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## **Revolution Without Intellectuals**

First, I have an announcement to make. Anyone who feels uncomfortable with free speech, or blows Point Oh Eight on the liberal sensitivity meter may wish to leave the room.

Some have been making comparisons between America now and Ancient Rome then. Increasingly, the theme is that America will collapse, and a Dark Age will follow.

To some this may be concerning. To those who make a living detesting the middle classes the collapse of America would be celebrated.

Well, before revealing the mystery of where political history is really going it is appropriate to review some terms.

The first is the label "intellectual".

For decades the definition, outside of academic life, has been someone who upon hearing the opening chords of the William Tell Overture did not automatically think of the Lone Ranger.

To be serious, there are some concepts chronic to public intellectuals. There are too many people on earth.

Malthus was fortunate to live in a time when his anxieties about catastrophic population pressures could be eased by reducing the numbers of the lower classes.

On the other hand, Ehrlich with his *The Population Bomb* was more democratic with recommendations about "*temporary sterilants*" in the water supply. In 1968 he hit the alarm bell with "*The battle to feed humanity is over*".

Al Gore is something else again. His alarm has been "*The science is settled*", and his anxieties are also selective.

There are too many people not living a stone-age life.

This paper does not condemn all intellectuals – just the ones that are compelled to impose their personal revelations upon the rest of society.

Lately, US intrusion has been without precedent. Despite this, America's future does not include a new Dark Age. The truth of the matter has been that the world of economic and political freedom, has been in, if not a Dark Age, at least a Grey Age for the past one hundred years.

The administration and its media have been unusually ambitious. Maybe even disturbingly so, but to use a term from the financial markets this is "ending action". And in order to develop this we have to start at the beginning.

At the height of 19th Century liberalism the Socratic "*The unexamined life is not worth living*" was understood and admired. Now the opposite prevails "*The un-coerced life is not worth living.*"

There is a double irony in the latter phrase.

Massive intrusion started with nothing more complicated than a stock market panic. Veteran traders not only accept these, but profit from them.

According to some busybodies, the 1907 "Rich Man's Panic" need not have happened. They imagined that an agency with supernatural abilities would have prevented the calamity. This wishful thinking was made worse by the notion that J.P. Morgan, single-handedly, prevented the panic from running forever.

That one man in Wall Street had such power was highly offensive to socialists in all walks of life.

The problem has been that belief in agencies, or oracles with supernatural powers, is ancient tradition. The notion about Morgan showed a lack of research. His time-line prevented him from acting until the panic was essentially over. Panics have never been the result of policy error. All financial crashes have been consequent to a speculative boom becoming exhausted. And usually happen in the fall.

The 1907 problem cleared in November and within 18 months the stock market was back to the highs of 1906. The Fed opened its doors in January 1914. It would prevent bad things from happening.

Bull markets punctuated by panics have continued.

This includes cyclical bear markets as well as the methodical Great Bubbles and Great Crashes of 1929 and 2008. The first Great Bubble peaked in June of 1720 and crashed in the fall. The record since is that the senior central bank has never prevented a Great Bubble from occurring, blowing up and crashing. The 2008 disaster was number six.

All crashes were followed by a fever of recriminatory regulation, severe recessions and weak recoveries.

Also blatant with the first Great Bubble was corruption. Easy money from the Bank of England, quasi-government companies, with bribery of members of Parliament set the stew of corruption that has been so evident in our age of bubbles.

Cronyism is nothing new.

The Fed was intended as a lender of last resort. Instead, the Fed was suborned to provide unlimited funding for yet another experiment in unlimited government. Over the past decade and particularly with this administration American central banking and fiscal policy have become alarmingly radical.

The written US constitution and England's traditional constitution were considered proof against ambitious factions gaining control of government and going authoritarian.

Sadly, this has not been the first such example.

Driven by a despotic bureaucracy, Rome's transition from a republic to a police state took around a hundred years. Confiscatory taxation with deliberate and chronic currency depreciation eventually trashed the economy. Geographically, Rome was not at a natural focus of trade so as the bureaucracy collapsed so did the population. It can be said that Rome was "New-Dealed" to death.

The seat of government moved to Istanbul – because that's where the money was.

It is still a center of trade, as is London. But lately England is looking too much like Ancient Rome. The genius of big government has promoted hysteria about global warming and politically correct electrical power schemes that are economically nihilistic. Perhaps the energy equivalent of Mao's "Great Leap Forward".

This is particularly ironical as London began a long march to freedom when Roman culture collapsed in the Fifth Century.

Freedom was not easy as an absolutist monarchy backed by the "divine right of kings" doctrine provided serious obstacles. This was finally thrown out with the "Glorious Revolution" of 1688. Which completed a political movement towards freedom that started earlier in the 1600s.

And this introduces that while there are two kinds of big revolutions, both start with popular dissatisfaction. Essentially, the "Glorious" was led by Protestant businessmen in London and Protestant small holders and artisans everywhere. It helps to consider this denomination was a protest movement against a despotic bureaucracy that had corrupted the Church. Pro-family and pro-business was good.

The other benign example was the American Revolution of 1776, when oddly enough, the British Crown was in a lamentable authoritarian phase.

***"No taxation without representation"*** said it all.

Only a couple of decades later, the folks in France discovered that the governing classes were taking and wasting too much of the economy. Unfortunately, inspired but neurotic intellectuals took control of a popular uprising and the "Reign of Terror" followed.

Dictatorship followed.

In 1917, ***"Peace, land and bread"*** was the rallying cry of the Russian Revolution. This was readily understandable, but neurotic intellectuals took control. On the way to creating the "New Man", Communists murdered some 100 million who were not politically correct.

With this appalling history, a formal definition of a neurotic intellectual is not required.

The end of any experiment in authoritarian government has been methodical. It dominates until it runs out of money, loses the drive to impose its will at the same time as the oppressed began to question its own complacency to state terror. A recent and instructive example occurred when the Berlin Wall fell in late 1989.

That marked a practical reformation of abusive government that swept the world. As with any big trends in financial markets, there can be corrections in political trends. Putin's ambition is a counter-reformation move.

Something similar holds in England where Cameron is reacting to the Thatcher reforms. In the US the administration is not merely undoing the Reagan reforms, but trashing the constitution. In so many words, Obama is building the regulatory equivalent of the Berlin Wall.

It is not going unnoticed and it is worth reviewing the threat from authoritarians. Now it is the IRS, but the middle classes have faced worse.

In Russia and East Germany in the 1980s, the threat was state murder. The previous century of tyranny prevailed for over a hundred years into the early 1600s. Official threats were very real. Excommunication, interview with the Inquisition, confiscation of all wealth and burning at the stake. Despite this, the middle classes eventually prevailed.

Today's middle classes would not be impressed by being excommunicated from the theocracy of liberalism. Although many agencies (TSA and police) are becoming remarkably abusive, the main tool the ambitious have to impose authority is propaganda from state agencies and a servile media.

But let's go back to the battle for freedom in England in the 1600s. Their struggle is ours.

The state included the Church, the Crown, academics and a controlled media. There was an official science that denied skepticism. Aristotle/Ptolemaic theory of an Earth-centered universe became not merely state science but religious dogma. Dissent was hazardous and remained as such well after the science was settled by Copernicus, Brahe, Kepler and Galileo.

Instructive of the times, Kepler's astronomy professor taught Ptolemaic theory but privately backed Copernicus. Kepler's observation that planetary orbits were elliptical was an outstanding step in physics. But impoverished, he was amused to make some income by casting horoscopes.

At a later date, Goethe sardonically observed "*Most men care for science so far as they get a living from it, and that they will worship even error when it affords them a subsistence*".

State medical theories were based upon Galen, an ancient Roman, and dissent was not permitted. That his studies were based upon pigs did not matter. Differences in actual human anatomy from Galen were considered anomalous. He also prescribed bleeding.

That this prevailed for so long was due to authoritarian science.

Authority says "This is what it is" and it is not to be denied or questioned – even when it defies a train of evidence.

Of course, this is today's case whereby bureaucratic despotism has thrived on junk science and junk economics. The audacity of both is amazing. Climate junk science is almost Old Testament in threatening society with "Hellfire & Damnation". Unless it respects the dogmatic taboos.

The audacity is that the movement assumed that it has the powers to materially alter the climate. Carbon dioxide does not force change. CO2 follows the major changes in temperature trends by some 400 to 800 years. Cause and effect is trivial. Even worse, the movement naively claimed that there is only one influence upon climate.

Fortunately, the lack of warming over the past 15 years was predicted, which is real science. Solar physicists, Penn and Livingstone, concluded that the sun was entering a period of diminishing output. That was in the mid-1990s, well before the hysteria about hellfire and damnation was stoked up.

There is an old saying in physics that if you keep your data base short enough it will fit your theory.

At the start, global warmers used only the last 150 years of climate history as well as computer modeling to "prove" that modern man is evil and must be controlled. Mother Nature is implacably refuting this.

Interventionist economics is also based upon personal revelations of an intellectual. They notice the hardship that suddenly follows every great speculation and think there should be a fix. One of the earliest was Edward Misselden. Inspired by the 1618 Crash, he fantasized that throwing credit at a credit contraction would make it go away.

It is well-known that Keynes took a bath in the 1929 Crash and in a state of shock concocted the "liquidity preference". Yet another champion of throwing credit at a credit contraction.

A classic bubble climaxed in 2007 and was followed by the usual severe recession and a weak recovery. As this business cycle rolls over it will again instruct that Mother Nature and Mister Margin control financial history. Not theoreticians.

The clash between financial history and arbitrary theories provides a rich and continuing irony, but time does not permit a review. Instead, it is appropriate to conclude that the past one hundred years of intense intervention has been a revolution run by charismatic but impractical intellectuals. As with earlier authoritarian administrations – opposing ideas are not allowed.

In which case, how did the good guys win the last time around?

The early 1600s provides a marvelous instruction.

As mentioned above the "good guys" had to face the prospect of state murder. And in England the governing classes communicated in Latin and French. In-your-face tyranny conducted in an unfamiliar language, including the law, tended to piss off the average person and, quite simply, that is what happened.

Eric Holder at Justice please meet Archbishop Laud at the Star Chamber. The latter's privileges included branding faces and removing ears of the politically incorrect.

As with today, the state used anything to extend its power and in the 1600s was enthralled with astrology, alchemy, a geo-centric universe and a controlled media.

Sir Francis Bacon saw printing as an example of the superiority of the industrial craftsman over the academic scholar. Books independent of the state sold very well.

Mechanics and artisans worked in a practical world that improved the safety of navigation through improved mathematics. Business developed "shop-arithmetic". Advances were made in pure science as well as in applied science.

Authoritarian institutions were critically examined and those that were impractical were diminished or bypassed. Alchemy became chemistry as Boyle published *The Sceptical Chymist*. Astrology became astronomy, as Kepler was casting horoscopes.

The world's current prosperity and freedom essentially rests upon the scientific renaissance that quietly thrived in England during the first part of the 1600s. Not one of the important participants held university posts. Key names were – Gilbert, Harvey, Bacon, Hariot, Wright, Oughtred.

Universities, then, were very much part of the power structure and the science side was hung up on ancient authorities, avoided inconvenient evidence and denied honest skepticism.

Outside of the Soviet Union, scientific skepticism has not been at political risk until the ascendancy of the Global Warming movement.

There was more to the end of that experiment in authoritarian government than sound research eclipsing standing dogma.

A new and increasingly prosperous middle class grew in independence and used parliament to eventually constrain government ambition.

With the state diminishing as the main distributor of wealth, the risks of criticizing government diminished.

It can be said that Rome collapsed under the load of bureaucratic despotism.

In the 1630s, in real time, practical criticism included a wonderful term – *"tyrannical duncery"*.

An important part of the Great Reformation was the transition from considering that government is wonderful to discovering that big government makes big mistakes.

One of the best of such follies occurred in 1618. A long economic expansion with rising prices ended and was followed by growing unemployment. In what is one of the earliest examples of "make work" a financial adventurer had a remedy.

England's prosperity was mainly earned in shipping wool to the Netherlands, which was the financial and commercial capital of the world. The Dutch obtained the big value-added in finishing the cloth.

The promoter convinced King James that by replicating the Dutch finishing capacity England would keep the "value-added" at home. Greater prosperity and employment shone in their eyes and the state provided the funds.

In real time, as the government was duplicating manufacturing capacity, experienced merchants with a critical eye and a flair for words noted that the scheme was like a fine sepulcher:

*"Attractive without, dead bones within"*.

Most was lost in the crash that ran from 1618 to 1622, which was the worst since the 1560 example.

The financial crash of 1618 effectively marked the end of that experiment in price-inflation and authoritarian government. It took a number of decades plus the Glorious Revolution to formally end the divine right of bureaucrats and of absolutist kings.

In Eastern Europe, the authoritarian experiment was launched by the ghost of Robespierre and the remarkable presence of Lenin. A benevolent uprising in 1989 ended the reign of terror.

In the West, it has been inspired by the towering intellects of John Keynes, Saul Alinsky, Al Gore and Obama's teleprompter. It is fascinating that the

Reagan Reform has been bypassed, with the senior economy running out the full hundred-year experiment in intrusive government.

The intrusion has become extremely belligerent. Based upon *Rules For Radials*, the establishment's ambition brooks no opposition whatsoever from anywhere.

At some point, the general public will have had it with in-your-face politicians and in-your-wallet bureaucrats.

Then, as with "*dead bones within*" and "*tyrannical duncery*" the taxpayer will realize that big policy schemes are not just expensive, but just plain stupid.

Game over.

And not a moment too soon.

It could become a new Dark Age for the politics of intrusion.

"Sunny uplands" for everyone else.