

Albert Jay Nock Forum & South Bay Supper Club Superfluous Newsletter (and Memoirs)

90370 World Way Centre · 5800 West Century Blvd.

Los Angeles, CA 90009 · Reservations (213) 378-2358

Facilitator: Chauntecleer Michael

Mistress of Ceremonies: Linda Rader

Superfluous Editor: SEK3

or Samuel Edward Konkin III

All Meetings occur on the LAST MONDAY OF THE MONTH

MAY 27, 1985

Speaker: HARRY POLLARD

Harry worked his way up from Young Liberal leader in London, England to director of the Henry George School in Southern California and supporter of the libertarian movement since the early days. Consistent to all these influences was the passion for the defense of Free Trade and opposition to Protectionism and War. It is no surprise in these times of Congressional thugs bashing Japanese businessmen for providing us what we want cheaper and better that Harry has crossed over from his own supper club (Final Friday) to address us on

Free Trade or War?

Come and enjoy the unleashing of his biting English wit against the forces of mercantilist darkness. Come and see the even rarer spectacle of libertarian unity on the subject we actually all agree upon, expressed by a master rhetorician. Harry's got some surprising new examples of recent job destruction by protectionism to add to your intellectual ammunition arsenal. So come for rearmament, recharging, and

Co-Mingling & Conviving, Supping & Saging

RESERVATIONS: Please RESERVE by TELEPHONE, (213) 378-2358 (24 hour answering machine).

Leave your name, the number in your party, and whether you are coming for dinner or the programme only. This way, the restaurant can make adequate preparations for a statistical universe: we keep them happy and they make us happy (and keep our liason, Terri Jackson, from committing hari-kari!)

MENU: Select your own meal from the full menu, a la carte, at a price range from \$3.00-\$17.00. IF you are SEATED and ORDER by 7:00 P.M., you may also choose from the early Sunset Menu: seven (7!) complete dinners priced below \$8.00. Wine and cocktail service will be available on a pay-when-served basis, please. **WARNING:** The pastry table at this restaurant features desserts that will test the resolve of the most resolute dieter! Separate checks, 15% gratuity added.

PROGRAMME CHARGE: There will be a programme charge of \$1/00 for those who are joining us for dinner. The charge for non-diners is \$3.00. **There will be a \$1.00 discount from these prices if you reserve at least 24 hours in advance.**

FREE to attendees • \$5/year for those outside our meeting radius.

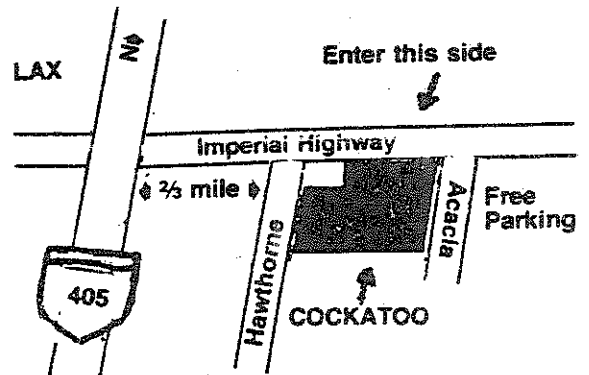
Volume I, Number 1

Published May 14, 1985

LOCATION: The COCKATOO INN, 4334 W. Imperial Highway (½ a mile EAST of the 405, between Hawthorne Blvd. & Acacia, near LAX) — which wants us to be there! — has given us the CROWN ROOM, a beautiful private dining room within the hotel restaurant (but without any restaurant noise!) as our permanent home! The restaurant is on the Imperial side of the building. (See MAP, please.)

TIME: COCKTAILS at 6:00 P.M.
DINNER at 7:20 P.M.
(7:00 P.M. for the optional Sunset Menu)
SPEAKER at 8:20 P.M.

NEXT MONTH 24 JUNE 1985 Green activist and writer, **CAROL MOORE** on "Decentralizing," based on her recent article for Nomos.



Remnants

Wilkommen, bienvenue, welcome... to yet another libertarian newsletter. As our inspiration Albert J. Nock would say, we are either unique or superfluous. As always, you qua element of the Market decide voting with the usual Natural Ballot.

Nock Meeting Reports Fractional-Reserve Banking: Free or Fraudulent?

Meeting of March 25, 1985

The Albert Jay Nock Forum & South Bay Supper Club (AJNFC) helped exacerbate schisms or furthered discussion of serious Movement divisions, depending on one's view, once again. Last year it was the Natural Outlaw/Natural Lawman split (since occupying an issue of *New Libertarian*) with Harry Pollard siding with the Outlaws and Robert LeFevre straight-shooting for the Lawmen — each at separate-but-equal meetings.

This year, at the March 25, 1985 meeting, Facilitator Chauntecleer arranged a direct confrontation between exponents of opposing views on the question of what constitutes libertarian limits on the practice of banking. One of the major problems is properly wording the dichotomy so that the differences can be confronted; the careful diplomatic wording of the title led hard-money financial advisor Rick Johns to assume there was little disagreement between him and the theoretician of the Libertarian Party's Left Wing, Jeffrey Rogers Hummel. (In this observer's estimation, there were several grounds for declaring a mismatch: Johns is a non-Party minarchist; Hummel is a pro-LP anarchist and former LP campaign official; Johns is primarily economics-oriented while Hummel is Revisionist-History centered; Johns was unaware of anarchist opposition to full gold-reserve banking before tonight; Hummel delights in gadfly advocacy and was fully up on John's position. Nevertheless, Johns recovered and with a little help from the audience, the total debate turned out fairly balanced.)

Essentially, the anarchofractionalists take the position that free banking means "anything goes" while they all with the rest of Libertarians in opposition to any form of State regulation, they assert that anything a bank does *without* the State is acceptable, subject only to market controls. Since they see fractional-reserve banking abounding in the present market and relatively-free historical periods such as the eighteenth-century Scottish banks, they believe that such practices will continue should modern society embrace anarchy.

Their opposition, the economic Rothbardians or anarchogoldbugs (anarchaurists), equally oppose the State's interventions but differ on two crucial points. Morally, they consider fractionalism to be a form of fraud and hence aggression which would result in restitution by agorist protection agencies (or shunning amongst pacifists) and the closing-down of the financial confidence tricksters. Empirically, they argue that all fractional-reserve banking has been maintained by extensive duping with ultimate resort to the force of the State to short-circuit market correction.

So much for the division in a nutshell; several other consequences of this disengagement emerged in the discussion. To both sides' credit, accusations of cryptostatism were ruled out by both honourable debaters, though not entirely by the audience (not to mention the club's facilitator and its reporter, on opposing sides of this schism). For the innocent and curious, the charge is that the other side has concocted an arcane anachronicalisation for a statist policy: the anarchofractionalists are supposedly covert agents for the Federal Reserve Board and the anarchogoldbugs are covering a move to impose a State gold standard. There happen to be individuals on each side who fit these negative descriptions.

Editor's Job

Some of our nuances include greater depth in meeting reports, listing and discussion of other supper clubs (often only *critical* endorsement implied), letters from readers both within and outside of our meeting radius, and that peculiar reportorial style of Critical Boosterism so beloved by our paradoxical Facilitator that its perpetrator was lured from *New Libertarian* magazine to deliver it. (I wonder if anyone else was available?)

And we also carry the monthly meeting announcement and its attendant hype, advertisements of our mercantile boosters, and the usual news notes as fillers—just like all the other supper club newsletters. So let us know how you feel — excuse me, reason — about *AJNFC* or *SBSC* or *SN* for short. (Apostrophe preferred.)

Letters

Dear Editor, April 1, 1985

Is it true you smashed the State back in 1974 but, because of factional disputes, didn't tell us?

Edward Mikron
Long Beach, California

Yes. Now shut up. —SEK3

Sir: April 15, 1985

Why is it you have not mentioned that Tax is Theft! *once* in your first issue? Don't you care about the starving children in Ethiopia, Appalachia and Huntington Beach? Is it true that the staff of *reason* magazine are moving to Scottsdale, Arizona to put out fires? And what about the Land Question?

S.M. Watson
Costa Mesa, California

I'll bet you're just the spray before the tsunami. But to answer your (universal) questions: (1) Assume I'm on the Right Side of every issue until you discover otherwise. (2) Only the anarchokids in Huntington Beach totally. For sure. (3) Yes, far as I know. (4) May I never hear it asked again!

—SEK3

Dear Deviationist Scum: May Day 1985

I see nothing but lies, hypocrisy and incitement to hate in your first issue. I got so excited I wet my fuse!

Ah, here's a dry one...does your mailbox accept spherical packages with sparking protrusions? It's just a little, itty-bitty bomb...?

Tanya
San Clemente, California
No. —SEK3

Rick Johns spent his opening arguments with the Austrian definition and evolution of money. Since Hummel agreed to it, the debate did not begin until Hummel spelled out his position (Johns went first because Hummel won a coin toss).

Jeff Hummel created three divisions: the 100%-gold reservists; the commodity-based but fractional-reserve monetarists; and those arguing for institutionally-issued currency which would outcompete commodity currency. (The first two correspond roughly to the division beginning this report.) The third position is held by no anarchist libertarians save David Friedman on the far left of the Chicago School and neither side of the debate took it up.

Hummel defined fractional-reserve practices and then took his first controversial position: a promise to pay on demand is not the same as promising to maintain on the premises that which is to be paid. Hummel claimed the contract is fulfilled as long as each bearer of a note is paid on actual demand even though a demand by most bearers (a "run on the bank") would compel forfeiture of contract. Only at that point — getting caught — would fraud occur.

Johns failed to deal with this argument leaving Hummel with apparent moral superiority until the question period. [Hummel asked how many in the Nock Forum audience had believed that when they made deposits in a bank, that the bank kept 100 cents of each of his deposited dollars in reserve for his withdrawal. No hands were raised.—Chauntecleer] Hummel further asserted that the millions of bank customers in North America and Europe are aware of the bank's practices and, by continuing to deposit, approve of these practices. He claimed that similar practices were conducted in other industries, almost all cases of overbooking: airline tickets, cafeteria service, parking spots in a lot and theatre tickets.

Johns dealt much more effectively with the latter arguments in his five-minute rebuttal time. He claimed he did not choose to speculate what the market might produce, only what it did. He ridiculed fractional-reserve parking, asking what reaction would be engendered by claiming a car and finding you were offered another for your check because the car you deposited was loaned out. Summoning a sheriff, you find him backing up the parking attendant. *That is our current situation with the Federal Reserve and fiat money; the anachrofracationalists are advocating "armed robbery without the arms."*

Hummel in his rebuttal time tried to press an historical interpretation in his favor. He claimed that fractional reserving arose on the Free Market and that times of relatively free banking saw lower reserves.

On re-rebuttal, Johns finally hit his stride with contrary historical examples (though he still failed to directly challenge Hummel's moral and empirical claims). Besides exemplary historical examples of the market demanding gold warehousing (the Bank of Amsterdam), he finally tossed out the trump of current example: the depositors of the Ohio Savings & Loans companies who are loudly wondering where their money is. They certainly are not acting like losing bettors or investors. Johns quotes Establishment bankers to show they were themselves quite aware of their thimblerrigging practice.

Hummel, still getting away with much of his moral stance, re-rebutted that the opposition to fractional-reserve banking is based on a false chain of reasoning, to wit, that such practice leads to inflation which leads to business cycles. He accused the anarchurists of "giving economic analysis precedence over ethical analysis." He concluded with an iteration of the claim that frac-res banks offer a service people want and attacks on it as attacks on the sanctity of contract.

New Libertarian

Order from NLC, 1515 West MacArthur Blvd., #19, Costa Mesa, CA 92626 • \$12.50/5 issues (year).

BLACKS

No. 12, Special Theme Issue

on *Is The Libertarian Label Hopelessly Soiled?* with Wendy McElroy, SIL's Jorge Amador, Robert LeFevre and SEK3. Also in this issue: Robert Anton Wilson on Nietzsche, Jeff Riggerbach on Decadence, Rich Friedman on Alfred Bester, Jared Lobdell on the *New Individualist Review*, Cary Darling on anarcho-music (new feature!) and the libertarian-SF authors' market (L. Neil Smith, J. Neil Schulman, Wendy McElroy, Brad Linaweaver, Richard E. Geis, and Victor Koman) and lots more!

Lysander's Books Presents

LYSANDER'S LECTURE #6

Speaker: **Wendy McElroy**

Date: *Wednesday, May 22nd*

Time: 8:00 p.m.

Location: *Los Angeles Press Club
600 N. Vermont, Los Angeles.*

Subject: *L.A. Anti-Pornography Ordinance: The Coming Storm.* The County Board of Supervisors will vote on this at the end of the month. Their vote may determine how much censorship we live under.

LYSANDER'S LECTURE #7

Date: *June 26*

For more info., call (213) 463-9972

SPECIAL EVENT

Peggy Hutchinson,

Director of Border Ministry of the Tucson Metropolitan Ministries, indicted with eleven others on 71 counts of conspiring, harboring, and transporting Salvadoran refugees, *in town for one day only*, speaks on

Sanctuary vs Natural Law, God's Law, Government Law: Who's Breaking The Law?"

Wednesday June 26, 1985. Telephone Dagny (213) 438-7788 • Wendy 463-7792 for place, time and price.

Co-sponsors of this event:

Dagny & Lysander's Books

Endorsed by

Albert Jay Nock Forum & South Bay SC
Liberty Forum, the Orange County SC
The Movement of the Libertarian Left
Region 64 Supper Club
Society for Libertarian Life
George Orwell Society, The Libertarian Revisionist History Club
First Libertarian Church
Henry George Alumnus Group

Before the question period could reach the audience, Chauntecleer and Rick Johns held an exchange on historical occurrences of notes representing gold trading at a premium to gold.

Robert LeFevre asked us to consider the bankers' point of view: wishing, like every businessman, to maximize his gain. Johns riposted at long last with a direct attack on the bankers' action as *fraud* — not market transactions at all. If they wish to borrow your money openly, they are perfectly able to issue certificates of deposit now. Hummel returned to his claims that an aware public was voluntarily assuming risk — but now he set up a line of retreat: he accused the anarchaurists of wanting a consumer protection agency for bank depositors and compared them to opponents of drug consumption.

Mike Steele took a novel position: Hummel proved that fractional reserving can thrive in the market but not that it was socially harmless — hence, the need for State intervention! Neither Johns nor Hummel accepted that but diverged on what led Steele to his error.

Several black herrings were netted. One questioner attempted to bring up inflation and whether or not paper represented wealth. Another claimed that only a semantic problem existed (obviously not: clear alternate action resulted from the choice of either position).

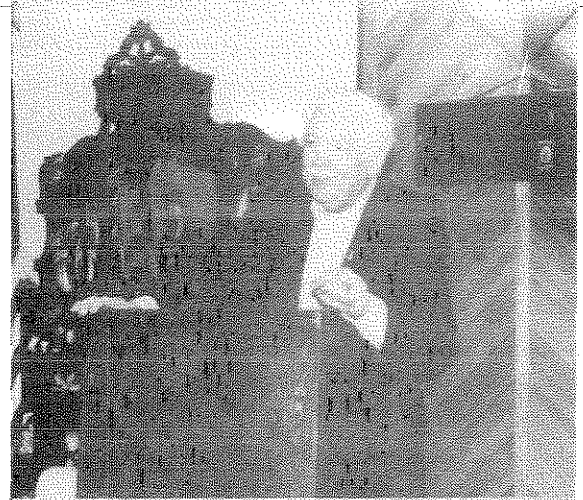
Charles Curley began the return to the point by asking what the "contract" (of deposit) wording was, and both speakers came out squarely for clarity. Another suggested insurance against bank runs as a solution but no one was enthusiastic over merely spreading a risk which was yet to be agreed upon.

Finally, your reporter was recognized, and (changing hats) as SEK3, ultra purist, hit Hummel on two of his main vulnerable points. First, no contract existed by Austrian definition (no date specified for payment of future goods for collected present goods) — hence, the fraud charge was operable. Second, the historical examples of those who *did* become aware of banker manipulations showed strong hostility to the practice and several anti-bank movements (Jacksonians, Populist, Social Credit) resulted.

Hummel threw out my (standard Misesian) definition of contracts and then irrelevantly claimed that historical opposition to banks had not led to freer markets (but, in saying this, acknowledged that such opposition existed — refuting his earlier stance). Hummel now claimed that runs on banks proved that depositors knew what they were doing all along. (The Queen of Hearts must have seized his brain momentarily; why did they hesitate so long to use that knowledge? In fact, if they were going to run, why deposit in the first place?) [Mostly for the interest on and the relative physical safety of their savings. —Chauntecleer] (But they knew it would not be safe and the interest was an illusory gain—if they knew what they were doing! —SEK3) Hummel stuck with his last uncontested position: fractional-reserve banking was a free-market business decision, not a criminal act. He asked why the anarchaurists were "willing to trust spontaneous order for everything else but not for banking."

After innumerable irrelevant questions and side issues, much of the audience gone, and Rick Johns himself having left, your reporter answered Hummel decisively: we treat fractionalizing as we treat other frauds, murderers and thieves. The market acts through its protection agents. Hummel's last gasp was to grab for the singular case where no defrauded depositor wished to press a claim. No problem, responded SEK3; same case as a LeFevrian or Quaker not wanting defence from an assailant. But all it takes is one victim to "breaking the bank," [said SEK3, anarcho-menacingly. —Chauntecleer].

Continued Next Issue



Some of our best and brightest:
Top: **Robert LeFevre** holds forth
at one side or the other of the
lectern at most meetings.



Middle: **Jeff Hummel** at a Con.
Bottom: **Brad & Brad** meet at
last! **Linaweaver** (left) worked at
AJNF until recently; **Rodriguez**
spoke in January of this year.