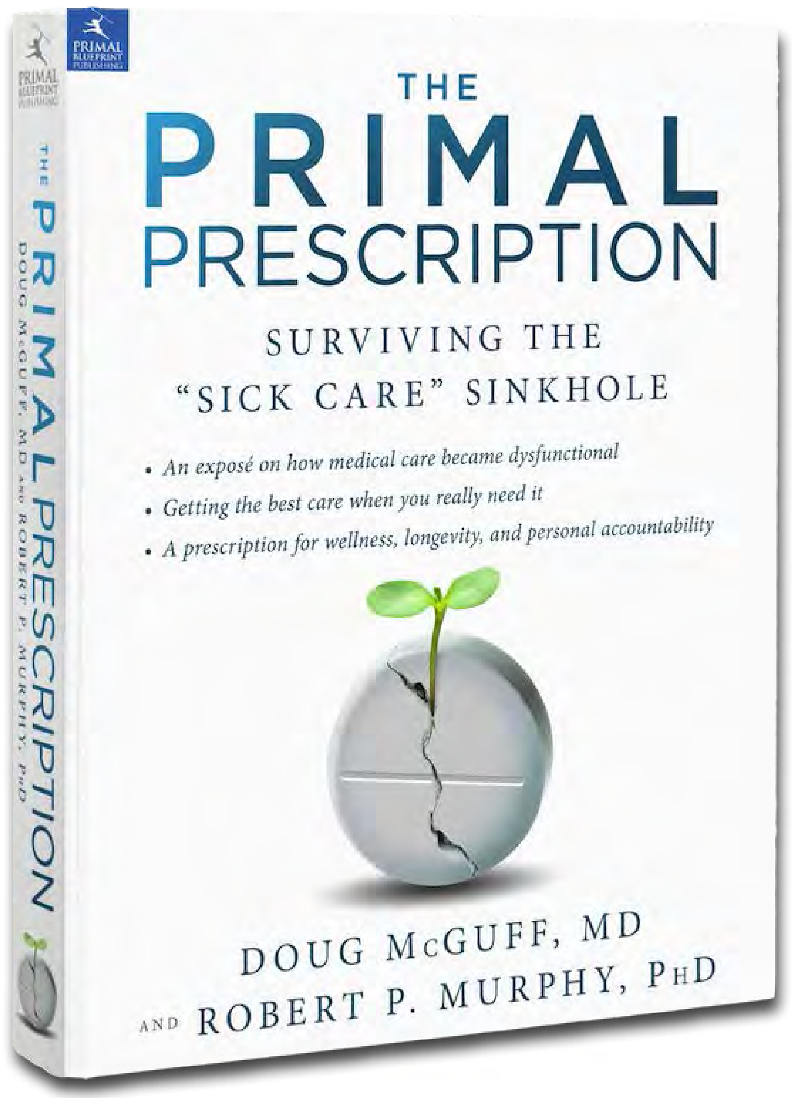

"Most were very excited to see certain things made clear that they never could completely explain or understand. The most commonly mentioned items are the explanation for the drug shortages and 'national backorders' that have occurred over the past 5 years."

Events and Engagements

2015

November 5, 2015 • Austin, TX

Murphy discusses classical liberalism for Texas Public Policy Institute

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November 10-13, 2015 • St. Louis, MO

Nash, Lara, and Murphy introduce IBC at “Freedom Advisor Live Experience”

Some events may be closed to general public.
For more information: LMRevents@usatrustonline.com