Dave Ramsey's Town Hall for Hope

Ramsey is an impressive motivational speaker who combines financial advice with exciting showmanship, and his webcast town hall presentation was no exception. When it comes to financial advisers, he stresses that there is a big difference between one who is a salesman and one who is a teacher. Based on his presentation, he definitely puts more effort into teaching while keeping his explanation simple enough for the average layperson to understand. His affable, down-to-earth demeanor put the audience at ease, which was the goal of his lecture which he dubbed a "Town Hall for Hope." He received loud applause throughout the night every time he made one of his points.

"The center of America is where hope comes from. It … doesn't come from Washington, D.C.," Ramsey said to cheers from the audience. He explained how America has experienced unprecedented prosperity and has gotten "a little bit sloppy." He decried the "spirit of fear" being touted by the media and politicians to justify the massive government interventions into the economy. His overall message was not to be afraid. "Fear is the antithesis of hope," he said. He also mentioned that politicians and the media are trying to scare people in order to achieve their goals.

Ramsey doesn't believe that government action is necessary to "fix" the economy. "The Bush White House and Paulsen bailed out stupidity…. The new administration … stimulated stupidity. … I'm not a big fan of government interference in the market place…. I kinda think 'let the chips fall where they fall.'" He stated that he thinks these government initiatives are not good ideas and are actually quite "dumb." His reasoning for why so many government officials and economists believe that government involvement is necessary to "turn this around" is because of the influence of John Maynard Keynes. He retells how Keynes influenced Franklin Delano Roosevelt (FDR) and his "New Deal" and how people have been led to believe that the government interventions of the New Deal got the United States out of the Great Depression. The mistake of this, Ramsey contends, is that it was actually the massive spending and conscription required for America's involvement in World War II that gives people this "illusion of prosperity." By drafting such large portions of the population into the war effort, unemployment rates were drastically lowered by artificial means and, correspondingly, spending levels were artificially boosted.

This point is detailed in economist Robert Higgs's ground-breaking book Depression, War, and Cold War: Challenging the Myths of Conflict and Prosperity. According to Higgs, the notion that World War II saved America from the great depression is completely untrue:

> The belief that World War II created prosperity is a historical myth that stems from the misinterpretation that war or large defense spending benefits the civilian economy. The draft might have reduced official unemployment numbers, but military service yielded little

> pay under harsh conditions and cannot be reasonably equated with jobs in the civilian sector. Moreover, few durable and non-defense capital goods were produced by the new labor force, and real personal consumption, adjusted for population growth, changed very little between 1941 and 1944.

Ramsey brought up economist Milton Friedman of the Chicago School of Economics as an inspiration for his analysis of Keynesian economics. He also mentioned Friedman's studies, which found that government action caused the Great Depression. However, Friedman also argued that the Federal Reserve allowed the Great Depression to occur by failing to vigorously engage in its role as the lender of last resort after the bust.

Austrian economist Murray Rothbard famously disagreed with this conclusion. Rothbard, author of America's Great Depression, concluded that the Fed itself was the culprit of the Great Depression by fueling the massive credit expansion that led to the boom of the roaring twenties and the subsequent bust. In addition, Rothbard, unlike Friedman, argued that government could never be trusted to centrally plan the money supply:

> One of Friedman's crucial errors in his plan of turning all monetary power over to the State is that he fails to understand that this scheme would be inherently inflationary. For the State would then have in its complete power the issuance of as great a supply of money as it desired. Friedman's advice to restrict this power to an expansion of 3–4% per year ignores the crucial fact that any group, coming into the possession of the absolute power to "print money," will tend to . . . print it!… [T]he State has long arrogated to itself the compulsory monopoly of legalized counterfeiting, and so it has tended to use it: hence, the State is inherently inflationary, as would be any group with the sole power to create money. Friedman's scheme would only intensify that power and that inflation.

Ramsey acknowledged that he is a believer in capitalism, but not capitalism devoid of morality. He invoked Ghandi as saying that "commerce without morality will destroy a nation." He wants capitalism "with a value system." This does not mean that he thinks people "should never have pain." He said that people need to be grown-ups and learn that life is not fair. He followed up by saying that "you need to love people enough to allow them to fail." As a promoter of a true free market, he said: "Failure is good. Failure is instructive. Failure brings clarity.… If [failure] is chasing you, it will run you to excellence.… We have to allow failure again." These points were excellent ways to articulate the brilliance inherent in a true free market system. He also outlined a way forward from our current crisis: "We need to go back to taking personal responsibility. You need to clean up your own mess."

Ramsey took questions from the live crowd and via email, twitter, YouTube, and the telephone. The topics ranged from personal advice to predictions about the future of our economy. He stressed the point that our current predicament is not the worst we've seen since the Great Depression. He also mentioned that Congress could put a drunken sailor to shame with its spending. And he said that people shouldn't be afraid to invest in the stock market since it's low right now. "You're at K-Mart, honey, and the blue light's on!"

One question about inflation led him to say that it might get out of control if we continue to "borrow like we are." Another question about gold led him to say that it's a bad investment, has no intrinsic value, and hasn't been used as a medium of exchange since the Roman Empire. He did say it could be a standard for a currency but did not expand on that.

His assessment of gold is different from that of Peter Schiff, president & chief global strategist for Euro-Pacific Financial Capital. In a recent interview, Schiff stated that the Fed's creation of large sums of new money will drastically reduce the purchasing power of the U.S. dollar and that gold could be a safe investment:

> I do see a collapse in the dollar. The dollar is already … losing value, but I think it's going to lose a lot more…. Currencies need to have value and paper is not value. No fiat [unbacked] currency in history has ever survived. Everyone says this one is going fine but we've only been off the gold standard since 1971 — it's too soon to tell, but it's sure not looking good.

When Schiff was asked if he expects to see a return to a gold standard in his lifetime, Schiff responded "Yes, I will—it has to happen."

Ramsey closed his seminar with three steps individuals can take: (1) Personally take action and don't wait for the government; (2) Have a positive attitude and beware of "loser-talk"; and (3) Give again to people in need. On the final point, Ramsey concluded that he liked the Tea Parties but that the best way to reduce government spending is for private churches and individuals to "give the government out of business."

In conclusion, not all of Ramsey's statements were completely accurate but his overall message was extremely important regarding not believing the media's hype and not trusting the government to "fix" the economy. Some of his contentions were superficial, and he referred to FDR, a president who notoriously violated the Constitution and helped to transform its meaning away from the clear intent of the Founding Fathers, as one of our greatest presidents. He also mentioned that he is a good friend of big-government conservative Mike Huckabee and that he was honored to be one of the first guests on Huckabee's Fox program. While Ramsey may not be exactly on point in his analysis of current events, most notably the role of the Federal Reserve and our monetary system, he did have inspiring and positive words of advice. Most of his message was consistent with Robert Welch's vision for the future: "Less government, more responsibility, and — with God's help — a better world."

Photo of Dave Ramsey: compliments of James F. Jones, Jr.