

# BANKNOTES

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## Monthly Newsletter-September 2013

*careers. Thanks to L.Carlos Lara, Dr. Robert P. Murphy and supporters for their commitment in hosting such events. -- J.N.*

“Great weekend with R Nelson Nash and Ron Paul in Nashville. Two very wise men. I highly recommend the book *Becoming Your Own Banker*” by R Nelson Nash -- B.B.

“Thanks for a fantastic conference this past weekend! My 2 guests loved it as well.” -- J. C.

“This is the best day of my life!” -- A.C.

“AWESOME! Thank you so much!” -- S.C.

We also heard presentations by Lawrence W. Reed, President of *The Foundation for Economic Education*. FEE is where I got my start in the study of Austrian Economics back in 1957.

Nationally known historian, Dr. Thomas Woods was a delight in helping us to understand “how we got into this financial mess” with *Meltdown: The Fed's Role in the Housing Bubble*.

Our own, Dr. Robert P. Murphy revealed The Fed's Failed Promises.

Yours truly spoke on When “Experts” Run Our Financial System.

Because of my 56 years of study of Austrian Economics I was inspired to create *The Infinite Banking Concept* and write *Becoming Your Own Banker*. The Infinite Banking Concept is really “Austrian Economics in action.”

The mission of the *Night of Clarity* is to gradually correlate these two thoughts to the general public. This is a long-term project and we must be patient and diligent in our efforts to get this understanding widely accepted and put into practice. Concepts and practices that have been around for one hundred years are difficult to abandon – even if they are wrong.

We must show people that they can “secede from the system” now – without delay of political action -- by adopting the Infinite Banking Concept in their financial lives.

## The Night of Clarity 2013 - A Great Event in Nashville

By Nelson Nash

An audience of 375 from 27 States for the Friday afternoon and evening were treated to a message from featured speaker, Dr. Ron Paul. He is the most outspoken critic of the Federal Reserve System under which we all live, thanks to a monopoly granted in December 1913.

His book, *End the Fed* written in 2009 is widely read by many people who know the fallacies of central banks all over the world. Central banks have created the worst financial condition that has ever existed and Dr. Paul is the champion of exposing this fact.

One participant was kind enough to give me one hundred million dollars issued by the RESERVE BANK OF ZIMBABWE – probably not worth the paper it is written on. This is the natural result of central banks all over the world. Lies compounded to the *nth* power!

Here are some comments from several who attended:

*What an incredible opportunity to witness two great Austrians Dr. Ron Paul and R, Nelson Nash advancing liberty at the same event. Their mentor Leonard E. Read would be proud as both men have answered the call when asked throughout their*

The following article by Dr. Hans-Hermann Hoppe gives us a clue in carrying out this mission.

## How to Fight the Modern State

by Hans-Hermann Hoppe on August 16, 2013

In this 1997 speech by Hans-Hermann Hoppe, now available as an ebook from the Mises Institute under the title *What Must Be Done*, Hoppe presents a plan of action for anarcho-capitalists against the modern state.

Hoppe begins by examining the nature of the state as “a monopolist of defense and the provision and enforcement of law and order.” Like all state-mandated monopolies, the monopoly of law enforcement also leads to higher prices and lower quality of services. Why is this state of affairs tolerated? The modern democratic states, much more than the monarchies and princely estates of old, are seen as moral and necessary despite ample evidence to the contrary.

In this initial analysis, we find much of what Hoppe eventually expanded into his 2001 book *Democracy: The God that Failed*, which systematically dismantled modern arguments in favor of the democratic state.

In the final portion of his speech, Hoppe turns to discussing how a modern partisan of liberty might act to counter the march of centralization and the destruction of property, culture, learning, and natural social hierarchies.

### A Bottom-Up Revolution

At last to the detailed explanation of the meaning of this bottom-up revolutionary strategy. For this, let me turn to my earlier remarks about the defensive use of democracy, that is, the use of democratic means for nondemocratic, libertarian pro-private property ends. Two preliminary insights I have already reached here.

First, from the impossibility of a top-down strategy, it follows that one should expend little or no energy, time, and money on nationwide political contests, such as presidential elections. And also not on contests for central government, in particular, less effort on senatorial races than on house races, for instance.

Second, from the insight into the role of intellectuals, in the preservation of the current system, the current protection racket, it follows that one should likewise expend little or no energy, time, or money trying to reform education and academia from the inside. By endowing free enterprise or private property chairs within the established university system, for instance, one only helps to lend legitimacy to the very idea that one wishes to oppose. The official education and research institutions must be systematically defunded and dried up. And to do so all support of intellectual work, as an essential task of this overall task in front of us, should of course be given to institutions and centers determined to do precisely this.

The reasons for both of these pieces of advice are straightforward: Neither the population as a whole nor all educators and intellectuals in particular are ideologically completely homogeneous. And even if it is impossible to win a majority for a decidedly antidemocratic platform on a nationwide scale, there appears to be no insurmountable difficulty in winning such a majority in sufficiently small districts, and for local or regional functions within the overall democratic government structure. In fact, there seems to be nothing unrealistic in assuming that such majorities exist at thousands of locations. That is, locations dispersed all over the country but not evenly dispersed ...

But what then? Everything else falls almost automatically from the ultimate goal, which must be kept permanently in mind, in all of one's activities: the restoration from the bottom-up of private property and the right to property protection; the right to self-defense, to exclude or include, and to freedom of contract. And the answer can be broken down into two parts.

First, what to do within these very small districts, where a pro-private property candidate and anti-majoritarian personality can win. And second, how to deal with the higher levels of government, and especially with the central federal government. First, as an initial step, and I'm referring now to what should be done on the local level, the first central plank of one's platform should be: one must attempt to restrict the right to

vote on local taxes, in particular on property taxes and regulations, to property and real estate owners. Only property owners must be permitted to vote, and their vote is not equal, but in accordance with the value of the equity owned, and the amount of taxes paid.

Further, all public employees — teachers, judges, policemen — and all welfare recipients, must be excluded from voting on local taxes and local regulation matters. These people are being paid out of taxes and should have no say whatsoever how high these taxes are. With this platform one cannot of course win everywhere; you cannot win in Washington, D.C. with a platform like this. But I dare say that in many locations this can be easily done. The locations have to be small enough and have to have a good number of decent people.

Consequently, local taxes and rates as well as local tax revenue will inevitably decrease. Property values and most local incomes would increase whereas the number and payment of public employees would fall. Now, and this is the most decisive step, the following thing must be done, and always keep in mind that I am talking about very small territorial districts, villages.

In this government funding crisis which breaks out once the right to vote has been taken away from the mob, as a way out of this crisis, all local government assets must be privatized. An inventory of all public buildings, and on the local level that is not that much — schools, fire, police station, courthouses, roads, and so forth — and then property shares or stock should be distributed to the local private property owners in accordance with the total lifetime amount of taxes — property taxes — that these people have paid. After all, it is theirs, they paid for these things...

Without local enforcement, by compliant local authorities, the will of the central government is not much more than hot air. Yet this local support and cooperation is precisely what needs to be missing. To be sure, so long as the number of liberated communities is still small, matters seem to be somewhat dangerous. However, even during this initial phase in the liberation struggle, one can be quite confident.

It would appear to be prudent during this phase to avoid

a direct confrontation with the central government and not openly denounce its authority or even abjure the realm. Rather, it seems advisable to engage in a policy of passive resistance and noncooperation. One simply stops to help in the enforcement in each and every federal law. One assumes the following attitude: "Such are your rules, and you enforce them. I cannot hinder you, but I will not help you either, as my only obligation is to my local constituents ..."

Hans-Hermann Hoppe, an Austrian School economist and anarchocapitalist philosopher, is professor emeritus of economics at UNLV, a distinguished fellow with the Ludwig von Mises Institute, and founder and president of The Property and Freedom Society.

Have an interesting article or quote related to IBC? We gladly accept article submissions as long as premission to reprint is provided. Send submissions for review and possible inclusion in BankNotes to [david@infinitebanking.org](mailto:david@infinitebanking.org).

## On Appeasing Envy

by Henry Hazlitt

Any attempt to equalize wealth or income by forced redistribution must only tend to destroy wealth and income. Historically the best the would-be equalizers have ever succeeded in doing is to equalize downward. This has even been caustically described as their intention. "Your levellers," said Samuel Johnson in the mid-eighteenth century, "wish to level down as far as themselves; but they cannot bear levelling up to themselves."

And in our own day we find even an eminent liberal like the late Mr. Justice Holmes writing: "I have no respect for the passion for equality, which seems to me merely idealizing envy."

At least a handful of writers have begun to recognize explicitly the all-pervasive role played by envy or the fear of envy in life and in contemporary political thought. In 1966, Helmut Schoeck, professor of

sociology at the University of Mainz, devoted a scholarly and penetrating book to the subject, to which most future discussion is likely to be indebted.

There can be little doubt that many egalitarians are motivated at least partly by envy, while still others are motivated, not so much by any envy of their own, as by the fear of it in others, and the wish to appease or satisfy it. But the latter effort is bound to be futile. Almost no one is completely satisfied with his status in relation to his fellows.

In the envious the thirst for social advancement is insatiable. As soon as they have risen one rung in the social or economic ladder, their eyes are fixed upon the next. They envy those who are higher up, no matter by how little. In fact, they are more likely to envy their immediate friends or neighbors, who are just a little bit better off, than celebrities or millionaires who are incomparably better off. The position of the latter seems unattainable, but of the neighbor who has just a minimal advantage they are tempted to think: "I might almost be in his place."

Moreover, the envious are more likely to be mollified by seeing others deprived of some advantage than by gaining it for themselves. It is not what they lack that chiefly troubles them, but what others have. The envious are not satisfied with equality; they secretly yearn for superiority and revenge. In the French Revolution of 1848, a woman coal-heaver is said to have remarked to a richly dressed lady: "Yes, madam, everything's going to be equal now; I shall go in silks and you'll carry coal."

Envy is implacable. Concessions merely whet its appetite for more concessions. As Schoeck writes: "Man's envy is at its most intense where all are almost equal; his calls for redistribution are loudest when there is virtually nothing to redistribute."

(We should, of course, always distinguish that merely negative envy which begrudges others their advantage from the positive ambition that leads men to active emulation, competition, and creative effort of their own.)

But the accusation of envy, or even of the fear

of others' envy, as the dominant motive for any redistribution proposal is a serious one to make and a difficult if not impossible one to prove. Moreover, the motives for making a proposal, even if ascertainable, are irrelevant to its inherent merits.

We can, nonetheless, apply certain objective tests. Sometimes the motive of appeasing other people's envy is openly avowed. Socialists will often talk as if some form of superbly equalized destitution were preferable to "maldistributed" plenty. A national income that is rapidly growing in absolute terms for practically everyone will be deplored because it is making the rich richer. An implied and sometimes avowed principle of the British Labour Party leaders after World War II was that "Nobody should have what everybody can't have."

But the main objective test of a social proposal is not merely whether it emphasizes equality more than abundance, but whether it goes further and attempts to promote equality at the expense of abundance. Is the proposed measure intended primarily to help the poor, or to penalize the rich? And would it in fact punish the rich at the cost of also hurting everyone else?

This is the actual effect of steeply progressive income taxes and confiscatory inheritance taxes. These are not only counterproductive fiscally (bringing in less revenue from the higher brackets than lower rates would have brought), but they discourage or confiscate the capital accumulation and investment that would have increased national productivity and real wages. Most of the confiscated funds are then dissipated by the government in current consumption expenditures. The long-run effect of such tax rates, of course, is to leave the working poor worse off than they would otherwise have been.

### **How to Bring On a Revolution**

There are economists who will admit all this, but will answer that it is nonetheless politically necessary to impose such near-confiscatory taxes, or to enact similar redistributive measures, in order to placate the dissatisfied and the envious — in order, in fact, to prevent actual revolution.

This argument is the reverse of the truth. The effect of trying to appease envy is to provoke more of it.

The most popular theory of the French Revolution is that it came about because the economic condition of the masses was becoming worse and worse, while the king and the aristocracy remained completely blind to it. But de Tocqueville, one of the most penetrating social observers and historians of his or any other time, put forward an exactly opposite explanation. Let me state it first as summarized by an eminent French commentator in 1899:

Here is the theory invented by Tocqueville. ... The lighter a yoke, the more it seems insupportable; what exasperates is not the crushing burden but the impediment; what inspires to revolt is not oppression but humiliation. The French of 1789 were incensed against the nobles because they were almost the equals of the nobles; it is the slight difference that can be appreciated, and what can be appreciated that counts. The eighteenth-century middle class was rich, in a position to fill almost any employment, almost as powerful as the nobility. It was exasperated by this "almost" and stimulated by the proximity of its goal; impatience is always provoked by the final strides.

I have quoted this passage because I do not find the theory stated in quite this condensed form by Tocqueville himself. Yet this is essentially the theme of his *L'Ancien Régime et la Revolution*, and he presented impressive factual documentation to support it. Here is a typical passage:

It is a singular fact that this steadily increasing prosperity, far from tranquilizing the population, everywhere promoted a spirit of unrest. The general public became more and more hostile to every ancient institution, more and more discontented; indeed, it was increasingly obvious that the nation was heading for a revolution ...

Thus it was precisely in those parts of France where there had been most improvement that popular discontent ran highest. This may seem illogical — but history is full of such paradoxes. For it is not always when things are going from bad to worse that revolutions break out. On the contrary, it oftener

happens that when a people which has put up with an oppressive rule over a long period without protest suddenly finds the government relaxing its pressure, it takes up arms against it. Thus the social order overthrown by a revolution is almost always better than the one immediately preceding it, and experience teaches us that, generally speaking, the most perilous moment for a bad government is one when it seeks to mend its ways. Only consummate statecraft can enable a King to save his throne when after a long spell of oppressive rule he sets to improving the lot of his subjects. Patiently endured so long as it seemed beyond redress, a grievance comes to appear intolerable once the possibility of removing it crosses men's minds. For the mere fact that certain abuses have been remedied draws attention to the others and they now appear more galling; people may suffer less, but their sensibility is exacerbated ...

In 1780 there could no longer be any talk of France's being on the downgrade; on the contrary, it seemed that no limit could be set to her advance. And it was now that theories of the perfectibility of man and continuous progress came into fashion. Twenty years earlier there had been no hope for the future; in 1780 no anxiety was felt about it. Dazzled by the prospect of a felicity undreamed of hitherto and now within their grasp, people were blind to the very improvement that had taken place and eager to precipitate events.

The expressions of sympathy that came from the privileged class only aggravated the situation:

The very men who had most to fear from the anger of the masses had no qualms about publicly condemning the gross injustice with which they had always been treated. They drew attention to the monstrous vices of the institutions which pressed most heavily on the common people and indulged in highly colored descriptions of the living conditions of the working class and the starvation wages it received. And thus by championing the cause of the underprivileged they made them acutely conscious of their wrongs.

Tocqueville went on to quote at length from the mutual recriminations of the king, the nobles, and the parliament in blaming each other for the miseries of

the people. To read them now is to get the uncanny feeling that they are plagiarizing the rhetoric of the limousine liberals of our own day.

All this does not mean that we should hesitate to take any measure truly calculated to relieve hardship and reduce poverty. What it does mean is that we should never take governmental measures merely for the purpose of trying to assuage the envious or appease the agitators, or to buy off a revolution. Such measures, betraying weakness and a guilty conscience, only lead to more far-reaching and even ruinous demands. A government that pays social blackmail will precipitate the very consequences that it fears.

[The Freeman, 1972]

Henry Hazlitt (1894–1993) was a well-known journalist who wrote on economic affairs for the *New York Times*, the *Wall Street Journal*, and *Newsweek*, among many other publications. He is perhaps best known as the author of the classic *Economics in One Lesson* (1946).

### Nelson's Favorite Quotes

*Democracy is two wolves and a lamb deciding what to eat for dinner. Liberty is a well-armed lamb debating the outcome* – Ben Franklin

*Sometimes one pays the most for the things one gets for nothing.* - Albert Einstein

## Imperialism and Anti-Imperialism

by Thomas J. DiLorenzo on August 21, 2013

Beginning on September 9, Mises Academy presents "Imperialism and Anti-Imperialism," a five-week course taught by Dr. Thomas J. DiLorenzo.

Prof. DiLorenzo discusses the class and the nature of American imperialism:

For generations, American students have been

taught that their government was a constitutional republic and, as such, is truly "exceptional." So-called American exceptionalism is contrasted in the classroom first with the imperialistic British Empire from which the original colonists rebelled. From there, the student learns that a war was fought against the Spanish Empire in the late nineteenth century, and against the monarchical empires of Old Europe in World War I. The fascist empires of Germany and Japan were defeated in World War II, after which the U.S. government commenced a new war against the Soviet empire. With the demise of the Soviet Union, American exceptionalism was once again invoked to impose democracy at gunpoint all over the world in the name of peace. Through all of this, the United States government selflessly pursued nothing more than peace and freedom for the peoples of the world.

This standard narrative, in which the United States is the perennial instrument of liberty, is a lie. We must ask ourselves how the world's biggest opponent of imperialism (supposedly) has become the biggest imperialistic empire the world has ever known. How does an "anti-imperialistic" government end up with hundreds of military bases spanning the entire globe, with "military command centers" on every continent, even including an "African Command" operated out of Germany?

Was William Graham Sumner right when he argued in his 1898 essay, "The Conquest of the United States by Spain," that America itself had finally evolved into an imperialistic empire not unlike the Spanish Empire? The answer to this question is "yes and no." Sumner was right about the nature of the U.S. government as of the turn of the twentieth century, but his timeline was off. The road to imperialism began many decades earlier.

The War of 1812 ignited what Justin Raimondo has called "the virus of imperialism" in America. It was not a defensive war but an attempt to conquer Canada. The American Secretary of War predicted that no soldiers would be needed, that the appearance of a few American military officers would be met with cheers and flowers. The real result was a war in which the British burned down the White House and

much of Washington, D.C. It also created an excuse to resurrect the hated Bank of the United States, impose massive taxation, high tariffs, and corporate welfare. "We never really did get back to the pre-War level of minimal State power," wrote Rothbard.

The 1846 Mexican War was an imperialistic attack on Mexican sovereignty that was so bold that it even motivated the one-term Congressman Abraham Lincoln to speak eloquently in defense of secession.

In 1860 the Republican Party had plans for a continental empire (and beyond) funded by high tariffs and a national bank and littered with corporate welfare for railroad corporations, among others. Their first legislative success, during the 1859-60 Congressional session, was to more than double the average tariff rate at a time when tariff revenue accounted for more than 90 percent of all federal tax revenue. After the lower South seceded, threatening to foil the Republican Party's imperialistic designs, Lincoln threatened "invasion" and "bloodshed" (his exact words) in any state that failed to collect the newly-doubled tariff tax in his first inaugural address. And he kept his word.

Then there was Woodrow Wilson, who "set the entire pattern for foreign policy from 1917 to the present," according to Rothbard, with his utopian plans to recreate Europe at gunpoint in the name of "democracy." If today's neocons, who control American foreign policy, are anything, they are Wilsonian fanatics.

Beginning on the evening of Monday, September 9, I will be teaching a five-week online Mises Academy course on Imperialism and Anti-imperialism featuring the writings and ideas of such scholars as Ludwig von Mises, Murray Rothbard, Hans-Hermann Hoppe, Joseph T. Salerno, Thomas E. Woods, Jr., Randolph Bourne, Robert Higgs, William Graham Sumner, Joseph Stromberg, and Justin Raimondo, among others (including myself). The economic and political nature of imperialism will be discussed, followed by discussions of American imperialism in action. The fallacies of the contemporary arguments for never-ending war — that "democracies" supposedly never

fight wars with each other — will be exposed and the consequences of this philosophy and policy examined.

An important element of the course will be the study of the anti-imperialistic tradition in America — and in the world. This tradition acknowledges that, as Rothbard once wrote, "The State thrives on war ... expands on it, glories in it" as "the aggrandizement of State power crosses national boundaries into other States pushing other people around" as a sort of "foreign counterpart of the domestic aggression against the internal population."

Or as Ludwig von Mises wrote, under imperialism, "the individual no longer has value. He is valuable to [the state] only as a member of the whole, as a soldier of an army." And as a payer of ever-increasing taxes, I would add. The "imperialistic peoples' state," Mises wrote, has a "lust for conquest" that is "unlimited," and "foreign peoples are in its eyes not subjects but objects of policy." Is there a more precise definition of American foreign policy over the past century?

Thomas DiLorenzo is professor of economics at Loyola University Maryland and a member of the senior faculty of the Mises Institute. He is the author of *The Real Lincoln; Lincoln Unmasked; How Capitalism Saved America; and Hamilton's Curse: How Jefferson's Archenemy Betrayed the American Revolution — And What It Means for Americans Today.*

### Nelson's Newly Added Book Recommendations

<http://infinitebanking.org/reading-list/>

*A Disease in the Public Mind: A New Understanding of Why We Fought the Civil War* by Thomas Fleming

*Money and Freedom* by Hans F. Sennholz

*Our Enemy, the State* by Albert J. Nock

*The World in the Grip of an Idea* by Clarence B. Carson

**The following is a note we received from one of our *IBC Practitioners* that attended the Night of Clarity**

I was thinking this morning about the meetings I have had this week with new clients, mostly generated from last week's event [*The Night of Clarity*]. One couple stumbled upon IBC by signing up to attend the whole weekend but were drawn to it by wanting to hear the Friday lectures in particular. They read and follow Austrian economics mentioning Tom Woods and Ron Paul. They had no prior information about IBC/Privatized Banking until Saturday. They were blown away by the concept. He bought Nelson's book and read it prior to Monday. We have had one phone call and I am sending him an illustration to review today and I fully believe that they will act on it very soon. So, I wanted to let you know that what I am seeing (other people that I've talked to this week in similar situation and also in the past), a trend of sorts, is that if the individual is tuned in to Austrian economics and that line or view of thinking about our world (economics, government....and we know it extends beyond that) then they can understand, "get" and want to act on IBC/Privatized banking. When I get off the call or get in my car I marvel about how easy the conversation and explanation about the contract and what it does. And how quick it can go into an application.

My overall assessment is that we as practitioners are only "pushing" a product and "selling" if the Austrian viewpoint is not understood and deemed correct by the client. Essentially we would be no different than any other financial rep. Our society is leery of being "sold" and yet they almost expect it at the same time. But if they have a correct view of the economy and government intervention with the Fed as their principal tool then they want out of the system and this is a real solution and way to escape the bondage and can protect themselves. They see it.

I am grateful for the NOC and believe in all it represents. I clearly see the connection between Austrian economics and IBC and it works. My

newsletter is my attempt to affect those that I have come in contact with to help spread this message and connection. Not everyone will get it but more and more people are becoming aware because they feel or have felt the pain of the current system and know that it doesn't work for them.

I want to do more seminars (local and in Ohio) at some point. The reactions from the NOC has given me more insight into how I'd like them to flow. I will be in touch about this.

Have a good one!

*Paige T. McKechnie*

## **Searching for Security in a Risky World**

*By Paul A. Cleveland*

Recent events highlight the fact that we live in a risky world. The terrorist bombing of the Boston marathon, the explosion of a fertilizer plant in Texas, and a massive earthquake in Iran are all examples of events that result in multiple deaths and injuries along with widespread destruction. When such events occur it seems like a timely occasion to ask ourselves, what can we do to protect ourselves? Also, what role should government play in providing safety and security?

To address these questions we must first identify the various kinds of risks we face since they are not all the same despite the fact that all produce similar results. Indeed, we can classify these events in separate categories. I would offer the following list. There are natural tragedies such as earthquakes, tornadoes, and hurricanes. In addition to these in the natural realm, the prospects of succumbing to various forms of diseases are ever present. On the man-made level there are tragedies that result from accidents as well as negligent behavior. And, finally, there are human acts of aggressive violence.

Given this list, let's consider briefly the recent events mentioned above. For instance, what should we do to protect ourselves against natural disasters like the earthquake in Iran which wiped out an



entire Pakistani town that was located on the Iranian border and killed 35 people? And, what role is there for government? One of the first things to note in such situations is that the structural integrity of the buildings in any place that is prone to earthquakes will greatly determine how well they can withstand such an event. Moreover, the wealthier the people living in any place, the more likely they will be able to afford to build more secure dwellings. For this reason, economic prosperity is an important factor in promoting safety and security. So what can we do and what can government do to promote prosperity?

I would say that we can be active producers of goods and services that are valuable in market exchange. Such actions result in profits which in turn allows for the accumulation of wealth that can be used to secure the best construction resources and employ the best construction practices. What the government can do in this regard is secure the rule of private property law so that free market exchange can flourish. What it ought not do is to presume that it knows best what resources and construction methods should be employed. Such presumption disregards the fact that such information cannot be had since they evolve over time. Earthquakes and the like are destructive even in the wealthiest places and new knowledge is often gained after the fact when we evaluate the destruction resulting from the event. Nevertheless, it is true that the loss of life and property is lessened the better the quality of construction prior to the event. This brings into play one final thing that governments might do after such a disaster. They do need to move quickly to secure the lives and property of the people suffering from the destruction. But this action ought to be short-term. Its main aim is to secure the rule of law so that the people can act for themselves to restore their possessions as best they can. At this point they may utilize any insurance coverage obtained prior to the event. Or, they may simply work in partnership with others to restore what was lost. At this point, private charity may certainly be very useful to alleviate the suffering.

But, what should be done in man-made disasters such as the explosion at the fertilizer plant in Texas?

As with the natural disaster there is an immediate need to secure the property and lives of the people affected by the event. However, beyond this, the government's role is questionable. Much will need to be done to determine the causes of the fire and the subsequent explosion to determine the extent of negligence on anyone's part that led to the disaster. But this process should be left to insurance experts. The extent of government involvement will be determined by whether or not the people involved can reach satisfactory agreements with the insurer of the plant to compensate for the losses suffered. This may involve the judicial system if such agreements cannot be settled privately. In the discovery process, new information will likely arise that will improve the safety practices of other fertilizer plants thus reducing the likelihood of such future events. Nevertheless, that cannot and will not eliminate all the risk associated with handling the ingredients used in producing fertilizer products.

This brings us to the Boston bombing. In this case we witnessed the premeditated act of violence intended to kill and maim people. Once again the immediate action of government to secure the lives and property of the people involved is needed. But unlike the other kinds of tragic events, there is an additional governmental action needed. It is the duty of the government to hunt down and bring to justice the perpetrators of the act. The swifter the justice, the better for the community for it sends a clear message to other would-be aggressors that any proposed act of violence will be met by just punishment.

One main point should be made. We live in a fallen world where there always have been and always will be risks of disaster, devastation, and destruction. There is nothing that government can do to eliminate these risks. As we've seen, risks in life can be reduced, but this occurs as an outcome of economic advancement and new discoveries of best practices in cases of natural disaster and man-made tragedies. Such reductions in risk can also be enhanced by our own prudent behavior. Violent aggression may be reduced by actively punishing the perpetrators of such acts, but we must remember that we live in an

evil world. In fact, we must all come to grips with the evil present in our own hearts. For this reason, there is only one place where we can find true security. The only place of ultimate security is when we find eternal forgiveness for our sins in Jesus Christ. No matter what should befall us in the here and now, we will arrive safely home for to live at peace with God for all eternity.



Number Forty in a monthly series of Nelson's lessons, right out of *Becoming Your Own Banker*® We will continue until we have gone through the entire book.

**Content: Page 69-70, PART V, Lesson 40: "But, I can get a higher rate of return ..."** *Becoming Your Own Banker: The Infinite Banking Concept*® Fifth Edition, Sixth Printing

This exercise is very simple and easy to understand for most folks. Nevertheless, there are some who have a problem with it – and, of course, there are those who will never understand. To those who have difficulty I offer this exercise below.

Go to page 54 in the book. This is where the Insurance Company managed all the cash values. Look at line 4 in the Net Cash Value (NCV) column (\$157,363). Now, go to line 8 (NCV) column (\$201,772).

The gain was \$44,409 when the company managed all the Cash Values.

Page 59 is where the owner financed one of his trucks through the same policy. Look at line 4 (Net Cash Value NCV) column (\$157,363). Now, go to line 8 (NCV) column (\$216,568). The gain was \$59,205. Subtract the gain when the company managed all the CV above (\$44,409) and you will see the gain the policy owner had by financing one truck through the policy (\$14,796). He had to pay out \$19,400 in "interest" to get this gain. So, all the

"interest" he paid out did not go to his policy at this time. That is because it takes the company about 13 years to amortize the cost of acquiring a new policy. Those costs have to be absorbed before all the earnings can be attributed to the policy owners. Go back to page 54. Line 8 (NCV) shows (\$201,772). Now, go to line 12 (NCV) and you see (\$262,987). The gain was \$61,215.

On page 59, line 12 (NCV) shows (\$216,568). Now, go to line 12 (NCV) and you see (\$298,379). The gain was \$81,811. The difference in gain in the comparison was \$20,596, and this was the result of him paying out \$19,400 in "interest" to his policy -- so, it gained more than he paid out.

Now, go back to page 54. Line 24 (NCV) shows (\$618,942). Next, go to line 28 (NCV) and you see (\$833,139). The gain was \$214,197 when the company managed everything.

Go back to page 59, line 24 (NCV) shows (\$776,947). Now, go to line 28 (NCV) and you see (\$1,065,819). The gain was \$288,872. The difference in the gain in this comparison was \$74,675. For this difference he only paid out \$19,400 in "interest" to his policy. So, you see, it gained much more than his "interest" payment to his policy.

And so, when you study page 70 in the book, I hope you see that I understated the case when I said, "the interest you pay on your policy loan goes to your policy – not to the insurance company." Yes, the company does receive the payment – it is the administrator of a policy that they engineered and promise to carry out for the benefit of the owner. This type of company is a "mutual company" and it is impossible for it to "make money" in the usual sense of the word. All earnings are allocated to the policy owners.

Note: Please go back to page 58, right column, bottom of the page and read this footnote as many times as necessary to learn what is actually happening in these *Equipment Financing Illustrations*.

But, as you have clearly seen in Part IV of this course, every policy has the potential of being different because of how the policy owner behaves.

Following this line of reasoning, it should be evident that it is impossible to "get a higher rate of return" by making an investment without getting the money to do so from your life insurance policy.

**Nelson's Live Seminars & Events  
for September & October 2013  
<http://infinitebanking.org/seminars/>**

*Nelson Live in Tulsa, OK, 18-20 September*  
Contact Shawn Byerly  
918-664-6394  
Shawnbyerly@gmail.com

*Nelson Live in Gulfport, MS, 3-4 October*  
Contact Barry Page  
228-875-5545  
barry@legacyinsuranceagency.com

*Nelson Live in Birmingham, AL, 11 October*  
Contact Stacy Brasher  
205-440-4101  
stacybrasher@nowlinandassociates.com

*Nelson Live in Boerne, TX, 17-18 October*  
Contact Financial Process Group  
830-331-9805  
janet\_sims@glic.com

*Nelson Live in Ft Worth, TX, 19 October*  
Contact Julee Neathery  
817-790-0405  
jpinneda@bankingwithlife.com

Our comprehensive *Becoming Your Own Banker*<sup>®</sup> seminar is organized into a five-part, ten-hour consumer-oriented study of *The Infinite Banking Concept*<sup>®</sup> and uses our book *Becoming Your Own Banker*<sup>®</sup> as the guide. Typically, Nelson covers the concept's fundamentals in a two-hour introductory

block the first day. He then covers the "how to" over an eight-hour block the final day.

These seminars are sponsored, therefore attendance is dictated by the *seminar sponsor*. If you are interested in attending one of these events, please call or email the contact person listed with the seminar information.