

- Anthony Comegna: [00:22](#) Murray Sabrin is a professor of finance at New Jersey's Ramapo College with a PhD in economic geography from Rutgers. He's written articles for all sorts of outlets, book after book, and he even has a long and somewhat storied career as a political candidate, bringing the heat to more mainstream politicians in their primary races. He joins us today to explore one basic, though definitely complicated point, the Federal Reserve over 100 years old and taken for granted by all still sucks.
- Anthony Comegna: [00:58](#) All right. So Professor Sabrin, thanks for coming on the show. And let's see, I first heard your name back in the good old halcyon days of what we millennials at least call the first Ron Paul campaign. And though I was born in 1988, the actual first Ron Paul campaign, to me, it's 2008 of course. And I believe it was sometime in early, maybe mid '07 we all sort of got wind of this guy running for the Senate in New Jersey, stirring up a whole bunch of trouble for a certain political party by running in the primary.
- Murray Sabin: [01:36](#) Yes.
- Anthony Comegna: [01:37](#) And really, really pushing them. And I understand you've run again since then. And I'm wondering how does all of your ... And you had involvement before that first campaign I heard about. So how does your political experience come to bear on your job as an economist?
- Murray Sabin: [01:57](#) Well, the thing is, running as a candidate, you're trying to get common sense ideas about the economy, about the foreign policy, about civil liberties when you're running for federal office to the mainstream. But running in a primary, it's very hard in New Jersey, because it's so controlled by the bosses of each county. They have a huge impact on how you are positioned on the ballot and in the June primary and whether you get support of quote the county, and that has a major effect on how many people know about you.
- Murray Sabin: [02:33](#) Obviously, I attended the debates in the Republican primary in 2008, when I was running against three establishment candidates. And by the way, to give you some backdrop, initially it was only Governor Whitman and I were in the primary and then she dropped out in September of 2007. I had declared my candidacy in early 2007, and I and she were the only ones in, and then she decided to drop out. Which was unfortunate because, I thought it would've been a great matchup since I ran against her as the libertarian party candidate for governor in 1997, and made political history by becoming the first third

party candidate to raise enough funds to get matching funds, which required me to be in three debates with the major party candidates.

Murray Sabin: [03:20](#) So I was looking forward to a one-on-one debate with Governor Whitman about some of the issues, but she dropped out. And I was told by her former campaign manager, that in June of 2007 the Whitman campaign did a poll and showed that I had 35% of the vote; this was a year before the primary. So if we had had a one on one race, who knows what would have happened in June of 2008. So needless to say, that never materialized and I didn't win the primary because establishment candidates came into replace her and one of them won the primary. So that was my experience as the ... I'm sorry that was in 2000. I take that back.

Murray Sabin: [04:02](#) In 2008 I also ran against the establishment candidates and one of the favorite candidates dropped out of the race and the Republican establishment kept on seeking an establishment candidate to replace her. And they finally came up with a former Congressman who won the nomination because he was getting the support of the County leaders and I didn't get the nomination that year. And then I ran again in 2014 against a low level field, so to speak, because none of them were establishment candidates. But from what I was told, Governor Christie didn't want me to win that nomination.

Murray Sabin: [04:42](#) So there's a lot of interesting intrigue about running as a libertarian Republican in a Republican primary in the state of New Jersey. But be that as it may, our ideas were getting out there, I was getting coverage, but the major coverage I got was in '97 when we were getting national coverage. Because there were only two gubernatorial campaigns in 1997, New Jersey and Virginia. And I was talking about some of the major economic issues, taxes spending and other issues, auto insurance.

Murray Sabin: [05:16](#) By the way, what I concluded, given what I said during that campaign and what transpired later on, is you don't have to win to get your ideas enacted. For example, I talked about auto deregulation, auto insurance deregulation. And you would think that a Republican governor would be in favor of deregulation, since that's the mantra of the Republican party, less government involvement in the economy. So I talked about government deregulation of the auto insurance industry, and Whitman was opposed to it. Four years later, Jim McGreevey, who I ran against in 2000 and in 1997 becomes governor. And what does he do? He deregulates the auto insurance market

basically along with the plans that I articulated in 1997. What was the other thing I campaigned on, which is not a big issue but it saved New Jersey and there's a lot of money.

Murray Sabin: [06:07](#) I supported the 65 speed limit. We had a 55 speed limit in the state of New Jersey. That means a lot of people were getting tickets on the Jersey Turnpike and the Garden State Parkway, because those roads were made for automobiles to go faster than 55. So after the election, Whitman got rid of the 55 speed limit on most of the major highways and we got a 65 speed limit, even though during the campaign she was opposed to raising the speed limit to 65.

Murray Sabin: [06:35](#) In addition, we've struck a blow for free speech. In '97 I put a campaign, a banner or a poster on my front lawn. And I got a notice one day from a local police officer saying, you're in violation of section such and such, that your campaign sign is a violation of this ordinance. So our campaign went to court and the judge threw it out. It's part of case law that as a property owner you now can put a campaign lawn sign on your own property. So we struck a blow for the First Amendment in the first campaign in 1997.

Murray Sabin: [07:12](#) So basically it's very hard to break through as a Republican libertarian with the establishment candidates with establishment powers that be, because they're not interested in ideas, they're just interested in being one of the old Boys Club. And I was not part of the Boys Club. And then I ran as a libertarian candidate for U.S. Senate in 2018, and I criticized the incumbent, a corrupt Senator for his pro war positions, his corruption. And the Republican candidate spent \$36 million of his own money, blanketing the airwaves telling us how corrupt the democratic candidate was. And he didn't get any traction. I didn't get any traction because the media basically ignored my campaign.

Murray Sabin: [07:57](#) And there was only one debate, to show you what a poor democracy we live in, especially in New Jersey. It was only one debate. I mean, how weak is that when you're trying to educate the voters, and you cannot have a robust debate of the issues between the candidates? And so we got virtually no coverage in the 2018 Senate campaign. But the bottom line is, that's why I think my retirement this year, July 1st, will allow me to do more and more writing. And every time I write an article for the local newspaper, at least 200,000 people read it. And hopefully more as it goes on various websites throughout New Jersey and around the country.

Ideas in Progress, Season 2, Episode 18, The Fed Still Sucks with Prof. Murray Sabin

- Murray Sabin: [08:40](#) So I'm confident that my mission, after I retire is to keep on fighting the good fight for free market ideas, pro civil liberties, anti war. And that's the agenda the American people I hope embrace, so we could have a more peaceful world, a more productive economy, and a lower burden on businesses and individuals, in terms of taxes and regulation. Which means that we have a continuous prosperity. And besides with my book on the Federal Reserve, we can get back to a sound money regime, so we don't have these crazy business cycles that are really destructive of people's income and wealth. Because there are people still reeling from the last crash.
- Murray Sabin: [09:26](#) You drive through a small town America and there are a lot of businesses closed up, and there are still pockets of unemployment. And so the point I would make is, that despite all the things the Fed does that harms the economy, entrepreneurs are still going to create and invent and innovate. And that, I think, is the strength of America. The American people are not going to be sidetracked by what the Federal Government does, especially the Federal Reserve.
- Anthony Comegna: [09:55](#) Yeah. You talking about your political career, I mean you certainly have a great vision that you outlined there, but it also sounds a bit like you're a glutton for punishment, you know?
- Murray Sabin: [10:09](#) Yeah, you're right. You're right. After 2000 I should've stopped running in the Republican primary, because they just are not accepting of the idea that someone should run who has a clear vision and a pro free-market approach. Because the Republican party says they are all for free enterprise and limited government, but yet they support all the federal spending that's raising, spending to record levels increasing the budget deficit. And no one seems to care in Washington that Republicans are in charge of the Senate and the White House and they're running the biggest pro big government in our history.
- Anthony Comegna: [10:51](#) But it's also not just the politics, because you choosing to do research and writing on the Fed, that must be like, it must just feel like banging your head on the wall for 60 years or something. Having a career as an economist, writing about monetary policy and the Fed in 20th century America.
- Murray Sabin: [11:13](#) Well, I think Macy's, Rothbard and Heike are good role models, because they spent all their life writing about the economy and things have gotten worse. But I think intellectually, we're starting to win the battle, especially among young people. I mean I teach financial history in the United States where we go

over bank money and banking and government policies. And students really appreciate that they're getting insights that they never saw before. I show them videos of Austrian economists and others who are really good at explaining what went on in different periods of American history. And the readings that I provide them from the Austrian school and conventional economist, and when we put it all together in the classroom, they have a perspective now that they never would have gotten if they never had my class.

Murray Sabin: [12:01](#) So it's a slow process. I wish I could have a class that fills MetLife Stadium of 78,000 people in New Jersey and have a radio show that talks about this all the time. Because I did host a radio show back in the 90s when I was in New Jersey, still in New Jersey. And that was a great opportunity to reach an audience, but it was a small radio station in Northern New Jersey. But having a national syndicated show would be a wonderful opportunity. But doing a podcast like this is fairly inexpensive to do, and you can reach a lot of people if you have a nice following, like Joe Rogan and others who have huge audiences.

Murray Sabin: [12:42](#) So again, we now have an opportunity because of the internet to reach people, not only the United States, but all over the world with our ideas about liberty and free markets and individual rights. So I think from that sense, I'm very optimistic. But the point is, the average person is not involved in politics. The average person just wants to lead their life, run their business, and have a good time and not worry about the craziness that goes on in Washington D.C.

Anthony Comegna: [13:12](#) Now during your talk today for your Speak for a Sandwich, and then here in this discussion too, it seems to me that you sort of tread the line between, let's call them the monetary doomsayers, right? Who see hyperinflation and destruction by the Fed of the economy or maybe of America itself right around the corner. So get your freeze dried ice cream stored up or whatever. So you can live in the apocalypse in comfort. And then, people who say that, well, the Fed is not the economy, it's not the productive basis on which we enrich our lives. People do that kind of stuff anyway, without ever considering monetary policy. And the world's just going to keep on keeping on despite all of these policy failures, however consistent they are. So how do you resolve that kind of tension, that this certainly is a destructive system that fritters away wealth. And yet things do seem to get materially better year to year, certainly decade to decade.

- Murray Sabin: [14:22](#) Oh yeah, absolutely. The thing is, it's a delicate balancing act of what you as an individual should do to protect yourself from the quote to the basement of the currency. I've benefited from the Fed's policy, because my 401k has done quite well over the last 30 some odd years since I've been investing in the 401k as a college employee. So, that's the good news.
- Murray Sabin: [14:43](#) The point is, if we have another downturn that 401k could be a 201k, because asset prices could be cut in half like they were in 2007 to 2009. And when you a retiree, you certainly, and you're living on that money and your asset base goes down by 50%, that's a huge blow to your standard of living. So that's why when people ask me what to do, well again, the prudent thing is, as Warren Buffet has said recently, that the average person should just invest in the S and P 500 Index funds. It's a low cost fund, virtually no fees involved, since the big investment companies have been competing with each other to get the investors' money. And so the fees are close to zero.
- Murray Sabin: [15:30](#) And you just ride the cycle up and down for your lifetime. And hopefully from the time you start in your 20s to the time you retire in your 60s or 70s, that thing has increased because of the Fed has been pumping money into the system for decades and decades. So the question is, how long can that process continue? And that's the \$64,000 question that even I think Austrian economists don't know. How long can fiat money central banking continue before you do get an apocalypse Armageddon financial crisis.
- Murray Sabin: [16:03](#) And that's why it's proven to have some gold and silver as part of your net worth. It's prudent to have some cash, some dollars out of the banking system. It's prudent to have some cash reserves in the banking system and allocate your resources, so you can ride the wave of the stock market.
- Murray Sabin: [16:24](#) So there's no single way to protect yourself. But when I first learned about this nearly 50 years ago, I said, "I'm not going to get involved in all of these crazy speculative activities, because it's going to be destructive of your financial wellbeing." So that's why I've been fairly prudent in my investing outlook, and it's paid off so far. So I'm hoping that I'm smart enough to reduce my exposure to the stock market when it looks like the stock market is going to be headed South, possibly in a big way. As I pointed out today, the next downturn could be a 60% decline in the S and P 500, which would not be unusual given how big this bubble has been since 2009, when the Fed started inflating like crazy.

Anthony Comegna: [17:19](#) Now, I've heard plenty of people say, especially back in those 2008 campaign days, "Oh, well if somebody like Ron Paul just wants a gold standard. And he hates the Fed, because he wants the value of his gold to rise so much, which is completely ridiculous. And obviously those people don't understand what's going on here in the policies that they were talking about.

Anthony Comegna: [17:43](#) But it does make me think, I'm a historian and my special field is Jacksonian America. And Jackson has this great reputation among classical liberals for killing the bank. But as it happens, the reason he killed the bank was mainly so that democratic party activists who controlled the state banks, had greater leeway to lend for their own speculative adventures, right? So that they could have a Bonanza with the banks at the state level that they controlled. And the bank of the United States kept a conservative check on the amount of notes that state banks were able to issue. And that's why the Armageddon killed the bank so that their own cronies could enter the field without competition being limited by the national bank. And I wonder, do you see any of that out there today in the kind of coalition that might be forming for a new monetary system? What kinds of risks are there in replacing essentially an old aristocracy with a new one?

Murray Sabin: [18:50](#) Well, that's an interesting question. Again, if we look back at what money should be, and that's really, I think, the key issue. Money is not a creation of the state. Money has evolved historically from trial and error by market participants, buyers and sellers. So we went from barter to using some intermediary, which has all the qualities of money, scarcity, homogeneity, durability, all the things you find in the textbooks. And so what did the market participants decide on? They decided on gold and silver, because they have all the requirements or the aspects of money, characteristics of money. Paper is a money substitute.

Murray Sabin: [19:33](#) So in the old days, you'd bring your gold and get a receipt for it, known as a bank note or a demand deposit. And so the challenge today would be, what would the quote value of the dollar be if we went back to a gold standard? And certainly would be more than the official rate of \$42.23 cents an ounce. It would have to be some sort of analysis of how many dollars are out there that should be redeemable with the gold. And how much gold did the Federal Reserve holds, which is 250 million ounces. And that would be the ratio of what the value of a dollar would be.

- Murray Sabin: [20:06](#) So it's not the value of gold, it's what the ratio is of dollars to gold. And I did some very quick calculations years ago, and I think the number was like \$8,000. It's a lot higher today since the Fed has been inflating like crazy. So it's probably \$10,000 or more is how many dollars would take to be backed by gold that the Federal Reserve owns. So this is more of a monetary technical discussion that people smarter than I can figure out. But that's my back of the envelope calculation.
- Murray Sabin: [20:40](#) And so that would mean that the Fed couldn't inflate anymore. Or the only way you could create more dollars is if it got more gold into the banking system. Or do we need a Federal Reserve? Could the banks operate under sound monetary conditions, which means, and this is a debate among Austrian economists as well, is fractional reserve banking fraudulent as Rothbard and his supporters claim? Or is it the fractional reserve banking an option for banks, and depositors would realize that there's risk involved?
- Murray Sabin: [21:12](#) Because the fact that we have FDIC insuring bank deposits, federal deposit insurance, means that the bankers know that they're operating under a very shaky system, where if people come and withdraw all their money, the banks don't have all the money in the vaults to support the withdrawal of all the positives. So again, these are technical aspects that should be discussed openly and reach a consensus about money and banking, that which would give us a sound of banking system and avoid the manipulation of interest rates. Which is really basically what the Fed does these days. Checks can clear either through an institution like the Fed or a non Fed institution, like we had during the Suffolk system before the Civil War.
- Murray Sabin: [21:59](#) So again, these are issues that can be addressed with people with knowledge about how banking should work. But the bankers, we have to remember, wanted the Federal Reserve, because they knew that they couldn't operate on the Fractional Reserves without a central bank, because of the tenuous nature of the banking system. So again, as long as the current system does not result in an implosion, we can continue I guess for a long, long time, which we have. I mean the Federal Reserve has been around for over a hundred years now, so can it be around for another hundred years? I don't know.
- Murray Sabin: [22:37](#) The key thing that I recall when I first started learning about this more than about 50 years ago, is the whole system is now based upon confidence and trust of the people in the banking system and in the money. Once that trust and confidence goes

away, then it's checkmate. When people decide to either withdraw their money from the banking system or foreigners decide not to buy our treasuries and don't want to hold dollars any longer, then who's going to buy all this stuff? If the Fed starts monetizing it, that's when the people who claimed there could be a hyperinflation, could kick in as the Fed monetizes trillions of dollars of debt and other securities that are out there. Remember Japan central bank is now buying stocks. The Fed has not done that yet. What if they start buying stocks and they start creating trillions of dollars of new money? Then we could see a run on the dollar.

- Anthony Comegna: [23:38](#) To me, at least, sounds like a multilevel marketing scheme, where the person in the middle of the tears has realized, that we're not actually selling a product here. We're selling confidence in the scheme, and so you're given the choice. Well do you either, do you want to admit your failure and how stupid you were in getting involved in this speculation in the first place? Or do you want to just sort of keep buying back in and hope that you're not stuck with the bag at the end?
- Murray Sabin: [24:05](#) It's just like the card game, what is that card game called with the the old lady or what do you call it? I forgot the, where you get stuck with the card at the end?
- Anthony Comegna: [24:17](#) Old maid.
- Murray Sabin: [24:18](#) The Old Maid, yeah.
- Anthony Comegna: [24:18](#) A sexist card game.
- Murray Sabin: [24:20](#) But the point is, this is where it connects. Do you want to hold dollars that are depreciating like in Venezuela these days? That's the danger of a fiat currency, it's holding the currency that's depreciating so rapidly, that as we saw in Germany in the 1920s, it becomes so worthless. People are throwing it into the fireplace to heat their homes because the monies is totally worthless.
- Murray Sabin: [24:42](#) So, that's the ultimate danger of a fiat currency. And we have enough examples of history in the last 100 years where that's happened in pretty sophisticated countries. I mean Germany after World War 1 was a pretty sophisticated country. We've seen it in Argentina, Brazil, now Venezuela, we've seen it in African countries, we've seen it in China after World War 2, Russia after World War 1. So hyperinflation has been the

experience in many Western industrialized democracies, in the last 100 years.

Anthony Comegna: [25:14](#)

Now what would you say ... So I imagine that there are plenty of candidates running for office right now for high office, who like to think of themselves as an Andrew Jackson like figure who's out there doing the people's work for their good and all of this, and going to be their champion before the big bankers and the big businessmen and all of this. And yet, they don't seem to be too cognizant of the fact that our government-run banking system is clipping coins and wealth out of people's pockets like they're Roman emperors or something. That this whole system establishes and enshrines an aristocracy of money in place, and power and privilege pull and access through the government and through the Federal Reserve system.

Anthony Comegna: [26:04](#)

And I don't hear anybody trying to really address that factor here, that this creates a veritable class of privileged and wealthy people at the expense of everyone who uses dollars. And that seems to be something that you really want to focus in on here in this book and in your work moving forward.

Murray Sabin: [26:28](#)

Well, that's why people really don't understand the Federal Reserve and the structure of our banking system, and how the bankers are the major beneficiaries of the Federal Reserves interest rate policy where they manipulate interest rates up and down. And the bankers support the system because they know fractures or banking is unsustainable in a free market. It just is. That's why banking is the only sector that has government insurance widespread. No other sector has government insurance. Why? No one's asking that question. It's a very simple question. If banking is structured so well, why do we need a government backup for the ensuring the deposit? Because of the Great Depression. That's when the people took the banks to task and started withdrawing their money. And we saw clearly the banks were what? Unsustainable. And that's when Roosevelt came in with FDIC. In other words, we were on the verge of ending Fractional Reserve Banking until Roosevelt established the FDIC.

Murray Sabin: [27:34](#)

So again, government intervention perpetuates the problem of easy money and the crates continuous inflation. So it's a very steep learning curve, because very few people are informed about this. That's why I write letters and op-eds in the local paper that reaches several hundred thousand people when I write it. And hopefully more as it gets posted on various websites. So the opportunity to express my views, which is not

my original views, but basically standing on the shoulders of giants of Carl Menger, the Principles of Economics from 1871, we're coming up to the 150th anniversary of his book. Macy's 1912 The Theory of Money Credit. Rothbard's work in the post World War 2 period. And others from the Mises Institute, IHS, [inaudible 00:28:25] and other, Cato Institute. All of these people have been writing great stuff for decades and unfortunately it's not getting to the average person.

Murray Sabin:

[28:33](#)

And so that's the challenge. I think the free market sound money school has is how do you get these ideas to the average person? And I think I'm trying to do my part in my little corner of the world in Northern New Jersey. And this is a great opportunity to get the podcast out. So, and that's why I wrote the book. Hopefully this year the book will gain traction and people will read it. Because it was written for the average person in a layman's term to see how money banking evolves and how Fed chairmen have misinterpreted or either deliberately or not deliberately, because they have a view of the banking system that perpetuates this boom bust cycle. And that is where we are today. We are in the everything bubble. And the question is, when does it pop? I think it's going to pop after the 2020 election.

Anthony Comegna:

[29:30](#)

Far be it from me to end this show with some sort of rousing call for today's Americans to wake up and remake themselves more like our Jacksonian forebears. Take it from me, the world's had enough of all that. Jackson and his supporters certainly deserves some kind of praise for killing the bank of the United States. But many of them did it for their own purposes, expanding or consolidating their own power in other places. Now that their big enemy was gone, and now we have the Fed, which undeniably once again still sucks. But for God's sakes, let's allow it to die a natural death, with no Jackson's left standing to aggrandize himself and its ashes. [silence 00:30:23]