9

2006 Was a Good Year

Olivier Richard

Olivier Richard lives and works in Switzerland.

As a young man, I was always wary of politics. But in January 2006, I grew itchy, looked around, and eventually stumbled onto an excellent summary for educated laymen by Christian Michel of the academic article “Marxist and Austrian Class Analysis,” originally published in pure academic format by Hans-Hermann Hoppe in *The Journal of Libertarian Studies* (Vol. IX, No, 2). Digging deeper into the original source, I quickly discovered that Hans’s most controversial book was the one entitled: *Democracy: The God That Failed*. So I ordered it in hardcover. In March 2006, my family went away for Easter vacation. Given that I had to stay behind and work regular office hours, I used my free time at home to read Hans’s book very thoroughly.

Just by looking at the front cover, I knew that this was an *impossible* book: surely, nobody can make a cogent case that democracy is bad and that some other political regime could possibly be better? So that tempted me: I like to read impossible books. Either the arguments are weak and childish, or I will be flipped like a pancake. Any other kind of book (i.e., not impossible) tends to be kind of a boring read, and almost a waste of time.

Lo and behold, the arguments in Hans’s *Democracy* were strong and scientific. They flipped me like a pancake. Maybe youngsters these days would call it taking the red pill, after the well-known meme from the movie “The Matrix.”

So I had no choice but to email Hans in April 2006 and tell him of my admiration for his work: it is not easy to undo decades of mental conditioning. To which he kindly replied by inviting me to the first Property and Freedom Society Conference. I never thought an author of his intellectual caliber would deign to respond to me (a nobody), but he did so immediately, engagingly, and extremely amicably—even though I was a total stranger.

After my wife came back from Easter vacation with the kids, obviously all I wanted to talk about around the dinner table was the implications of this book for every discussion topic that might be current. She quickly concluded that I was absolutely mad. To save our marriage, she—to her eternal credit—decided to invite herself along with me to Bodrum in June 2006 in order to personally assess the kind of crowd I was intellectually engaged with. And to confirm or revise her initial assessment regarding my mental sanity by collecting actual first-hand data, in her own way.

The turning point was when Sean Gabb deciphered an ancient Greek pillar on an archaeological excursion. My wife quickly decided that Anarcho-Capitalists who read Ancient Greek for fun cannot be intellectually dismissed out-of-hand.

After the talks were completed, the Anarcho-Capitalists got slightly rowdy. As we were all on sailboats in the middle of the Aegean Sea, one of the main speakers somehow convinced my wife that they would jump together into the waters at the same time. There was a countdown 3-2-1: she did, and he didn’t. The waters were super cold (think 19 degrees Celsius), and she howled out at the betrayal. From the deck, he was smirking at her, proud of his trick... Yet, days later, after having safely flown back home, she admitted that it was super fun! And this moment is still fondly etched into her memory to this day. This is the spirit of camaraderie at PFS conferences.

•

More seriously, I ran into a real problem: I intended to waltz into the inaugural PFS conference as a hero, being involved in making the financial markets more efficient as Milton Friedman, Margaret Thatcher, and Ronald Reagan would have wanted.

Sorely I was disappointed … Hans pegged me as a cog in the machine that prints money out of thin air. I left the conference happy to have convinced my wife that I was not completely insane, but questioning my destiny in life as a banker.

Fast forward a few months to August 2006: some senior researcher gave the first inklings that the credit expansion in the current cycle is second to none in history, and hence the subsequent crash when the fiat money spigot (inevitably) contracts will be the worst in history. Out of 60 senior finance professionals in the audience, 59 dismissed the warning because they were producing juicy revenues out of the boom part of the cycle, through no talent of their own, just by riding the wave up, and committing the big bank’s balance sheet to inescapable loss-making situations in the near-to-medium future.

I was the only one who understood this warning loud and clear. It is because I had gotten the memo from Hans two months beforehand in Bodrum. So, in September 2006, I started planning a graceful exit from the financial galaxy. My wife and I went out and drove around on a cross-country tour to buy a house far, far away from all the potential mayhem.

•

Banking is a profession easy to get into, but hard to get out of. Two years pre-planning is the bare minimum. Even then, you are cutting it so close to the edge that keeping your fingers crossed and biting your nails become daily necessities. Our family house was the last one to sell at the top of the market, and just afterwards the real estate transaction volume in our neighborhood went down to exactly zero.

To make a long story short, by hook or by crook we somehow managed to execute a graceful exit from the banking world 8 months before Lehmann Brothers blew up. If you want a graphical illustration of these turbulent times, the movie “The Big Short” gives a harrowing yet accurate and (perhaps) hilarious account.

When I triggered my timely departure in January 2008, based on Hans’s teachings about money and credit, all my extended network of peers in the industry called me to say that I was insane to hop off the gravy train. After Lehman blew up on September 15, 2008, the exact same people called me back to say that I was a genius. I am neither insane nor a genius. But they wanted to know how I pulled it off. One-word answer: HOPPE.