

A tear for America

BY OTTO VON SCHWAMENDINGEN

Those born in Europe to parents who survived the horrors of the last world war have no trouble recalling the genuine admiration, and perhaps even reverence, that their parents held for the United States of America. A mere sixty seven years ago, at the war's end, America possessed not only an unparalleled economic advantage but, more importantly, national virtue—the moral capital that fueled its great bourgeois culture of individualism, *laissez faire* and liberty. Lamentably, this is no more.

“The truth is that we simply no longer understand America,” writes Jakob Augstein in *Der Spiegel*. He explains: “Looking at the country from Germany and Europe, we see a foreign culture. The political system is in the hands of big business and its lobbyists. The checks and balances have failed. And a perverse mix of irresponsibility, greed and religious zealotry dominate public opinion.” He is not alone in such assessment. Most intelligent admirers of that old America who have witnessed its deliberate march on the road to ruin over the last few decades would readily admit that something, somewhere, has gone terribly wrong.

The “freedom” about which the American political class babbles incessantly is not even a distant cousin to the freedom from government coercion that its Founding Fathers sought to enshrine in the Constitution. To the modern Yank, the word has degenerated into a decadent demand to possess freedom from responsibility and freedom from the consequences of folly. It is no wonder that Americans had no real choice for their President. They had to choose between an intellectually vacuous neo-conservative charlatan and a Marxist demagogue committed to destroying whatever is left of the American way of life through divisiveness and radicalism. And in the end, we can be certain that Mr. Obama's victory was not the result of some demographic change as much as the unavoidable consequence for any degenerate democracy: the rise and prominence of an unproductive and parasitic tax-eater class.

“Our Constitution, which was intended to limit government power and abuse, has failed,” said Ron

Paul in his recent farewell address to the House of Representatives. “The Founders warned that a free society depends on a virtuous and moral people. The current crisis reflects that their concerns were justified. ... If it's not accepted that big government, fiat money, ignoring liberty, central economic planning, welfarism, and warfarism caused our crisis, we can expect a continuous and dangerous march toward corporatism and even fascism with even more loss of our liberties. ... Restraining aggressive behavior is one thing, but legalizing a government monopoly for initiating aggression can lead only to exhausting liberty associated with chaos, anger, and the breakdown of civil society. ... I have come to one firm conviction after these many years of trying to figure out the plain truth of things. The best chance for achieving peace and prosperity, for the maximum number of people worldwide, is to pursue the cause of liberty.”

To that, we can only say “Amen.” But in the meantime, we shed a tear for America. ●



*Wishing our readers joy and peace
over the Christmas season
and a Happy New Year*

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Laissez faire

BY GARET GARRETT

The following essay was written in 1949 by one of America's greatest sons. We reprint an edited version in honor of the simple principles of liberty that contributed to America's rise and prosperity. It is also a short story of the long struggle in history to simply "let it be."

The shivering ghost that now inhabits the words *laissez faire* was once an unconquerable fighting spirit. It did not belong to capitalism. It belonged to liberty; and to this day its association with capitalism is valid only insofar as capitalism represents liberty.

When the great struggle for individual liberty began in Europe, the one interest that controlled the life of the mind was religion. What men wanted most of all was freedom to worship God in their own way, freedom to believe or disbelieve; and for that they went to death at the stake intoning their hymns of heresy. The religious wars were terrible. They lasted until the lust of fanaticism was sated. Then reason rebelled and there was peace, founded on the principle of *laissez faire* in religion. That is not what anyone called it at that time, because the words had not yet been invented; but that is what it was. Thereafter, so far as religion was concerned, the individual was to be let alone.

Great transactions of the human spirit have momentum, displacement, and direction, but no sharp edges; there is no sudden passage from one time to another. Long after the principle of *laissez faire* had been accepted in Europe, religious tyranny continued. Men were free to join any church they liked, but if they chose, for example, to be Calvinists, they found themselves enthralled by a discipline that claimed jurisdiction not only over their souls but over their everyday life and all their economic behavior.

The next phase of the great European struggle for liberty, therefore, was aimed at freedom of enterprise. To say that religious radicalism was followed by economic radicalism is merely to make a statement of chronological fact. How were the two things related? Were they but two aspects of one thing? In the preface to *Religion and the Rise of Capitalism* (1926), R.H. Tawney says:

.... the existence of a connection between economic radicalism and religious radicalism was to those who saw both at firsthand something not far from a platitude. Until some reason is produced for rejecting their testimony, it had better be assumed that they knew what they were talking about. How precisely that connection should be conceived is, of course, a

different question. It had, obviously, two sides. Religion influenced, to a degree which today is difficult to appreciate, men's outlook on society. Economic and social changes acted powerfully on religion.

The universal habit of mind was biblical. People whose fathers and grandfathers had been tortured, burned at the stake, and buried alive for the offense of reading Scripture for themselves might be expected, when they did read it, to construe it literally and in a grim manner. They did. Bunyan's *Pilgrim's Progress* was the authentic account of what happened to the righteous spirit in its passage through this world to the next. The poor were friends of God. They knew for sure they would not meet the rich man in the Kingdom of Heaven. Avarice was a deadly sin. Pursuit of gain was the way to damnation. Money changers, speculators, and traders had always about them that certain odor that came from supping with Satan. To buy cheap and sell dear was extortion. Land was the only honorable form of wealth. Business was the ignoble part of the social anatomy.

The Age of Discovery

But the world had something to say for itself, and the world, too, had something to believe. Somehow, for the first time in the history of human thought, the idea of progress had appeared. It was the Age of Discovery. Knowledge was increasing; and this was not revealed knowledge of things hereafter, but knowledge of things here and now. After all, since everybody had to pass through this world whether he liked it or not, why shouldn't man improve his environment if he could by the practical application of knowledge? Although no one understood them clearly, although there was no such word as economics, great economic changes were taking place, and the realities were uncontrollable.

The religious mind stood in a bad dilemma. It could sense the oncoming world, almost as if it had a premonition of the modern era, and yet it had no way of meeting it and was in fact forbidden by the Bible to meet it at all. Thus it became involved in extreme contradictions. For example, to lend

money at interest was unchristian. For money to earn money was usury, and usury was sin. Yet as the necessities of trade increased, the economic function of the moneylender was one that somehow had to be performed, with the result that the Jews were brought in to do for Christians what Christians were morally unable to do for themselves. That is one of the reasons why the Jews became the great moneylenders of Europe.

The question was: Could Bunyan's hero, Christian, become an economic man and at the same time save his soul? The Dutch were the first to say positively yes, and this was significant, because the Dutch had paid more for religious liberty than any other people. They had carried their struggle for it to a plane of appalling heroism. Sooner than yield, they were willing to accept total doom. Their resistance so infuriated the Holy Office of the Inquisition that on February 16, 1568, *all the inhabitants of the Netherlands* were sentenced to death as heretics and Bible readers, except only a few persons especially named in the edict. In Motley's classic, *The Rise of the Dutch Republic*, one may read that

Men in the highest positions were daily and hourly dragged to the stake. Alva, in a single line to Philip, coolly estimates the number of executions which were to take place immediately after the expiration of the Holy week at 800 heads.

Tolerance and Trade

If the spirit of *laissez faire* had been less than immortal, it could never have passed through that valley of death. What emerged was the Dutch Republic, founded on the ashes of its martyrs, dedicated to liberty of conscience, holding aloft a light for the world.

Then an amazing thing happened. The prosperity of Holland became the wonder and envy of Europe. In the trade of the world it advanced to first place, and took what Tawney calls the role of economic schoolmaster to seventeenth century Europe.

The power of individualism now for the first time was released to perform its examples. The result was that tolerance and trade flourished together.

The English came to it slowly and roundabout. Calvinism as they had got it from Geneva was a severe and rigid doctrine. It perceived very clearly that the three aspects of man were spiritual, political, and economic; but since in two of these aspects he was wicked, or much tempted to be, the church was obliged not only to mind his soul but to impose severe discipline upon his political and economic activities. Its regulation of business was medieval

and precise; it made ethical and social laws to govern such matters as the use of capital, usury, the just price, profits, the profit motive itself, wages, labor relations, contracts, and trade agreements.

It remained for the Puritans of England to make the great rational construction of this doctrine. They could not understand why God should not admire success in work. Was not the universe his work? Why not suppose that the plan of its just order required his children to work and to succeed? If in money-making there were spiritual hazards, then all the more reason for keeping it straight with God. The way to do that was to put God in the shop. Where else could one be so sure of his presence and blessing? In the Puritan doctrine the word "calling" was one of special meaning. "God doth call every man and woman to serve in some peculiar employment, both for their own and the common good." There was a spiritual calling and a temporal calling. The Christian's duty was to take part in the practical affairs of the world, and to succeed in the world could be only a sign that God witnessed his work and was pleased with it. If riches were added to him, that, too, would be to the glory of God. In any case, he would never be idle rich, like Dives. Whether riches were good or bad was a question to be settled between the rich man and God; but idleness, thriftlessness, and profligacy were positive evils.

So it was that in the Puritan creed religious liberty and economic freedom were reconciled. The church would let business alone and trust God in the shop to keep it from evil.

Political Freedom and the Industrial Revolution

The next struggle was to get business free from the restrictions imposed upon it by government, not in the name of morals, but in the name of policy.

When that stormy cape had been rounded, the victory of *laissez faire* was complete, and the way was open for that great outburst of European energy which brought on the Industrial Revolution, led by England.

The medieval epoch was finished. Individualism was exalted to a way of life. The foundations of modern capitalism were laid. The powers of government were limited. Free enterprise began. In pursuit of his economic ends, on his way to transform the world, European man was released from the restraints and sanctions imposed upon him both by the ecclesiastical tyranny and a vast bureaucratic system of administrative law. Looking at it later when most of the consequences were already clear, Montesquieu, the

French philosophical historian, said “the English had progressed furthest of all people in three important things—piety, commerce, and freedom.”

That would have been about 1750. For more than 200 years the spirit of *laissez faire* had been acting irresistibly, and yet that name for it was not known. The words had been used by the Physiocrats in 1736 in France, but hardly anywhere else; nor were they familiar to anybody in England when sixty years later, in 1810, a Commission in the House of Commons said:

No interference of the legislature with the freedom of trade and with the perfect liberty of each individual to dispose of his time or of his labor in the way or on the terms which he may judge most conducive to his own interest, can take place without violating general principles of the first importance to the prosperity and happiness of the community.

In those words government, the British government at least, renounced the right to touch business at all. No more forthright statement of the doctrine of *laissez faire* has perhaps ever been written. Mark, however, that the words do not appear in that statement. They were of French origin, written at first *laissez nous faire*, meaning “let us alone,” and then *laissez faire*, meaning, “let it be.” They expressed a philosophic idea. The idea was that the movements of society were spontaneous, not artificial, and that if you let them alone the results in the end, or, as the economist now says, in the long run, would be better for society as a whole—the idea, that is, of a natural order in which there is implicit harmony between public and private interest.

The point is that the spirit of *laissez faire* had already brought into the world religious liberty and freedom of enterprise, and that the foundations of what now may be called *laissez faire* capitalism had already been laid before the words were familiar or had any epithetical meaning.

“Wealth of Nations”

Most people would probably say that the bible of *laissez faire* capitalism was written by Adam Smith. His *Wealth of Nations* appeared in 1776. Since some French economists had been using the term for forty years, Adam Smith must have heard it, and yet in the index to *Wealth of Nations* (Cannan Edition) you will find no reference to it. Then people say, “Yes, but it is implicit,” and ask you to remember the famous passage about the invisible hand. In the index to the *Wealth of Nations* there is a reference to that passage and it reads as follows:

If each individual, therefore, endeavors as much as he can both to employ his capital in the support of domestic industry and so to direct that industry that its products may be of the greatest of value; each individual necessarily labors to render the annual revenue of society as great as he can. He generally, indeed, neither intends to promote the public interest or knows how much he is promoting it ... 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. Nor is it always the worse for society that it was not part of it. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it. I have never known much good was done by those who affected to trade for the public good.

You may take that to express the doctrine of economic *laissez faire*, but the true meaning goes far beyond economics and belongs to the philosophy of individualism, founded upon the faith that man’s spontaneous works will be more than his reason can explain. Adam Smith did not invent that philosophy, nor in his exposition of it did he surpass others who wrote before him, notably Adam Ferguson, who said:

Nations stumble upon establishments which are indeed the results of human action but not the result of human design.

Poetically, the same thought was expressed in Mandeville’s *Fable of the Bees*. More than a century before Adam Smith’s time, John Moore was saying in England:

It is an undeniable maxim that everyone by the light of nature and reason will do that which makes for his greatest advantage. ... The advancement of private persons will be the advantage of the public.

Twenty years after the *Wealth of Nations* appeared, Edmund Burke, another great exponent of individualism, was referring to:

...the benign and wise disposer of all things who obliges men, whether they will or not, in pursuing their own selfish interests, to connect the general good with their own individual success.

He need not have got that from Adam Smith, for *laissez faire* by that time was already ascendant in the economic world, its principles were known and its works were observable.

Objections to Laissez Faire

Nearly 150 years ago Sismondi and his friends, evolving the theory of state socialism, were attacking *laissez faire* on four points, namely:

(1) That the fancied harmony between private and public interest did not in fact exist, wherefore liberty of the individual to pursue his own economic

advantage would leave *human needs* in the lurch;

(2) That it would lead to *serious inequalities* in the distribution of wealth.

(3) That it elevated *materialism* and *success*, and,

(4) That it involved society in such *social catastrophes* as *mass unemployment*.

And all of this was before steamships, railroads, electricity, gasoline, motor cars, automatic machines, or mass production—even before there was such a thing in the world as a piece of farm machinery.

At that time all economic and political thought in Europe was basically pessimistic. Nobody could imagine that in the next few generations, under *laissez faire* capitalism, consumable wealth would be so prodigiously multiplied that the luxuries of the rich in one generation would become the necessary satisfactions of the poor in the next, and that from time to time surplus—a strange word for an incredible thing—would be the superficial cause of economic depression and unemployment. There had never been surplus before. There had never been too much of anything. Poverty was thought to be permanent and irreducible.

Inroads Against Poverty

The idea that poverty could be abolished did not arise in Europe. That was an American idea. And it could arise here, not because this country was rich in natural resources, but because here the conditions of *laissez faire* capitalism were more nearly realized than anywhere else in the world. Under stress of unlimited and uncontrolled competition we made the discovery that broke Europe's "iron law of wages"—the law, namely, that since wages were paid out of the profits of capital, the wage fund was limited by the capital fund, and the capital fund was something that could be increased only in a slow and painful manner by limiting consumption.

We discovered that wages were not paid out of profits. They were paid out of production. Therefore, wages and profits could rise together, if only you increased production. Moreover, production itself created capital, as in the Ford example—the example of a company that began with \$28,000 in cash and at the end of forty-five years employed in its work \$1 billion of capital, all its own and all created out of production. And this was done by making the motor car so cheap that almost nobody was too poor to be able to possess and enjoy it.

American Capitalism

Those who speak of capitalism as if it were in itself

a kind of universal order, with hierarchy, creed, and orthodoxy, are either unable to make distinctions or find that distinctions inconvenience their argument. Capitalism takes its character from the soil and climate in which it grows. American capitalism is so unlike European capitalism that the two could hardly be transplanted. Why has American capitalism been so much more productive than capitalism anywhere else? The seed was European. The sapling was not. Why did this one tree grow to a size and a fruitfulness so prodigious that all the people of the world come begging for its windfall?

There was here neither skill nor knowledge not possessed also by the people in Europe. Yet after five generations, with less than one-tenth of the earth's land area and less than one-fifteenth of its total population, we have now in our hands one-half of the industrial power of the whole world. Europe's star did not fall. That is not what happened. The American star dimmed it out. What made that difference between our creative power and that of Europe?

The difference was that here the magic of liberty was acting as it never had acted anywhere before.

Until the American Declaration of Independence, said Lord Acton, the history of freedom would have been "a history of the thing that was not."

American capitalism not only has been the most successful in the world; it is the one great citadel of economic freedom surviving and now carries the burden of defending Christian civilization against its Eastern enemy. From this it follows that when you compare capitalism with communism, the comparison is in fact between American capitalism, with its Puritan tradition, and Russian communism, which is uncompromisingly materialistic and atheistic.

The two ancient enemies of *laissez faire* were the state and the church. *Laissez faire* represented the principle of radicalism in both religion and economics. Radicalism was the sword of liberty. Neither the state nor the church has ever loved liberty. Now, what was conservative is radical, and *laissez faire*, which was radical, is reactionary. The wheel has gone all the way around. ●

Garet Garrett (1878-1954) was an American journalist known for his editorial contributions in economic thought for the *Saturday Evening Post*. He is best known for his book *The People's Pottage* (1953), a historic and prophetic survey of the loss of individualism, the decline of bourgeois values and the rise of empire in America. The above essay is the 1964 edited version of an article originally published in *American Affairs* XI, no. 1 (1949).

WE READ

“The most stable country in the history of mankind, and probably the most boring, by the way, is Switzerland. It’s not even a city-state environment; it’s a municipal state. Most decisions are made at the local level, which allows for distributed errors that don’t adversely affect the wider system. Meanwhile, people want a united Europe, more alignment, and look at the problems. The solution is right in the middle of Europe—Switzerland. It’s not united! It doesn’t have a Brussels! It doesn’t need one.”

—Nassim Taleb in an interview with Benjamin Pauker, <http://tinyurl.com/ej-taleb1>.

“Germany’s central bank, the Bundesbank, has established a museum devoted to money next to its headquarters in Frankfurt. It includes displays of Brutus coins from the Roman era to commemorate the murder of Julius Caesar, as well as a 14th-century Chinese kuan banknote. There is one central message that the country’s monetary watchdogs seek to convey with the exhibit: Only stable money is good money. And confidence is needed in order to create that good money.

“The confidence of visitors, however, is seriously shaken in the museum shop, just before the exit, where, for €8.95 (\$11.65) they can buy a quarter of a million euros, shredded into tiny pieces and sealed into plastic. It’s meant as a gag gift, but the sight of this stack of colorful bits of currency could lead some to arrive at a simple and disturbing conclusion: A banknote is essentially nothing more than a piece of printed paper.”

—Der Spiegel, 8 Oct 2012, <http://tinyurl.com/ej-bundesbank>.

“Berkshire is brilliantly constructed. Buffett is the master of portfolio construction. What he’s not is the little old value stock picker from Omaha who just sips Cherry Coke and says ‘ohhh, that’s yummy, I think I’ll buy some of that!’ But that’s basically the pitch Wall Street has been sold and sold on to you. It’s the ‘we can all be like Buffett if you buy into this fund that mimics his approach—but really we can’t come close to mirroring his approach!’ The result is excessive fees and competing with an index that is a perennial ass kicker (the S&P 500 which just so happens to be a compilation of, oh, 500 of the greatest corporations the world has ever seen out of millions, mind you).

“The point is, Buffett has a competitive advantage

through masterful portfolio design. Most managers can’t say that. And that’s the biggest problem with Wall Street today. Too much myth chasing. Not enough real value add. It’s no wonder the ETF business is growing so quickly as investors slowly catch on...”

—Cullen Roche, <http://tinyurl.com/ej-roche>.

“In typical communist fashion, [French President] Hollande is promoting the ‘equality of outcomes’ mentality that underscores the *envy of other* and *class hatred* themes so prevalent in Marxism. Rather than strive to implement the more ethical, just, and fair ‘equality of opportunities’ ideal, French politicians would rather sacrifice the educational opportunities and welfare of all its children in the interests of the socialist definition of ‘equality.’

—Chris Banescu writing about the new French law to abolish homework for pupils, <http://tinyurl.com/ej-banescu1>.

“These days, sordid conspiracy theories abound in Greece. Sane considerate folk espouse bizarre political narratives. Old middle-class sureties have given way to gloom, idiocy and self-mutilation. Those already on the edge have tipped over into self-destruction and turned against the vulnerable.

“The problem is that, as a society, Greece never made peace with itself. Nor did it engage in a truthful dialogue about the ghosts of its past. It has never enforced self-evident codes and norms of behaviour. The fundamentals of a liberal order were never fully in place. So when the financial tsunami hit, it fell apart. ...

“The death of the old political order is all too apparent. Scandals come to light every day and the sums involved, if true, are staggering. This only excites the febrile minds of a ruined petit bourgeoisie, which is turning furiously against the old authorities. Justice proceeds at a snail’s pace and the mob bays for blood and everyone is guilty till proven innocent. ...

“The imminent danger for the country is social implosion. Some talk of a postmodern Weimar. Others of a black hole like Kosovo. The purpose of Merkel’s visit, on a symbolic level, was to bring the country back into the mainstream European fold and prop up a mercurial and discredited political class. Yet can the people so centrally implicated in the country’s fall take on the role of its saviour?

“If the European and domestic elites do not quickly

change their plan to ‘manage’ this crisis, then the centre will not hold. Then the political economy of pain will truly come into its own.”

—Constantine Giannaris, “Greece has not faced up to the ghosts of its past,” *The Guardian*, 11 Oct 2012, <http://tinyurl.com/ej-giannaris>.

“Family firms are important, not only because they make an essential contribution to the economy, but also because of the long-term stability they bring, the specific commitment they show to local communities, the responsibility they feel as owners and the values they stand for. These are precious factors against the backdrop of the current financial crisis.”

—*Report of the Family Business Expert Group, European Commission Enterprise and Industry Directorate-General. Read it here: <http://tinyurl.com/ej-familybusiness>.*

“Owners of family businesses do report better quality of relationships with each another (i.e. trust, honesty, a cooperative relationship and teamwork) as compared with owners of non-family businesses. Both attitudes (a shared vision and quality of relationships amongst owners) enhance business financial performance.”

—“*Family Business in the Netherlands: Characteristics and Success Factors*,” <http://tinyurl.com/ej-familybusiness1>.

“The only thing which is of lasting benefit to a man is that which he does for himself. Money which comes to him without effort on his part is seldom a benefit and often a curse. That is the principal objection to speculation—it is not because more lose than gain, though that is true—but it is because those who gain are apt to receive more injury from their success than they would have received from failure. And so with regard to money or other things which are given by one person to another. It is only in the exceptional case that the receiver is really benefited. But, if we can help people to help themselves, then there is a permanent blessing conferred.”

—John D. Rockefeller, *Random Reminiscences of Men and Events* (1909).

“The accountant is an artist, but he has to portray his subject faithfully. ... If the reporting accountant lacks integrity; if raw economic facts are unpalatable and smoothing devices are sought; if he fails to support fellow professionals who have carefully documented their view of the principle, researched the literature and sought advice and made an honest judgment; if regulators demand one answer and one alone, not those within a range; or if

the profession constantly seeks answers for all questions—the reporting accountant will paint by numbers and deserve the rule-based standards he has requested. This will be the profession of the search engine, not one of reasoned judgment.”

—Sir David Tweedie, head of the IASB, in a September 2008 address to the Institute of Chartered Accountants of Scotland, as reported by Satyajit Das, <http://tinyurl.com/ej-tweedie>.

“Balance sheets are not taught at business school. There will be exceptions, but it is normal to graduate from a celebrity business school without understanding the relationship between the income statement and balance sheet. This makes for frustrating discussions about corporate valuations within investment firms. Related is the ignorance of CEOs and CFOs who go about acquiring and spinning off businesses. It has been brought to these elders’ attention that they are making such decisions without an appreciation of (for instance) the value of retained earnings vs. those from acquisitions. It makes no impression on top management that earnings that are neither retained nor paid out in dividends are a house of cards. Top business schools still drown students in efficient market theory and the capital asset pricing model. The theory is bogus; to those who still believed, it was shot full of holes in 2008; yet, finance professors who rose and landed astoundingly high-paying corporate directorships are not going to think differently.

“From someone who attended a reception at his business school, after cornering two finance professors:

“Are you still teaching CAPM?”

“Yes.’ ‘Of course.’

“With a negative risk-free interest rate? How does that work?”

“You move it down...’

“How can you teach it when there’s obviously no such thing as a risk-free rate?”

“Because that’s what we teach.’ ‘Yes, yes. That’s what we teach.’

“It is also evident there is a new taboo when meeting with top-tier investment firm strategists and analysts. That is the touchy topic of monetary policy. Just try and ask a simple question to often-quoted Wall Street oracles: ‘Do you think Bernanke’s policy is working?’

“Silence. A cough or two. Then, one of the top-tier analysts dares speak: ‘Yes.’ This is the classic Emperor-who-wears-no-clothes. The financial celebrities cannot bear to either think or talk about it.”

—Frederick Sheehan, <http://tinyurl.com/ej-sheehan>.

SENSE AND NONSENSE

- “I will start worrying about the dollar’s status as a reserve currency when we open up trade with Mars. Only an extraterrestrial currency can challenge the dollar.”
—Nathan Sheets, a former top Fed official who is now head of international economics at Citigroup, as reported in the WSJ
- “Prudence has come into question these days in investing. The prudence issue is a real one. It is quite difficult to be the prudent man given the road we are traversing.”
—Mark J. Grant, as reported in ZeroHedge, 22 Oct 2012
- “Lord of all things, he is not lord of himself. ... Hence the strange combination of a sense of power and a sense of insecurity which has taken up its abode in the soul of modern man. ... Today, by the very fact that everything seems possible to us, we have a feeling the worst of all is possible.”
—José Ortega y Gasset, *The Revolt of the Masses* (1930)
- “The robbery of the century.”
This is how left-wing members of the Greek Parliament describe the state-run and über-corrupt Agricultural Bank of Greece. They could be describing the whole of banking in the country or perhaps the state of affairs everywhere in the western world. One need not be a leftist to concur.
- “Gradual inflation has a numbing effect. It impoverishes the lower and middle class, but they don’t notice.”
—Andrew Bosomworth, PIMCO Germany, quoted in Der Spiegel
- “Clearly, trust has been shaken time and time again during the last 10 years.”
—Ilya Cantor, CFO of IT services provider EPAM Systems, speaking of the utter unease with which CFOs view the dysfunctional capital markets in America
- “Debt is the biggest single threat, casting a shadow on our economy and the well-being of our entire society for the next 10-20 years.”
—Jukka Pekkarinen, Director General of Economics, Finnish Ministry of Finance
- “We must view gold and central banking in their proper perspective. Gold is not a barbarous relic. The real barbarous relic is central banking when it perpetrates State control of money. This control impedes the market process that is an essential part of any free society. Controlling money is like controlling free speech. If a government controls a country’s money, it controls its people. So consider what happened, for example, in the 20th century. Gold was taken from the people by Lenin in Russia, Mussolini in Italy, Hitler in Germany and Roosevelt in the United States. Why did they do it? It was to increase the power of the State by taking money that government can’t control—namely gold—out of the hands of the people.”
—James Turk, Chairman, GoldMoney
- “When you’re trying to make an extra \$2 million off a teachers’ retirement fund, it doesn’t jive at least with the values that I felt. There is no criminal activity because it’s legal. But it should not be allowed, because it’s unethical.”
—Greg Smith, author of *Why I Left Goldman Sachs*, quoted by Reuters
- “In the past few days we have seen a significant escalation in lawlessness, including damage to public and private property, widespread intimidation, including many cases of personal violence and several of attempted murder. Over the weekend we saw strikers invade and ransack the police station in Westonaria and as recently as last night the driver of a company vehicle was stopped, pulled from his vehicle, seriously assaulted, and the vehicle set alight. Security personnel who attended the scene were fired on with live ammunition. Such behavior is totally unacceptable.”
—Nick Holland, CEO of GoldFields, in a media release dated 16 October 2012 dealing with striking workers at its South African mines

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