

LMR

BUILDING THE 10%

J U L Y • 2 0 1 9

PULSE ON THE MARKET

Gold Standard of Fearmongering

AOC Grills Powell

The Epstein Affair

THE YIELD CURVE AND RECESSION

by Robert P. Murphy

THE FED CHANGES COURSE

by Robert P. Murphy

WHO RUNS THE WORLD?

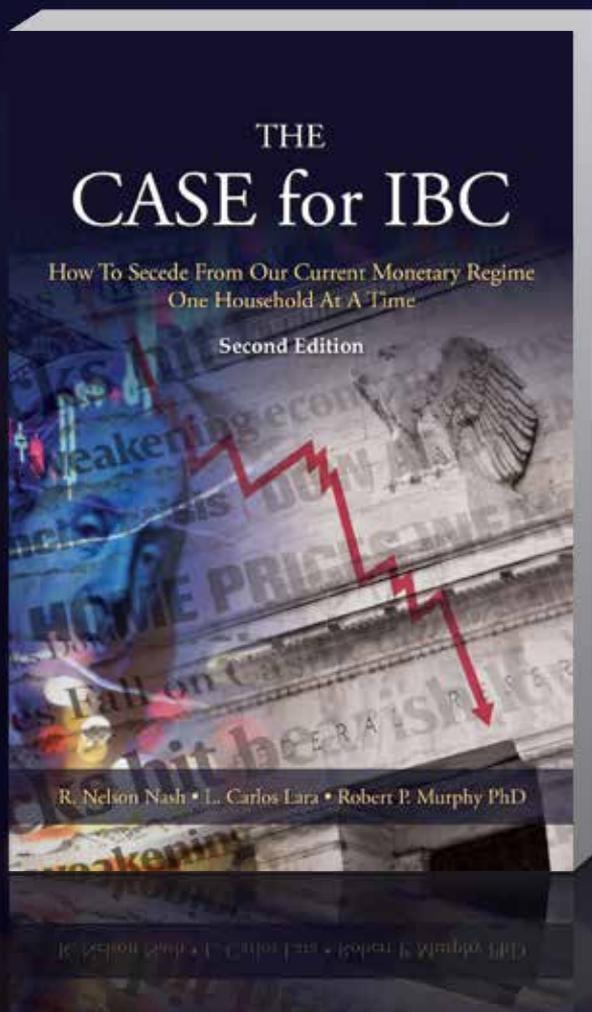
PART II

by L. Carlos Lara

KEEPING ECONOMICS ON PACE WITH THE DIGITAL ECONOMY

Interview with Gene Balfour

Something is FUNDAMENTALLY WRONG with our financial system.



R. Nelson Nash's Infinite Banking Concept (IBC) is a revolutionary method to take the banking function away from the "experts" and return it to the individual household and business owner.

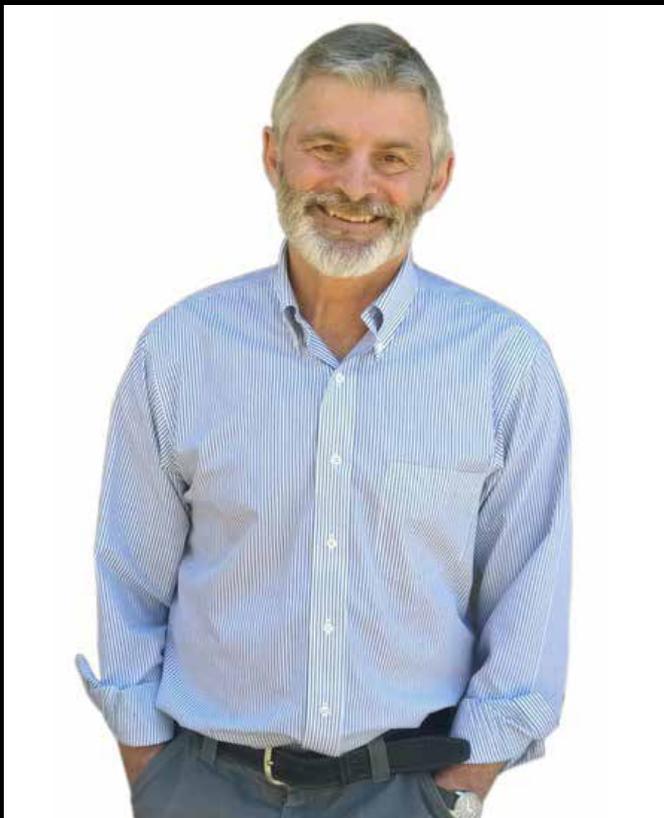
In *The Case for IBC*, Nash is joined by business consultant L. Carlos Lara and economist Robert P. Murphy to provide the most succinct explanation to date of why IBC works.

Order The Case for IBC Now

Keeping Economics on Pace With the DIGITAL ECONOMY



Interview With Gene Balfour



Gene Balfour spent 28 years as a top recruiter in the IT sector, interviewing more than 10,000 individuals for job placement and career planning purposes. In addition, he played a critical role in building a fledgling international consulting business into a successful operation that has improved the manufacturing productivity of over 100 plants located in the USA, Mexico, Brazil, and France. In 2017-2018, Balfour was the Chairman of the Ontario Libertarian Party, achieving the LP's best election performance in the history of Canada. He is currently a candidate with the People's Party of Canada (PPC), running for the Haliburton-Kawartha Lakes-Brock electoral riding.

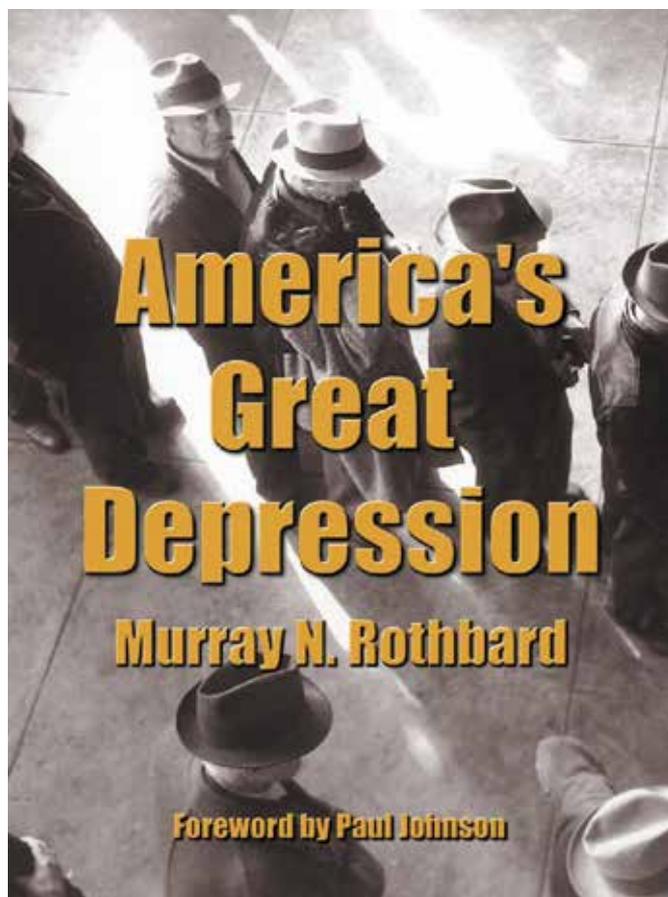
Note: The economists and financial professionals interviewed in the LMR are given the freedom to express their views, without necessarily implying endorsement from the editors.

Lara-Murphy Report: How did you discover Austrian economics?

Gene Balfour: I was mowing my lawn one day in 2007 when I heard a radio announcer state that the Ontario Libertarian Party (OLP) was holding a meeting in Toronto later that day. I did not know what a libertarian was and looked it up on the Internet. When I learned that they wanted lower taxes through the reduction in government size, scope, and cost, I went to the meeting and invited myself into what turned out to be the OLP's Annual General Meet-

ing. I spent two hours in the meeting and heard names like Mises, Hayek, and Rothbard. Soon thereafter, I bought my first "libertarian book," *America's Great Depression* by Murray Rothbard, and realized that I had entered a world of revisionist history and an alternative school of economic thought compared to what I had previously known from my academic past and mainstream press.

LMR: You shared with one of us (Murphy) on the recent "Contra Cruise" that you think fans of the free market should update their stock examples when discussing innovation.



"I bought my first 'libertarian book,' America's Great Depression by Murray Rothbard, and realized that I had entered a world of revisionist history and an alternative school of economic thought compared to what I had previously known from my academic past and mainstream press."

Rather than talking about the (relatively) ancient history of, say, the automobile displacing the horse-and-buggy, there are much more compelling and relevant examples. But before we get into this, can you first explain

your business background so our readers will understand your perspective?

GB: I plan to highlight my career history from 1977 to 1981 with IBM Canada during which time I received 6 months of intensive classroom training in computer technology, business applications, and IBM's sales training. I was assigned to the Ontario Government Sales & Marketing Support Team in downtown Toronto and spent over 3 years in pre-sales and customer support focusing on over 20 Ontario Government ministries in an effort to sell new applications and IBM's Support Services to government departments so that IBM could ultimately sell more mainframe and mini computers.

In 1981, I joined Source EDP which was the largest IT Recruiting firm in the USA at that time. It was known for hiring "computer professionals" with sales experience (especially IBMers) and training them in "recruiting" sales. Every Recruiter worked on 100% commission and we were all motivated to work day and night to make high levels of compensation. For 28 years, I worked on straight commission as an IT Recruiter and served client organizations in every conceivable industry sector. During these years, I likely reviewed over a million candidate profiles and resumes, interviewed over 10,000 job candidates to service as many "job orders" from our diverse customer base, and placed over 1,200 people into new jobs. (None of these jobs were union jobs.)

In late 2009, one of my clients, an "IT-enabled Business Transformation Consulting



“My boss regularly bragged that I was the ‘Wayne Gretzky’ of recruiters and made sure that I was well compensated and acknowledged for my key contributions to the growth of the International Division.

firm,” wooed me to join their Toronto office to establish a Recruiting department from scratch. My job was split between:

- supplying the local Sales Team with qualified Senior Consulting Specialists for “management consulting engagements” and for the planning and execution of a variety of IT-enabled projects for customers.
- Performing a similar sole for the fledgling “International Division” that reported to

my boss in Toronto. This division specialized in implementing a Global Template of core business applications that are found in every kind of automotive parts manufacturing plants. Our first major client was in the top 5 largest automotive parts manufacturing corporations in the world with over 300 plants in 32 countries with made 4 lines of automotive parts.

- Staffing new business offices in the USA, Mexico, and Brazil.

Between 2009 and 2018, what began as a two-man operation because an international division with over 45 full time employees and over 120 sub-contracted consultants who competed over 110 template implementation projects and numerous other management consulting and IT engagements. My boss regularly bragged that I was the “Wayne Gretzky” of recruiters and made sure that I was well compensated and acknowledged for my key contributions to the growth of the International Division.

During those years, I was exposed to the cutting edge of emerging technologies, which industry journalists refer to as “The Digital Economy,” “The Fourth Wave” of technology evolution, and “Industry 4.0” in the industrial sectors. In 2015, my employer rebranded the company as R3D Digital from R3D Consulting to reflect the shift on focus to Industry 4.0 in the manufacturing companies that we served.

LMR: And now that you’ve established your area of expertise, what advice do you

have for those trying to educate the public on the dynamism of free markets?

GB: The advice that I have to offer for this discussion pertains to people who have an interest in economics and the role of modern technology in affecting wealth creation, productivity at the enterprise level (as opposed to solely the individual level), and the job market at every level from the “low IQ” entry level through to senior management through nearly every type of knowledge worker (legal, medical included).

You often hear scoffers dismiss people those who claim that automation will replace people in the workplace and that jobs will become scarce. When people say “this time, its different,” the scoffers dismiss that statement too because jobs are as plentiful now as ever. I contend that the impact of the 19 classes of technology that make up the infrastructure underpinning the Digital Age is infinitely more pervasive than anything mankind has ever known. What’s more, the ability of Systems and Applications Architects to mix, match, and integrate any one or many of these 19 technology classes is beyond what anyone would have predicted even 10 years ago. The application possibilities are as numerous as the possible approaches to solving a Rubik’s cube.

Let’s complicate this discussion a bit more (as if it already does not have enough moving parts. At least, I listened to a podcast lecture on human IQ by Dr. Jordan Peterson. He revealed the practice on the US military to accept potential soldiers with an IQ of at



“I contend that the impact of the 19 classes of technology that make up the infrastructure underpinning the Digital Age is infinitely more pervasive than anything mankind has ever known.”

least 83 because anyone with a lesser capacity to learn would absorb too many resources to train and supervise. In the private sector, the same finding applies. As wages rise through minimum wage legislation, the productive output of these workers cannot justify the higher wages. In addition, as the cost-reliability-flexibility of advancing technology improves, these workers become even more obsolete. In order for them to be retrained to use the modern technology to leverage their productive output, they would need the learning capacity to get up to speed quickly and function with little to no supervision.



“Citizens who are living through the turbulent times that the Digital Age brings upon them will increasingly ignore economists who fail to become a student of the Digital Age and its implications.”

An IQ of a least 100 like likely be needed in a few years to operate even the most “user friendly” technology. A much higher IQ, along with expertise in a specialized domain of knowledge, will be needed to leverage the more sophisticated tools that the Digital Economy will unleash.

So, my advice is primarily intended for lovers of economics. The Digital Age is evolving very rapidly. It has begun to turn our fundamental understanding of productivity and employment on its head. Economics

must update their examples used in textbook or classroom discussions of employment and enterprise productivity, instead of basing these discussions on overly simplistic examples of technology investments made in the distant past. Citizens who are living through the turbulent times that the Digital Age brings upon them will increasingly ignore economists who fail to become a student of the Digital Age and its implications.

LMR: One of your takeaway messages seems to be that rather than innovation being confined to one particular tweak or invention, we have to realize that the entire approach to producing/delivering a particular service can be revolutionized when several different lines of innovation come together in a way that would have been virtually impossible to predict even in the recent past. On the Cruise, you mentioned the example of AI (artificial intelligence) and surgery. Can you explain for our readers?

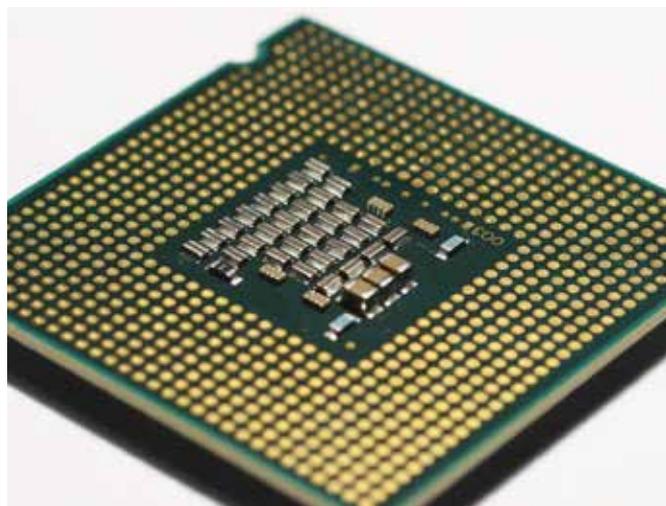
GB: A former client of mine, Steve, graduated from the University of Toronto in the late 1970s with a degree in Computer Science, which initiated a keen and life-long interest in Expert Systems that expanded into the domain of Artificial Intelligence. Steve progressed to a C-level software engineering executive job with a global technology company and was based in California for his final years before choosing retirement in 2017.

On a cruise ship in 2016, he met a brain surgeon from Florida. They became quick friends and shared stories about technology. The Doc said that all of his colleagues loved

to explore and master the emerging “tools of their trade” which included his ability to insert his hands into “tech gloves” that enabled him to control tiny robot-like instruments to perform a microsurgery with greater precision than can be performed manually. Every surgery is filmed digitally along with the discussions of the various medical team members. One goal of these technology and application investments is to apply AI to advance the speed and reliability on microsurgeries in the future.

Steve’s contribution to the discussion was his past, current, and forecasted understanding of AI and the supporting “infrastructure” computer and communications technologies that have and will enable its advancement. For example, Steve fully expects that by 2050, a single computer processor and memory unit the size of a table top will be able to store and process every “lesson learned” from every recorded brain microsurgery dating back to 2015 and use it to perform a remote-controlled brain surgery from its processing center wherever it may be located.

Steve also surmised that virtually all knowledge-based professions will experience the same attention. Think lawyers, dentists, actuaries, and many more where these 19 domains of the evolving Digital Economy can be creatively applied by Systems and Applications Architects. For example, did you know that a nanobot currently exists at the experimental stage that can be injected into a human’s bloodstream to identify disease markers for up to 130 known diseases? With our mapping of the human genome



“By 2050, a single computer processor and memory unit the size of a table top will be able to store and process every “lesson learned” from every recorded brain microsurgery dating back to 2015 and use it to perform a remote-controlled brain surgery from its processing center.”

and ability to create genetically modified plants, how long will it be before a nanobot will be available to “cure” all of those 130 diseases? What seems like sci-fi today is lively to become “tomorrow’s reality.”

LMR: Finally, as your bio above indicates, you are currently running for office in Canada. What prompted you to do this, and how would you assess the prospects for liberty in Canada? We know for example that there has been some backlash against a carbon tax and other left-progressive technocratic controls.



“I had no expectation winning in any of these elections because our ‘Less Government’ message is unpopular in a country where over 30% are employed in the public sector.”

GB: Thanks for asking this question. I have run as a Libertarian candidate in 5 provincial elections since 2010 for the Ontario Libertarian Party (OLP) and in one national election for the Libertarian Party of Canada (LPoC) in 2015. I was also Chairman of the OLP in the 2018 election, where I led the effort to attain candidates in 116 or 124 electoral riding—a record in Canada for any Libertarian party.

I had no expectation winning in any of these elections because our “Less Government” message is unpopular in a country where over 30% are employed in the public sector, and the majority of the population suffer from Stockholm Syndrome—in other words, they are financial slaves to governments until Tax Freedom Day and can’t imagine life in Canada without some in authority to “take care of them” from cradle to grave.

I am currently the PPC (People’s Party

of Canada) candidate in the Haliburton-Kawartha Lakes-Brock electoral riding (my home riding and where I ran year as an OLP candidate). As a new political party, the PPC is relatively unknown to the majority of Canadian voters. As such, fund-raising is a challenge and attracting volunteers who remain committed to the election campaign is nearly impossible. To make matters worse, the regulations for complying to elections are enforced by Elections Canada (a federal government department) and they strongly favor large, well-funded, and well-organized political parties who have held power in the past—the Liberals and Conservatives. The barriers to entry into the national political arenas are high for all of the other 13 smaller political parties that are registered with Elections Canada.

My riding has a long history of elected Conservatives. It is a large rural riding with a large population of farmers, retirees from the greater Toronto area, many workers in the



“I believe what Andrew Breitbart said: ‘Politics is downstream of culture’ and my task is to influence public political discussion so that the political culture in my riding may shift to include the merits of Less Government.”

trades, and a large population of low-income residents. My main campaign efforts are focused on increasing the public’s awareness of Maxime Bernier and the PPC. It’s largely “missionary” work as it was the six times I ran as a Libertarian.

I believe what Andrew Breitbart said: “Politics is downstream of culture” and my task is to influence public political discussion so that the political culture in my riding may shift to include the merits of Less Govern-

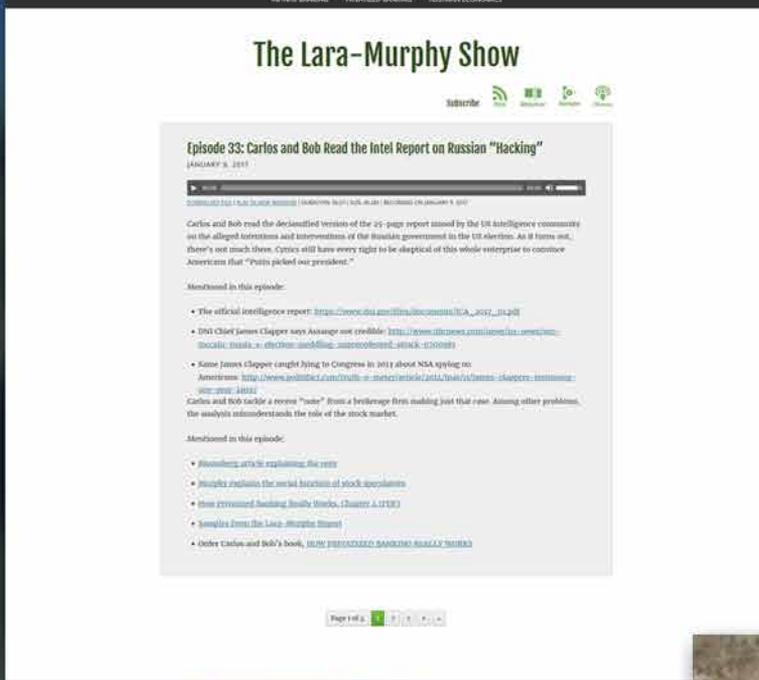
ment over the threat and real consequences of excessive government expansion to which Canadians have been subject over the past 50 years, since Pierre Elliot Trudeau reigned as Canadian first truly socialist prime minister.

I was selected to be the candidate by the PPC HQ and the local Riding Association. I chose the PPC over the LPoC led by Tim Moen for several reasons. For me, being “Libertarian” is a ‘philosophy for living in community with others.’ Politically, Libertarians like me act to defend and protect individual persons (their mind, body, and efforts) and their property from intentional and unwanted harm and aggression imposed by others, including those employed by the state. It does not require membership to a party with “Libertarian” in its name. Not all parties that have ‘Libertarian’ in their name believe in the same “Libertarian” values.

The Peoples Party of Canada was founded on Libertarian Conservative principles: Personal Responsibility, Individual Freedom, Fairness and Respect. You will see that all of the PPC policies are grounded in these principles.

I ran as the Ontario Libertarian Party (OLP) candidate in this riding in June 2018. I remain an OLP member because it is the best choice for me at the provincial level. The Libertarian Party of Canada (LPoC) is the national party. I have not “turned against” them, but simply chose a party and leader that better fits my libertarian values and goals.





Get more insights
and updates at

lara-murphy.com

including our
archive of popular
podcast shows.



The
**Lara-Murphy
Show**

CLICK HERE TO LISTEN TO OUR PODCAST

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



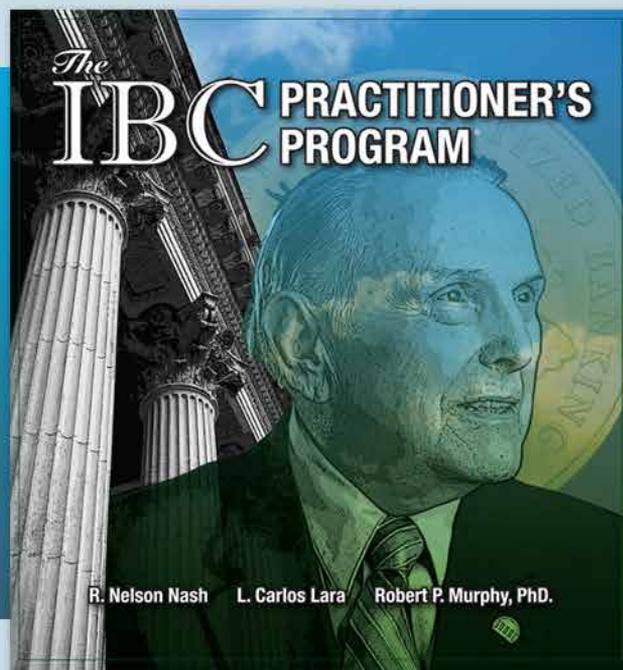
Lara-Murphy
Reporting

THE IBC PRACTITIONER'S PROGRAM

A self-paced course to becoming an authorized IBC Practitioner

The 13-lecture course consists of a hard copy, three-ring binder course manual, and online instructional videos. All designed exclusively for the financial professional.

Learn more or
SIGN UP NOW
infinitebanking.org



LEARN THE ECONOMICS OF LIFE INSURANCE THAT YOU WON'T GET ANYWHERE ELSE!

with video lectures and comprehensive written material from your instructors:



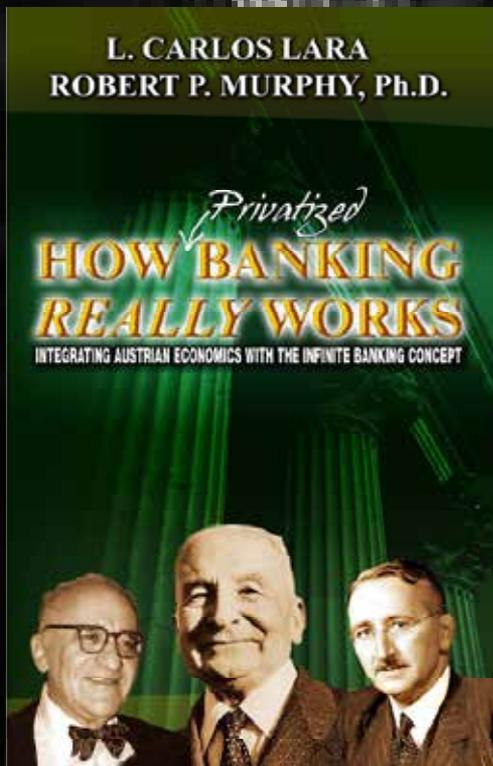
R. Nelson Nash



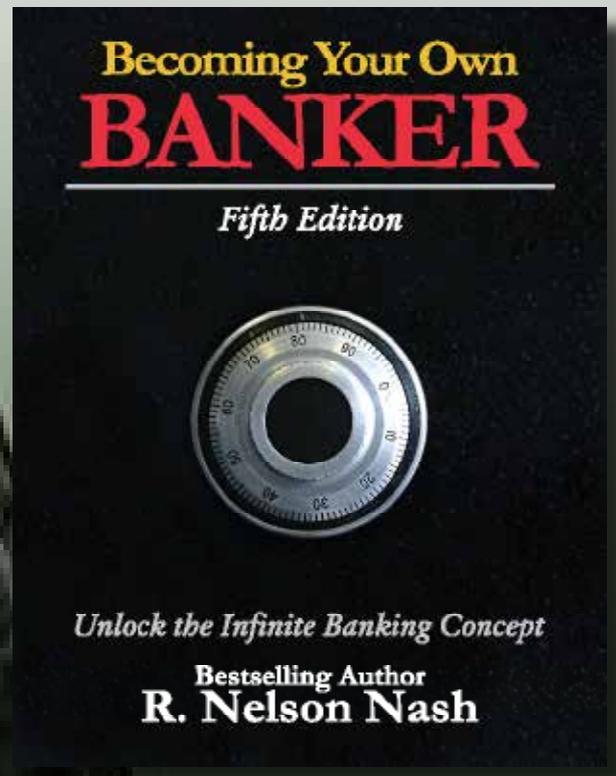
L. Carlos Lara



Dr. Robert P. Murphy



+



FUND YOUR OWN BAILOUT

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

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