
The Voluntaryist

Whole Number 145

"If one takes care of the means, the end will take care of itself"

2nd Quarter 2010

"There Is a Tide in the Affairs of Men": Robert Prechter, Elliott Wave Theory and Voluntaryism

By Carl Watner

[Editor's Note: This article was started in early February 2009, after the election of Obama, after world stock markets had lost some \$ 32 trillion dollars in value, and before the great stimulus package had been hammered out. The Dow Jones Industrial Average stood just above 8,000. It will likely be posted on the world-wide web in the next few months. However, subscribers will probably not read it in their newsletters until sometime in 2010. Please keep this dating in mind, just in case the economic and political conditions under which it was written change, either for the better or the worse. (Footnotes may be found in the on-line version of this article.)]

Can you identify the author and the date of publication of the following book excerpt:

An increase in the supply of money [and credit] depends mainly upon borrowing. Unless the psychology of the American consumer can be turned around, consumers will not start new borrowing that will create more new money. Until consumers start to demand more and buy more, business will not expand more. Therefore business will not borrow more. Therefore, in spite of the great increase in the money supply caused by the Federal deficits, the total money supply will continue to shrink. As it shrinks it will bring about bankruptcies, and these bankruptcies will cause others, which will end in a great domino display of deflation. The destruction of money will far outpace the manufacture of money by the Fed, and we shall be plunged into the worst depression in the history of the world. [1]

Any guesses: Murray Rothbard, *AMERICA'S GREAT DEPRESSION*, 1963; Harry Browne, *HOW YOU CAN PROFIT FROM THE COMING DEVALUATION*, 1970; Alexander Paris, *THE COMING CREDIT COLLAPSE*, 1974; James Dines, *THE INVISIBLE CRASH*, 1975; C. V. Myers, *THE COMING DEFLATION*, 1976; Robert Prechter, *AT THE CREST OF THE TIDAL WAVE*, 1995, and *CONQUER THE CRASH*, 2002; Roger Bootle, *THE DEATH OF INFLATION*, 1996, and *MONEY FOR NOTHING*, 2003; Nouriel Roubini and Brad Setser, *BAILOUTS OR BAIL-INS*, 2004?

Well, you had no idea there were so many doomsday Cassandras, did you? If you guessed Robert Prechter (because he is mentioned in my subtitle), you were wrong. The quote is actually from C.V. Myers, whose biography, *FIFTY YEARS IN THE FURNACE* (1989), I reviewed in December 1990, in Whole Number 47.

Now what was the point of this little quiz? It simply is to observe that there have been a number of economists and investment advisors who predicted a second Great Depression. Every one of these authors recognized that "every financial mania in history has been followed by a commensurate bust," but only two or three of them were so astute as to get their timing close to the event. [2] Myers, as we can see, was thirty-two years ahead of his time. Of the list I presented, only Bootle, Roubini, and Prechter were within ten years of an accurate prediction. Of these three, not only is Bob Prechter a long-time subscriber to *THE VOLUNTARYIST*, but he is the only one to have fleshed out a theory of mass human behavior which links human emotions and psychology to the credit booms and busts we have recently experienced.

How did Bob Prechter become the world's best known advocate of Elliott wave theory, one of the few economists to anticipate a deflationary depression, and a voluntaryist, to boot? Born in 1949, Bob is father of two grown children. He attended Yale University on a full scholarship and graduated in 1971 with a degree in psychology. After an interlude as a drummer in a rock band, he joined Merrill Lynch as a market technician in 1975. His father was a student of finance and the stock market, and on his dad's advice, Bob invested in South African gold stocks a year after his graduation. Within sixteen months he had quintupled his money and he was drawn inexorably toward the stock market as a career. (It appeared potentially more profitable than making music.) While at Merrill Lynch, a friend gave him a "barely readable photocopy of Hamilton Bolton's 1960 book" about Ralph Nelson Elliott, who had charted stock prices throughout the Great Depression. [3] Elliott (1871-1948) was a professional accountant who had worked in the restaurant industry and for the U.S. State Department in Nicaragua during the 1920s. While recovering from a serious illness, he discovered the fractal nature of stock prices. He subsequently wrote two books, a series of articles, and over 100 newsletters describing the wave-like structures he observed in his research. Bob found Elliott's theory intriguing because of his own personal

(continued on page 2)

The Voluntaryist

Editor: Carl Watner

Subscription Information

Published quarterly by The Voluntaryists, P.O. Box 275, Gramling, SC 29348. A six-issue subscription is \$25. For overseas postage, please add \$5. Single back issues are \$5. Gold and silver readily accepted. Please check the number on your mailing label to see when you should renew. THE VOLUNTARYIST is online at www.voluntaryist.com. Permission to reprint granted without special request.

interest in human psychology, and because no other theory of market behavior had ever come close to matching the accuracy of the forecasts of the Elliott Wave Principle. Prechter began charting stock prices himself, and eventually teamed up with A. J. Frost, another Elliottician, in 1978, to co-author THE ELLIOTT WAVE PRINCIPLE. This is “the only book in stock market history” to have forecast not only a great bull market but its subsequent complete retracement. [4] Part 2 of that forecast seems to be happening now. Prechter later developed his thesis of a deflationary depression in his 1995 book, AT THE CREST OF THE TIDAL WAVE: A Forecast for the Great Bear Market, and in his 2002 book, CONQUER THE CRASH: You Can Survive and Prosper in a Deflationary Depression.

In 1976, while at Merrill Lynch, Bob began writing THE ELLIOTT WAVE REPORTS for the firm. In 1979, he left to start his own publication, THE ELLIOTT WAVE THEORIST. In 1982, THE ELLIOTT WAVE THEORIST called “for the Dow to rise 3000 points from the 900 level.” [5] By 1985, his publication was on its way to becoming the premier, must-read investment newsletter on Wall Street. This came about as a result of word of mouth interest, but also because of Bob’s success in the 1984 options trading division of the U.S. Trading Championship contest. He poured his efforts into the competition, and at the end of the 4 month trials, his account was up 444%. “At the time, it was the highest score in the history of the contest.” [6] About 90% of his financial predictions between 1983 and 1988 were right on the mark. In December 1989, Financial News Network named him “Guru of the Decade.”

However, not all his forecasts were to be so prescient. Despite his earlier successes, and his continued accuracy in forecasting gold and silver (all his commentary appears in HOW TO FORECAST GOLD AND SILVER USING THE WAVE PRINCIPLE), between 1991 and 1999, his stock market predictions were well off the mark.

[A]fter exiting near the [stock market] high in 1987, I concluded after the crash that the bull market was probably over and did not re-enter the market. Even after the market made new highs, the advent of the new horde of green investors,

who were buying stocks like catfish in a feeding frenzy, kept me too cautious to recommend buying the market as a whole. [7]

As Bob puts it, the duration of waves is the least predictable element in Wave Principle forecasting, but that doesn’t necessarily destroy its truth or effectiveness. What the Wave Principle “provides [is] an objective means of assessing the relative *probabilities* of possible future paths for the market.” [8] The Wave Principle unequivocally encouraged him to stick to his guns, even if his timing was years early in predicting disaster. In fact, that is one personality trait that has been with him for years. “[W]hile attending summer school [in his teens] with the Georgia Governor’s Honor Program, [he] was given a psychological test and told that one of [his] skewed traits was ‘tough-mindedness.’” From his adult perspective this was a benefit: if you think the stock market crowd is on a binge and about to stampede over the cliff, the time to depart is well before it reaches the precipice. Better a year too early, than a day late. [9]

Bob’s interest in Elliott was undoubtedly sparked by his college studies in psychology, As Bob describes himself:

I am an observer of crowd behavior. ... In my opinion, all history flows from the truth that men have a nature, that this nature produces patterns of interaction, and that these patterns of interactions produce results. Elliott broke major ground in the field of sociology when he showed that behavioral patterns inherent in human interaction shape financial events. I would add that they shape *all* collective events and trends. [10]

“Ralph Nelson Elliott’s great insight,” was that “financial markets have a specific organizational law of patterned self-similarity,” and that “social or crowd behavior trends and reverses in recognizable patterns.” [11] He identified 13 patterns or waves that recurred in the market data he studied during and after the Great Depression. Mankind’s progress, he noted, is not in a straight line, but neither does it occur randomly or cyclically, “Rather progress takes place in a three steps forward, two steps back fashion, a form that nature prefers.” [12] “In the biggest imaginable picture the trend is always up, according

The Money Was Really Gone!

When the bottom dropped out of the stock market, the wealthy were hit first. But it wasn’t long before the Depression came sweeping through our little town. “The banks went broke and closed their doors. It was hard to believe that the money we’d saved there was really gone.”

- Cecil Culp in WE HAD EVERYTHING BUT MONEY (Deb Mulvey, editor, Greendale: Reiman Publications, 1992, p. 14).

to the Wave Principle. Mankind is on an upward path, with corrections along the way as he moves through history.” [13]

Prechter, building on Elliott’s work, recognized that there must exist an unconscious herding impulse within humanity that impels trends in social mood. He proposes that this herding impulse is central to the working of the economy and valuations in the stock market. The herding instincts of early man are still apparent in today’s world. “Herding is an unconscious impulsive behavior developed and maintained through evolution.” [14] The knowledge that *others’* investment decisions can determine their own success or failure creates an *environment of uncertainty*, in which people are ripe for taking cues for their own actions from others. “Herding induces feelings of safety and well-being” so investors whether buying or selling with the herd “are always acting unconsciously to reduce risks, thanks to the emotionally satisfying impulse to herd.” When humans do not know what to do “they sometimes act as if others do, and follow them as if following the herd” - even though “they don’t realize that most others in the herd are just as uninformed, ignorant, and uncertain as they are.” Herding occurs in a rising stock market. Buyer’s think, “‘The herd must know where the food is. Run with the herd and you will prosper.’ Sellers in a falling market appear to think, ‘The herd must know there is a lion racing toward us. Run with the herd or you will die.’” [15]

Combining observations from both sociology and economics, Prechter has developed a theory of *socionomics* to explain the relationships between the stock market, society, popular culture, and government. His basic “*socionomic*” insight is that social events do not shape social mood, but rather the herding impulse and social mood shape events. “Major historic events which are often considered important to the future (i.e., economic activity, lawmaking, war) are not the causes of change; they are the result of mass mood changes that have already occurred.” [16] The market does not respond to outside events, such as natural disasters, the outcome of political elections, revolutions, or wars. Rather, “collective psychology is impulsive, self-generating, self-sustaining, and self-reversing. ... Events that make history are the result of mass mental states that take time to develop. This is the only possible explanation for the constancy of structure and consistency of pattern that markets reveal.” [17]

Prechter points out that most people believe that history shapes social mood, whereas the truth is exactly the opposite: collective mood shapes history. The stock market, in which people can express their moods nearly instantaneously, is a register of social mood and the mass emotional outlook. In other words, the stock market goes

down because people’s mood has changed from optimistic to pessimistic. “An increasingly optimistic populace buys stocks and increases its productive endeavors. An increasingly pessimistic populace sells stocks and reduces its productive endeavors.” [18] “The cause of future events is changes in the mass emotional outlook. That ... comes first. ... People’s emotional states cause them to behave in ways that ultimately affect economic statistics and politics.” [19] For the overall social mood to change, “all that is required is for *some* particularly susceptible people to undergo a *substantial* change in mood, and/or for *most* people to undergo *some* [small] change in mood.” [20]

This interpretation of mass psychology and financial events is particularly applicable to today’s debate among free market advocates as to whether deflation or inflation will rule the day. As one commentator has calculated: the world stock market has lost \$30 trillion in value during the last year; the world housing market has suffered a net loss of another \$30 trillion. “This doesn’t even include the losses from other asset classes that have been decimated, such as corporate bonds, commodities, and commercial real estate.” [21]

Can the United States government and the Federal Reserve in Washington jump start the economy - even

“How Would Money Be Produced In a Free Society?”

Who has the right to modify the quantity of money? ... [I]n a free society, the obvious answer is: all producers of money have the right to produce more money, and all the owners of money have the right to use their property as they see fit.

In a truly free society, the production of money is a matter of private initiative. Money is produced and sold just as any other commodity or service. And this means, in particular, that in a free society the production of money is competitive. It is a matter of mining precious metals and of minting coins, and both mining and minting are subject to the competition emanating from all other market participants. In selling his product, the money producer competes with all other people who own money and seek to buy the same goods that he desires. And in buying factors of production, the money producer competes with the producers of chairs, theater performances, telephones, carpets, cars and so on. In a word, in a free society the production of money is constrained within fairly narrow limits, limits that are determined by the willingness of other members of society to cooperate with our money producers rather than with someone else.

- Jorg Guido Hulsmann, DEFLATION AND LIBERTY Auburn: Ludwig von Mises Institute, 2008, pp. 29-30.

with a trillion here or a trillion there, when worldwide losses are of such a magnitude? Furthermore, how effective can the government be in changing social mood? Despite what most people think, government officials do not affect trends; they only react to them. Prechter's observations are confirmed by the Japanese experience of the last two decades. Neither the Bank of Japan or the Japanese Ministry of Economics have been able to "inflate" their economy out of its doldrums. [22] Is it true, as most people believe, that Federal Reserve officials really know what they are doing? Prechter says they don't, and labels this popular belief (that they can "direct" the economy) the fallacy of the potent director. [23] Treasury Department and Federal Reserve officials cannot force banks to lend, nor people to borrow if everyone is pessimistic about the future of the economy.

Based on the Wave Principle, Prechter has forecasted a second Great Depression based on the peaking of a wave of a very large size. Never before has an Elliottician been alive to [witness] the termination of a wave structure of this magnitude, when all fifth wave cycles terminate at the same time. Elliott Wave analysis supports the fact that during the last two centuries, the various fifth waves have unfolded according to the rules and guidelines of the Wave Principle. This is a strong indication that the biggest bear market since the 1700s is a reality, and gives credence to Prechter's ongoing prediction that the Dow Jones Industrial Average will fall back below 1000, and probably to below 400. [24]

As Prechter sees it, the inflation of the past hundred years has been "not primarily currency inflation but credit inflation." [25] The entire world has been on a credit binge based on the marriage of three institutions: fiat money, fractional reserve banking, and government subsidies for the creation of credit. Gold and silver have gradually disappeared from our monetary system, and have been replaced by irredeemable legal tender paper money. Government legislation and court decisions have built up a system of central banks in every country that operate on miniscule reserves (hence the name, fractional reserve banking). Government and corporate borrowing, housing and real estate mortgages, and personal loans have reached all-time nominal highs, as governments have tried to "buy" public support. The ability of governments, individuals, and corporations to repay their debts is now at all time lows. If borrowers pay back their loans without renewing them, or if borrowers default on their loans, the approximate 600 to 1 fractional reserve multiplier (i.e., for every \$1 loaned into existence, another \$600 may be created) goes into a devastating reverse gear. [26] Printed currency stays in the system, but inflated credit can implode upon itself. "Total *credit* will contract, so bank deposits will contract, so the supply of *money* will contract, *all with the same degree*

of [reverse] leverage with which they were initially expanded. Th[is] immense reverse credit leverage of zero-reserve (actually *negative-reserve*) banking, then, is the primary fuel for a deflationary crash." [27] As Prechter concludes, "Credit deflation is the most devastating financial event of all." [28]

Of the three items listed in our sub-title to this article, we have discussed Bob Prechter and Elliott Wave theory but what of their relation to voluntarism? Why should a voluntarist be interested in these topics, and why should Bob Prechter be a voluntarist?

As Prechter explains it, initially he was influenced by his father's support of limited government. Then he began to see government's negative influence in the running of the courts, the police, and the military. Eventually, he reached the point where he could declare himself "100% for voluntarism." [29] As an example of this, in 1995, in *AT THE CREST OF THE TIDAL WAVE*, he wrote:

The only sound monetary system is a voluntary one. ... [P]rices should be denominated not in state fictions, such as dollars, yen, or francs, but in grams of gold. Anyone might issue promissory notes as currency, but the acceptance of such certificates would then be an individual decision, and risk of loss through imprudence or dishonesty would be borne only by a few individuals by their own conscious choice after considering the risks. ... Thievery and imprudence will not disappear among men, but at least such tendencies in a free market for money would not have the potential to be institutionalized, as they are when a state controls the currency. ... [N]ationwide disasters that state controlled money has facilitated throughout history ... have ... had global repercussions. [30]

There are two ways that credit can be liquidated.

The first can be by inflation, by increasing the amount of money and credit in existence, so that the value or purchasing power of each unit of money is thereby diminished. A debt of \$500, which originally would have bought one ounce of gold, is paid off with \$ 500 inflated dollars with a purchasing power of 1/100 of the original, of which \$500 inflated dollars will buy only 1/100th of an ounce of gold. Or the "second way massive debt can be liquidated is through bankruptcy. That is to say, default. A man lent a hundred dollars. The debtor goes broke and says to the man simply, 'I'm sorry - I can't pay you back - I don't have any money'. ... [This] means deflation; that is bankruptcy and depression."

- Paraphrased and quoted from C. V. Myers, *THE COMING DEFLATION* (New Rochelle: Arlington House, 1976 [1978], pp. 33-34).

A year later in his book, PRECHTER'S PERSPECTIVE, he again wrote that "The only way to guarantee that politicians will never again inflate is to introduce private money and ban legal tender laws." The production of money would be open to "anyone that wants to issue it! The marketplace will choose the soundest forms of money, and competition will insure that they are produced." [31]

Prechter has also blasted the idea that "a growing economy needs easy credit." As he puts it, a growing economy needs wise credit, not easy money. Wise credit can never be administered by those in government. "Credit should be supplied by the free market, in which case it will almost always be offered intelligently, primarily to producers, not consumers. Would lower levels of credit availability mean that fewer people would own a house or a car? Quite the opposite. Only the timeline would be different. Initially it would take a few years longer for the same number of people to own their own houses and cars - *actually* own, not rent them from the banks. Because banks would not be appropriating so much of everyone's labor and wealth, the economy would grow much faster. Eventually the extent of home and car ownership -*actual* ownership - would eclipse that of an easy credit society. Moreover, people would *keep* their homes and cars because banks would not be foreclosing on them. As a bonus, there would be no devastating across-the-board collapse of the banking system, which history has repeatedly demonstrated is inevitable under a central bank's fiat-credit monopoly." [32]

Despite his support for free markets in money and banking, Prechter has noted that "none of this had to do with Elliott waves or socionomics." Nevertheless, he believes that both are compatible with liberty. They remove "the essential crutch upon which government meddling stands: the idea that social events can change the mood of the public." It would appear that all governments need to do to succeed is to manipulate events, to improve the public's mood. "But social mood is endogenously regulated, which means that no [government] can change its path." [33] In other words, Prechter believes that the "collective unconscious herding impulse cannot be tamed, directed, or managed." [34] This means that government propaganda will be nearly ineffectual and explains why in George Orwell's *1984* those in government left the proles to their own designs. "As the Party slogan put it: 'Proles and animals are free'." [35]

What is the connection between Elliott wave theory, socionomics, and voluntarism? As Prechter has explained, the "actions of central authorities are irrelevant to whatever is essential to market behavior," which means they are irrelevant to social mood.

People today almost unanimously agree that government[s]have potent and magic powers

"How Governments Create Money"

How does this system of money creation work? A simplified but true explanation: The government needs ten billion dollars (aside from what it takes in from income taxes or from what it borrows). So the government then prints ten billion dollars of interest-bearing US government bonds. Next, it takes the bonds to the Federal Reserve. The Fed accepts the bonds, and then places ten billion dollars in a checking account. The US government then writes checks to the tune of ten billion dollars against their checking account. But where was that ten billion dollars before the Fed issued the money? The money didn't exist. Can you believe that the money was created by the Fed "out of thin air?"

In other words, the Fed lends the US government the money - and the crowning irony is that the Fed then charges the government interest forever on the bonds that the US government sold to the Fed in the first place. And the debts build and build and the national debt grows ever-larger ... [and] the government taxes us to pay for the interest on [its] ever-expanding national debt.

- Richard Russell, "The Best of Richard Russell," July 1, 2008. www.dowtheoryletters.com.

to shape macroeconomic forces. The cause of this error is once again the belief in extramarket causality. In fact, it is the interaction of millions of people that sets interest rates and regulates the economy. The power of financial "authorities" to manage markets and economies is like the power of the Wizard of Oz: smoke and bluster. ... [I]f there is any result at all, ... [it] is to make things worse. [Attempts at control misdirect energy and resources.] Complexity theory recognizes nature's processes of *self organization*. It is a short step to realize that *society operates the same way*. That is why free societies are more successful and productive than controlled ones. They self organize far more efficiently than any human directors could make them do. [36]

So if the actions of government authorities are futile and irrelevant, then they must be unnecessary to the survival of a free society. The lessons are clear: political institutions steal from people; they are ultimately disastrous; and government policies, no matter how well intentioned, make things worse. But why does history repeat itself? Why do we keep having government institutions rule us? Why hasn't mankind learned from its past? Prechter answered these questions long before he was a voluntarist. He noted that it is one of nature's laws that mankind will refuse to recognize and willingly accept all of nature's laws. In fact, this is part of the

reason for the very existence of the Elliott Wave Principle: mankind refuses to learn from its own past. Some men can always be counted on to believe that two and two make five; that man can consume before he produces; that special cases exempt men from nature's laws; that what is lent never need be paid back; that paper is as good as gold; that benefits have no cost; and that the fears which reason supports will evaporate if they are ignored or derided. [37]

This being the case, is there any reason for optimism? "Yes, continually!" Prechter responds. Knowing that social mood is patterned allows you to anticipate all kinds of social trends, which means you can prosper in any financial environment, or even escape from life-threatening social troubles before they arrive. In other words, Prechter's theory of Socionomics provides a rational and practical approach to harness and benefit from Shakespeare's famous observation:

*There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat,
And we must take the current when it serves
Or lose our ventures.
Then, with your will go on. [38] ▽*

If precious metal coins are in circulation which are intrinsically worth their true value, the only kind of counterfeiting possible is with false, disguised metals. This has often been done, and was a major impetus to alchemy, and the manufacture of spurious gold and silver. But paper money invited counterfeiting by its very nature, since the essence of it is not its inherent substance, but the authority on which it was issued. Paper money is a symbol. To counterfeit is therefore not to fabricate a substance, but to impersonate the authority issuing it. Since anyone can print on pieces of paper, the authority must make the processes of manufacture of its paper money so intricate that they cannot be exactly reproduced.

- Robert Temple, THE GENIUS OF CHINA (1986), p. 118.

(continued from page 8)

We are on every continent.

This is not a burst of outrage; this is a sober declaration that we no longer accept unearned suffering as our role in life.

For long decades we sat quietly, hoping that things would turn around. We took no actions; we suffered along with everyone else. But after having our limits pushed back again and again, we have given up on your systems.

If our fellow inhabitants of this planet wish to accept your rule, they are free to do so. We will not try to stop them. We, however, will no longer accept your constraints upon us.

- From now on, when you hurt us, we will bite back. If you leave us alone we will leave you alone and you can continue to rule your subjects. We are happy to live quietly. But if you come after us, there will be consequences.

You caused this because of your fetish for control and power. The chief men and women among you are pathologically driven to control everyone and everything that moves upon this planet. You have made yourselves the judge of every human activity. No god-king of the ancient world ever had the power that your systems do.

You have created a world where only the neutered are safe and where only outlaws are free.

To The People of Earth:

We seek nothing from you. We do not want to rule you and we do not want to control you.

All we wish is to live on earth in peace. As always, we will be helpful neighbors and generous acquaintances. We will remain honest business partners and trustworthy employees. We will continue to be loving parents and respectful children.

We will not, however, be sacrificial animals. We reject the idea that others have a right to our lives and our property. We will not demand anything from you, and we will no longer acquiesce to any demands upon us. We have left that game. We reject all obligations to any person or organization beyond honesty, fair dealing and a respect for human life.

We will shortly explain what we believe, but we are not demanding that you agree with us. All we ask is that you do not try to stop us. Continue to play the game if you wish; we will not try to disrupt it. We have merely walked away from it.

We wish you peace.

To Those Who Will Condemn Us:

We will ignore you.

We welcome and seek the verdict of a just God, before whom we are willing to expose our innermost thoughts. Are you similarly willing?

We would stand openly before all mankind if it were not suicidal. Perhaps some day we will have to accept slaughter for our crime of independence, but not yet.

Your criticism and your malice are much deeper than mere disagreements of strategy or philosophy. You do not oppose our philosophy, you oppose our existence. Our presence in the world means that your precious ideals are false. Some of you would rather kill us than face the loss of your ideologies, just as those like you have either hated or killed every sufficiently independent human.

The Chinese invented paper “money” at the end of the eighth or beginning of the ninth century AD. Its original name was ‘flying money’ because it was so light and could blow out of one’s hand.

- Robert Temple, THE GENIUS OF CHINA (1986), p. 117.

You present yourselves to the world as compassionate, tolerant and enlightened, but we know that your smooth words are costumes. Oh yes, we know you, servant of the state; don’t forget, we were raised with you. We played with you in the schoolyard, we sat next to you in the classroom. Some of us studied at the same elite universities. We watched as you had your first tastes of power. We were the boys and girls standing next to you.

Some of us were your first victims. We are not fooled by your carefully crafted public image.

What We Believe:

#1: Many humans resent the responsibilities that are implied by consciousness. We accept those responsibilities and we embrace consciousness. Rather than letting things happen to us (avoiding consciousness), we accept consciousness and choose to act in our own interest.

We do not seek the refuge of blaming others, neither do we take refuge in crowds. We are willing to act on our personal judgment, and we are willing to accept the consequences thereof.

#2: We believe in negative rights for all: That all humans should be free to do whatever they wish, as long as they do not intrude upon others; that no man has a right to the life, liberty or property of another; that we oppose aggression, fraud and coercion.

#3: We do not believe that our way of life, or any other, will make life perfect or trouble-free. We expect crime and disagreements and ugliness, and we are prepared to deal with them. We do not seek a strongman to step in and solve problems for us. We agree to see to them ourselves.

#4: We believe in free and unhindered commerce. So long as exchanges are voluntary and honest, no other party has a right to intervene – before, during or after.

#5: We believe that all individuals should keep their agreements.

#6: We believe that honestly obtained property is fully legitimate and absolute.

#7: We believe that some humans are evil and that they must be faced and dealt with. We accept the fact that this is a difficult area of life.

#8: We believe that humans can self-organize effectively. We expect them to cooperate. We reject impositions of hierarchy and organization.

#9: We believe that all humans are to be held as equals in all matters regarding justice.

#10: We believe that the more a man or woman cares about right and wrong, the more of a threat he or she is perceived to be by governments.

#11: We believe that there are only two true classes of human beings: Those who wish to exercise power upon others - either directly or through intermediaries - and those who have no such desires.

#12: Large organizations and centralization are inherently anti-human. They must rely upon rules rather than principles, treating humans within the organization as obedient tools.

Our Plans:

We are building our own society. We will supplement traditional tools with networking, cryptography, sound money, digital currency and anonymous messaging.

Our society will not be centrally controlled. It will rely solely on voluntary arrangements. We welcome others to join us. We are looking for people who are independent creators of value, people who act more than talk, and people who do the right thing because it is the right thing.

We will develop our own methods of dealing with injustice, built on the principles of negative rights, restitution, integrity and equal justice.

We do not forbid anyone from having one foot in each realm - ours and the old realm - although we demand that they do no damage to our realm. We are fully opposed to any use of our realm to facilitate crime in the old realm, such as the hiding of criminal proceeds.

We expect to be loudly condemned, libeled and slandered by the authorities of the old regime. We expect them to defend their power and their image of legitimacy with all means available to them. We expect that many gullible and servile people will believe these lies, at least at first. We will consider traps laid for us to be criminal offenses.

Any who wish to join us are encouraged to distribute this declaration, to act in furtherance of our new society, to voluntarily excel in virtues and to communicate and cooperate with other members of the new society.

Free, unashamed men cannot be ruled.

We are The Free and The Unashamed. ▣

“The greatest and closest threat to one’s liberty is usually one’s own government.”

- paraphrased from a Fully Informed Jury Association (Helena, MT) pamphlet (2006)

A Declaration of Separation

[Editor's Note: The following anonymous piece was received via email on April 7, 2009. It was distributed to our voluntaryist email group, since I am in accord with its sentiments. Its opening claim of a "right to exist" ought more properly be framed as a statement: We exist; we exist at our own expense; and expect no one to support us; and we will defend our existence if it is coercively threatened. I would have liked to have seen it mentioned that 1) taxes are theft and that taxes are collected under threat of force; and 2) that although certain goods and services are necessary for our survival, it is not necessary that they be provided by coercive, political governments. Please see that this Declaration gets as wide a distribution as possible.]

To The Governments & People of Earth:

We claim the right to exist, and we will defend it. We do not seek to overthrow anything. We do not seek to control anything. We merely wish to be left alone.

All we ever wanted was to live in peace with our friends and neighbors. For a long, long time we bore insults to our liberty; we took blows, we did what we could to avoid injury and we worked through the system to get the offenses to stop. That has now changed. We no longer see any benefit in working through the world's systems. At some point, working within a system becomes cowardly and immoral; for us, that point has arrived. Regardless of the parties in power, their governments have continued to restrict,

restrain and punish us. We hereby reject them all. We hereby withdraw from them all. We hold the ruling states of this world and all that appertains to them to be self-serving and opposed to humanity.

We now withdraw our obedience and reclaim the right to strike back when struck. We will not initiate force, but we do reserve the right to answer it.

We did not choose this – it was forced upon us.

To The Governments of Earth:

You are building cages for all that is human. In the name of protection, you have intruded into all areas of human life, far exceeding the reach of any Caesar. You claim ultimate control of our property and our decisions, of our travels and even our identities. You claim ownership of humanity far beyond the dreams of any Emperor of any previous era. Understand clearly: We reject your authority and we reject your legitimacy. We do not believe that you have any right to do the things you do. You have massive power, but no right to impose it upon us and no legitimacy. We have forsaken you. We are no longer your citizens or your subjects.

Your systems are inherently anti-human, even if all their operators are not.

We are not merely angry young people. We are fathers and mothers; aunts, uncles and grandparents; we are business owners and trusted employees; we are mechanics and engineers and farmers. We are nurses and accountants and students and executives.

(continued on page 6)

The Voluntaryist

P.O. Box 275 • Gramling, South Carolina 29348



FIRST CLASS

Please renew your subscription if the number on your address label is within one digit of this issue's number.