

Mark Skousen on the Failing Dollar, the Growth of Liberty and the Success of FreedomFest

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The Daily Bell is pleased to publish an exclusive interview with [Mark Skousen](#).

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Introduction: Dr. Skousen has had a diverse career. He has taught at Columbia Business School, served as president of the Foundation of Economic Education (FEE), the first free-market think tank, and has had a business school named after him (Grantham University). He and his family have lived in Washington, the Bahamas, London, and New York. Since 1980, Dr. Skousen has been Editor in Chief of *Forecasts & Strategies*, a popular award-winning investment newsletter published by Eagle Publishing in Washington, D.C. He is also editor of his own website, www.mskousen.com, and editor of three trading services, Skousen Hedge Fund Trader, Skousen High Income Alert and Skousen Turnaround Trader. He earned his Ph.D in economics and monetary history from George Washington University in 1977. He also was an economic analyst for the [CIA](#). Since then he has written over 25 books, including *Economics on Trial* (McGraw Hill, 1991), *Puzzles and Paradoxes in Economics* (Edward Elgar Publishers, 1997), and *The Making of Modern Economics* (M. E. Sharpe, 2001). Dr. Skousen is the creator and producer of FreedomFest, the "greatest libertarian show on earth" (*Washington Post*), held every July in Las Vegas.

Daily Bell: Tell us about FreedomFest this year.

Mark Skousen: It looks like we will have another record turnout (last year we had nearly 2,200), so we continue to grow very fast, and provide something unique – an intellectual love-fest in the world's most laissez faire city. We have attendees coming from all over the country and the world – all the way from Moscow this year.

We just redesigned our website, so I hope your readers will check it out: www.freedomfest.com.

Daily Bell: Who are some of the big stars?

Mark Skousen: Our biggest draw is [Judge Andrew Napolitano](#) from Fox News, who is going to do an "off the record" private talk on Thursday, July 14, on "Do We Still Have a Constitution?" Some pretty scary things are going on in death star (Washington DC) these days, and he's going to give us an inside account. Also, [Steve Forbes](#) and John Mackey (CEO, Whole Foods Market) are returning as official ambassadors – they come at their own expense, they are so excited. And they stay all three days.

Other big names include Dick Morris, Juan Williams, Peter Thiel (co-founder of PayPal and early investor in Facebook), Steve Moore (Wall Street Journal), Nick Gillespie and Matt Welch (Reason), [Peter Schiff](#), Bjorn Lomborg, David Boaz (Cato), Arthur Brooks (AEI), Larry Reed (FEE), Larry Arnn (Hillsdale), and Wayne Allyn Root.

Plus we offer a full 3-day investment conference with Rick Rule, Alex Green, hedge fund manager Donald Smith, Don Luskin, Bert Dohmen, [Rick Maybury](#), [Frank Suess](#), Peter Zipper, and others.

Daily Bell: Who's the most interesting or unexpected speaker this year?

Mark Skousen: Two non-financial speakers include Mark Eliot, the premier biographer of Hollywood, who will be doing sessions on conservative actor [Ronald Reagan](#) and libertarian actor Clint Eastwood; and we also have

Robert Greenberg, the Teaching Co's #1 lecturer who has done 28 courses for them on classical music. He will be speaking on Beethoven and "Music that has caused riots." He brings his own piano and sound system.

We also have some hot debates, such as "[Vaccines](#), good or bad?" and "The Bush Doctrine: Pro and Con." I'll be debating Todd Bucholz on his new book "The Rat Race: Good or Bad for Americans?" John Mackey (Whole Foods) and John Allison (BBT Bank) will discuss their two different approaches to running a successful business (Mackey's "conscious [capitalism](#)" vs. Allison's "Ayn Rand" philosophy).

We're also having Anthem, a libertarian film festival, for the first time, which is sponsored by Pacific Research Institute (PRI) and run by my wife, JoAnn, who is the entertainment editor at Liberty magazine. We're going to show a lot of cool films such as "Cool It!" and "Free or Equal?"

Daily Bell: Do you have a theme?

Mark Skousen: Actually our theme this year is "Are We Headed for Another American Revolution or a [French Revolution](#)?" The American Revolution was all about limiting government power, but the French revolution was all about unlimited government. The question we will try to answer is "Where is America headed – toward liberty or slavery?"

Daily Bell: Why should people attend? What will they learn?

Mark Skousen: FreedomFest changes people's lives forever, and that's why they come. We have sessions for everybody on every subject imaginable, including a 3-day investment conference (financial freedom is vital). Thousands have changed their way of acting and thinking -- one couple altered their estate and set up a "job-creating" foundation as a result of a session...a consultant landed a major contract with someone he met at our conference...Investors bought a stock that doubled in a year...a father brought his son who converted to [free-market economics](#) (at the end of the show, he said, "Dad, promise me we'll come back next year")... and one speaker (Dinesh D'Souza) made the cover of Forbes magazine because Steve Forbes heard him speak at a luncheon. Anything is possible. We've even had a couple go on their honeymoon at FreedomFest.

Daily Bell: Will you be speaking?

Mark Skousen: Yes, a few times, but I don't like to overdo it. I think of FreedomFest as "our" conference, not "my" conference. I do a pre-conference seminar each year, this time on "Austrian vs. Chicago economics," the Big Three in French Laissez Faire Economics (Say, Bastiat, and Tocqueville), and a breakfast talking about my new book "The Maxims of Wall Street: A Compendium of Financial Adages, Ancient Proverbs and Worldly Wisdom." I'm also debating economist Todd Buchholz on whether the rat race is good for us or not. At the masquerade party on Saturday night, I'm dressing up as Ben Franklin, and my wife as Madame Brillouin. So it's a lot of fun.

Daily Bell: Why do you think it is so popular?

Mark Skousen: I think we've created a conference about everything. We have sessions on philosophy, history, science & technology, art & literature, dance & music, law & [religion](#), investments, healthy living, geo-politics, you name it. We have 10 breakout sessions and a film festival, so nobody is ever bored. Even speakers stick around. Steve Forbes attends all 3 days, and so does John Mackey.

It's also an open forum, so if you a young author or professor has something to say, you can ask to speak, and if you check out, we'll add you to the program.

Daily Bell: Are people more hopeful about the economy generally this year?

Mark Skousen: Americans are now more pessimistic than ever, and more so than attendees from other countries. We've overspent and overpromised, and now we are paying the price. But we are going to have a session organized by FSU economist Jim Gwartney and Cato specialist Richard Rahn on "Three Countries that Have Done It Right: Canada, Chile and Sweden." Attendees will hopefully come away upbeat about the future of the United States.

Daily Bell: Are we headed toward a double dip recession for the world and America?

Mark Skousen: Only if the US government blunders more than they have already. We are suffering from too much wasteful deficit spending, easy money, and excessive regulations (such as ObamaCare). It's creating too much of a burden on the United States and hurting job creation. This is the slowest recovery of all the recessions since World War II, and we have only the government to blame (both Bush and [Obama](#) administrations).

Other countries are doing better than we are, so it's possible that the global recovery will help America survive. Clearly we need strong leadership to address the deficit and debt problems this country faces.

Daily Bell: Where is [gold](#) and [silver](#) headed?

Mark Skousen: Both have risen so much in the past ten years that I'd be surprised if they keep going. There's got to be a major pullback, and if the US gets its act together, we could see a significant correction. We've already seen it in silver. But as long as the Fed keeps pumping cheap money into the monetary system, and keeps interest rates artificially low, commodities like gold and silver should do well. Oil too.

Daily Bell: What investments are you especially high on?

Mark Skousen: I'm very bullish on high-income dividend-paying stocks and funds. I have seven such high-income recommendations in my newsletter, *Forecasts & Strategies*, and they are all quite profitable, and will probably move higher.

Daily Bell: What are your thoughts about Utah passing the gold and silver currency act?

Mark Skousen: It's certainly a good way to send a message to Washington about a return to Constitutional principles. Article 1 Section 10 prohibits states from using anything other than gold or silver for all debts. Unfortunately, it did not prohibit the Federal government from issuing unbacked [paper money](#). Under the new Utah law, citizens can buy goods and services with US gold or silver coins (eagles) without any tax consequences. I hope this new law spreads to other states, but their biggest challenge is "Gresham's Law." Gresham's law states that "bad money drives out good." In this case, the bad money is fiat paper currency, which you will spend, and the good money, the American eagle silver dollars, will go in your pocket, or a safe deposit box.

I keep in my pocket a 2011 American Eagle silver dollar to remind me of my origins. Silver was my first investment in the early 1970s after reading Harry Browne's bestseller "You Can Profit from a Monetary Crisis." It is also our symbol of liberty and sound money at FreedomFest.

Daily Bell: Is the dollar on its way out?

Mark Skousen: It's in a bear market, that's for sure, but once the Fed reverses course and raises rates, and the government stops spending like a drunken sailor, I see the dollar recovering. The dollar is still the world's reserve currency, and I don't see anything replacing it, certainly not the euro, the yen, the yuan, or the Swiss franc. It's the elephant in the room. China and other countries with large foreign reserves can diversify into other currencies or gold, but the majority of their holdings will remain in US treasuries, because it's the only market big enough.

Daily Bell: What about the debt ceiling? Should the debt ceiling be moved upward immediately as the Democrats demand?

Mark Skousen: This is a great way to insist that we live within our means. I think the House should stick to its guns and refuse to raise the debt ceiling. They have Obama over a barrel. However, in reality, the Republican House is simply playing a game to cut spending, but not to balance the budget anytime soon. Even Paul Ryan's "radical" proposal doesn't balance the budget for decades!

Daily Bell: Does President Obama have responsibility for the current crisis?

Mark Skousen: Yes, he has not resolved it. Only the Fed has kept the system afloat. Huge trillion dollar deficits are only make things worse. Higher regulations (ObamaCare, Financial Regulation Act) have kept employment from recovering. For one thing, he should push through a major tax cut on US corporations to make them more competitive with the rest of the world.

Have you seen my spoof ad for the new ObamaCare drug: http://www.youtube.com/watch?v=rkH_aaSOP0. It's only 2 minutes long, but has gone viral, as my kids say.

Daily Bell: What about George W. Bush?

Mark Skousen: He was a disastrous president, who brought us big government in the name of conservative Republicanism.

Daily Bell: Where do you rank Obama in terms of US presidents?

Mark Skousen: Low. At least I expected him to get us out of the Middle East, but he hasn't. Very disappointing.

Daily Bell: Can a politician really make a difference at this point?

Mark Skousen: Yes, absolutely. We need to be reminded of a similar fiscal crisis facing Canada in the mid-1990s – a falling dollar, large deficits, out of control government growth, etc. Then the head of the Liberal Party of Canada said "Enough is enough," and reversed course. Within 2 years, they balanced the budget and enjoyed 11 straight years of surpluses. They engaged in supply-side tax cuts and avoided the financial crisis in 2008, with no bank failures. The Canadian dollar is now equal to the buck. And all it took was strong leadership. That's what we need in the United States, and tragically, Obama hasn't done it.

Daily Bell: Will Obama be re-elected?

Mark Skousen: Hopefully not. He shouldn't be. No president has won re-election with unemployment over 8%. But anything is possible in this world of "anyone can vote" system.

Daily Bell: Does he understand the economy?

Mark Skousen: He had the audacity to say in a Business Week cover story in 2009 "I am pro-growth. I am a fierce defender of [free markets](#)." What a joke. I show his quote and BW picture at investment conferences, and everyone gets a big laugh.

Daily Bell: Do his financial advisors know what's going on?

Mark Skousen: Treasury Secretary [Tim Geithner](#) said two weeks ago that another meltdown was inevitable, so at least he's a straight shooter. The worse character is [Ben Bernanke](#), who should have been fired for getting

Congress involved in TARP, and for allowing banks to engage in "no doc" and subprime mortgages. (The Fed is in charge of bank regulation, and Bernanke failed miserably in this important job.)

Daily Bell: We believe this current economic downturn will end up rivaling the Depression. Your thoughts?

Mark Skousen: I give it a 30% chance, and rising. Pundits have been predicting another [Great Depression](#) for decades and it hasn't happened. I don't buy Milton Friedman's argument that we are "depression proof" but I do think we have been "depression resistant." The only way the monetary system could collapse is if the public lost faith in the dollar. I hope it never happens, because if it does, it won't be a pretty scene with riots in the major cities, huge shortages, etc.

Daily Bell: Isn't it too late now to take the actions that Obama should have been taken?

Mark Skousen: No, not at all. We have time to correct the mistakes of the past. Get rid of ObamaCare, and unnecessary financial regulations like Sarbanes-Oxley and the new Financial Regulation Act. Cut out wasteful spending, cut taxes (especially corporate taxes), raise interest rates to normal levels, etc. Canada did it, why can't we?

Daily Bell: What about the [EU](#) and the euro? Is the euro going to make it with all the problems in Greece, Portugal, Spain, and Ireland (PIGS)?

Mark Skousen: I think the euro and the EU will survive. This huge free trade zone is a positive development. You can't go back. Greece will probably need to default on its sovereign debts, and that would send a message loud and clear that this sort of [Keynesian](#) overspending won't be tolerated. Everyone needs to adopt the German model of fiscal responsibility.

Daily Bell: What about China and India? When does price inflation get the better of their current booms? When do they pop – or do they continue onward and upward along with Brazil?

Mark Skousen: Monetary and price inflation are serious problems in both countries. The money supply grew 26% last year in China, and they are suffering the consequences. The boom in China is unsustainable, and will eventually collapse. The Austrian economists are right. No emerging market boom has ever had a soft landing.

Daily Bell: Do you have any favorite regions at this point? Favorite countries?

Mark Skousen: Yes, Canada, Australia, New Zealand, Sweden and Chile. These countries have their act together and should survive and prosper.

Daily Bell: Will [Ron Paul](#) be a factor in the upcoming presidential elections? Could he go all the way?

Mark Skousen: I doubt it. His position is too extreme – abolishing the Fed, going back to the [gold standard](#), eliminating the IRS, etc. Americans don't like extreme policies. The best he can do is influence current policies and make them more responsible. His son Rand Paul has some good ideas in cutting back government. Mitt Romney is presidential and has experience in business, government and dealing with crises. He even knows how not to manage state health care! Once he admits RomneyCare was a mistake, he will do well.

Daily Bell: What about America's wars? Is the war in Afghanistan winnable or is it already lost?

Mark Skousen: I don't know. I don't consider myself a foreign policy expert. Ask [Doug Casey](#). In general, I don't think we can afford to be engaged in foreign wars, and having troops in 40 countries. Ben Franklin said it best: "The policy of America should be commerce with all, and war with none."

Daily Bell: Will Saudi Arabia fall?

Mark Skousen: I'd rather see them adopt free-market reforms. We are having an important Middle East panel at FreedomFest to answer this important question, with Tom Palmer and Professor Daniel Peterson, both experts in the field.

Daily Bell: We've asked you this before: is the Internet, like the [Gutenberg press](#) before it, responsible for a lot of the changes taking place? If not – what is?

Mark Skousen: Absolutely. The ramifications of the Internet and technology are hard to predict but largely beneficial. Some pundits like Peter Thiel (co-founder of PayPal) and GMU Professor Tyler Cowen think technology is stalled out in America, but we're still seeing all kinds of changes. The cost of textbooks, for example, is falling like crazy due to e-books. Google, Yahoo and Facebook are transforming the world – economically, politically, culturally.

Daily Bell: What are you working on now? Another book?

Mark Skousen: Yes, I just came out with a book I've been working for 30 years, and I think it will be a classic that goes through many editions. It's called "The Maxims of Wall Street," a compendium of all the Wall Street sayings, proverbs, poems, and worldly wisdom. It has a lot of humor, and even a few short stories I've written. It's about 300 pages long, and I'm doing a special limited edition of only a thousand copies, all numbered and signed. I let each buyer choose his favorite number anywhere from 2 to 1000 (#1 is already taken). I'll have copies to sign and number at FreedomFest, but if you want a copy, call my publisher, Eagle Publishing, at 1-800-211-7660, and order one (\$39 plus \$5 S&H). Be sure to name your favorite number.

Daily Bell: Any final thoughts? Any closing remarks on FreedomFest?

Mark Skousen: I've had a dream for some time that all the liberty lovers and freedom fighters would gather once and year to learn, network, socialize and celebrate liberty, or what's left of it. I imagine walking into an exhibit hall and seeing all the free-market think tanks and freedom organizations like Cato, Reason, Mises, Heritage, and FEE – one stop shopping for liberty. John Mackey calls it "The Trade Show for Liberty." And I think my dream is finally coming true, after years of hard work. I hope all your readers will join us. For either we all hang together, or we shall surely hang separately, to quote Ben Franklin.

Our symbol for FreedomFest is the American Eagle Silver Dollar, now worth around \$40. It symbolizes liberty and sound money. Everyone who comes to FreedomFest is expected to bring a silver dollar (or buy one there from one of our many coin dealers in the exhibit hall). When you come up to say hello, be sure to show me your lucky silver dollar!

Daily Bell: Well, good luck with the Fest and thanks for sitting down with us again.

Mark Skousen: Thank you, and I look forward to seeing you at FreedomFest. So long, fellow free-marketers, and remember, AEIOU.

Daily Bell: I notice you end your letters and hotline with AEIOU. What does that mean?

Mark Skousen: I never say. It's a puzzle wrapped in an enigma surrounded by a paradox. Have you tried Googling it?

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