

# THE IMPORTANCE OF SOUND THINKING



INTERVIEW WITH NELSON NASH

R. Nelson Nash was born in Greensboro, GA in 1931, and married Mary Edwards Williams in 1952. Nash received a BS Degree in Forestry from the University of Georgia in 1952, and spent 30 years with the Army National Guard, where he earned Master Aviator Wings.

In addition to being a Consulting Forester for 9 years in eastern North Carolina, Nash was a life insurance agent with Equitable of New York for 23 years (Hall of Fame member), and The Guardian Life for 12 years.

Nash describes himself as the “discoverer and developer” of The Infinite Banking Concept (IBC). He explains his revelation and how IBC works in his classic book, *Becoming Your Own Banker*, of which more than 300,000 copies have sold.

Nash is also the publisher of BANK NOTES, a quarterly newsletter. He lectures all over the United States and Canada teaching his book in ten-hour seminars, averaging 30 seminars per year.

Nash is a passionate student of Austrian Economics, having started this pursuit 59 years ago.



**LARA-MURPHY REPORT:** We have already interviewed you (in the December 2011 issue of the LMR) but for the benefit of our new readers, can you explain how you discovered Austrian economics?

**NELSON NASH:** It was back in the mid-50s. Upon graduation from college I had to go on active duty with the Air Force in 1952. When those two years were up, I moved to Eastern North Carolina to begin my forestry consulting career. By the way, I did not work for the government – “Smokey Bear” and I don’t see things exactly the same. We think differently. I worked for private landowners by contract.

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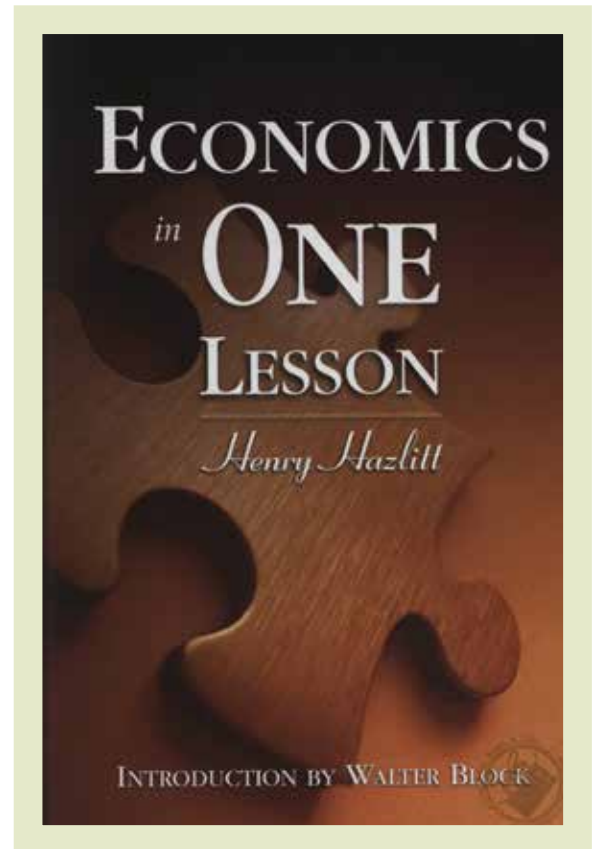
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it. I also didn’t realize how much the ideas of socialism permeated the thought process of folks involved in forestry, so I came face-to-face with the mental paralysis that the monster creates in the human mind. I could not believe what I was witnessing! Why would anyone behave that way?

In due course I was “mouthing off” at a social gathering at the home of a radiologist about what I had experienced. I could not understand why people behaved as they did. It made no sense to me at all. He went back to his library and brought me a copy of Henry Hazlitt’s *Economics in One Lesson*. “Try reading this,” he said. A couple of weeks

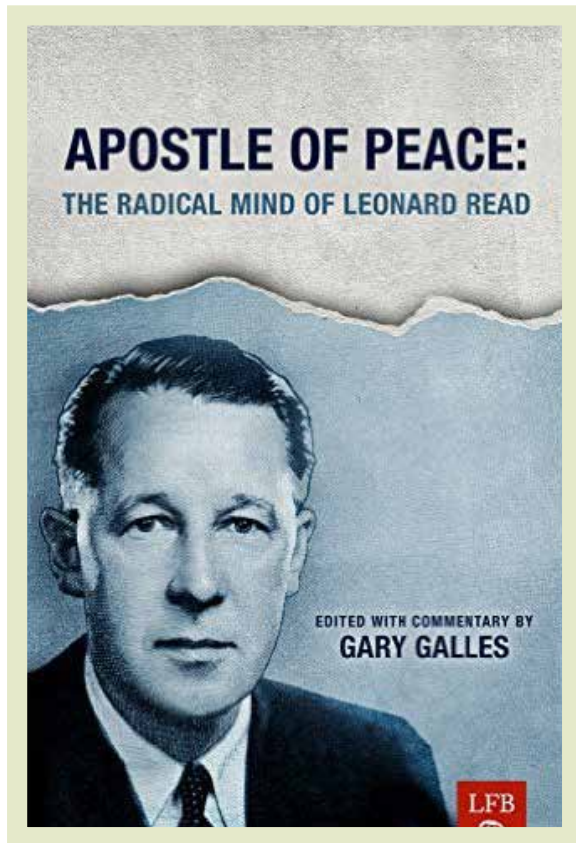


later I had finished it. I took it back to him and asked two questions, “Where have you folks been hiding this stuff?” and, “Why did you hide it from me?”

He replied, “If you liked it, get on the mailing list of this monthly journal called ‘The Freeman’ a monthly journal published by an organization called The Foundation for Economic Education (FEE). All you have to do is ask for it. They will never ask you for money yet they are entirely supported by donations. If you have not sent them

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some money in a year, they will simply take you off the mailing list.”

The more I read, the better it got. I was particularly attracted to the writings of Leonard E. Read and Dr. Clarence B. Carson. Within the next ten years I had become good friends with Leonard and he became my mentor. I had Leonard down to Birmingham to lecture to groups every year for many years. Around 1977 my wife and I met Dr. Carson at a gathering that we sponsored

for Foundation for Economic Education conducted by Leonard Read. Soon after I was invited to work with Dr. Carson on the board of directors of his organization. From these two sources the study of Austrian Economics and history became my passion and remains so to this day.

**LARA-MURPHY REPORT:** Since you knew him so well, do you have any anecdotes you can share about Leonard Read? Most of today’s libertarians probably only really know his famous, “I, Pencil” essay, and that he founded FEE. Can you shed more light on his lecturing style and his vision of the world?

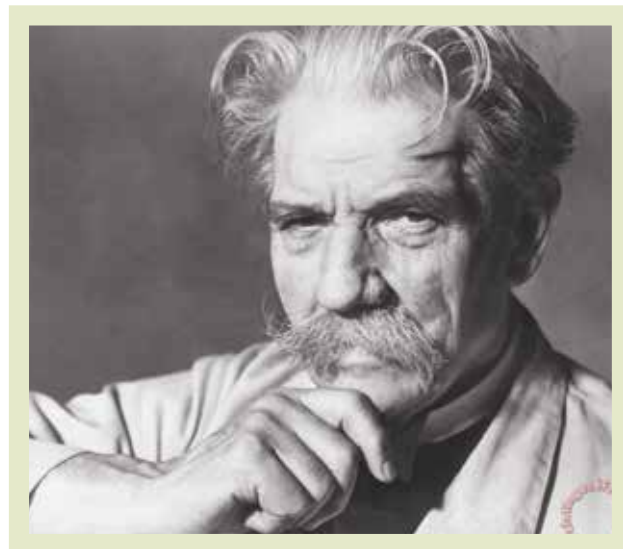
**NN:** There were so many that it is difficult to make a choice. Whenever he came to speak the format was a two-day event that started on a Friday evening with a meal and a couple of hours of lecture. The following day consisted of lectures all day long. On many occasions he brought a couple of other members of FEE such as Ed Opitz and Ben Rogge. It was on one of these that I met Clarence Carson for the first time. I had been reading articles written by these gentlemen for years. What a joy it was in getting to know these folks and learn from them! Their presentations were so easy to listen to.

I always arranged for Leonard to spend the Friday night in the home of one of the attendees of his lectures. On a couple of occasions Leonard spent the night in our

home. Leonard and I had long conversations with each other that were so meaningful to me. On one particular night he learned that I was an airplane pilot and had recently completed training for instrument flying. I told him about my instructor saying, “During a flight under these conditions you are naturally going to get off course from time to time. My job is to get you to understand that fact and develop the habit of ‘constantly correcting’ to stay on course.” We talked on about this and, to my surprise, in his next book Leonard wrote a chapter reflecting the message of our conversation. It is entitled *Am I Constantly Correcting*.

On another occasion I arranged for Leonard to give a short presentation to the Senior Class of students in the School of Business at Samford University. Leonard pointed out that government is only capable of restricting behavior or punishing action of citizens. In essence it is a “fist.” He made a fist to demonstrate his point. The Dean of the school – a borderline communist – interrupted, “Oh, no. I think of it as a helping hand” while stretching out his open palm. Leonard started to respond, but quickly perceived that it would be a waste of time and effort to rebut such naivete and just smiled at the Dean with no intent to argue. Argument was not his style.

**LMR:** You’re currently working on a book entitled, *It’s All About How You Think*. Can you explain what you mean?



“The late, great Albert Schweitzer was once asked, ‘Doctor, what’s wrong with men today?’ He pondered the question briefly and said, ‘Men simply don’t think!’”

**NN:** The late, great Albert Schweitzer was once asked, “Doctor, what’s wrong with men today?” He pondered the question briefly and said, “Men simply don’t think!” Taking a hint from him I believe this book will need a sub-title – *And All About How You Don’t Think*. All human behavior is predicated by thought. Creativity begins with thought. In the seminars that I conduct I teach the message of my two books, *Becoming Your Own Banker* and the follow-up book *Building Your Warehouse of Wealth*. Early in each seminar I point out that *The Infinite Banking Concept* is an exercise in imagination, reason, logic and prophecy. Each of these words involves prior exercise of thought.

In creating your own banking system I

demonstrate that it can be best done through use of a contract relationship with like-minded people in order to solve a problem that everyone has in today's world. It is known as dividend-paying whole life insurance with a mutual company (one that is owned by the policy owners) – an idea that has been in existence for over 250 years. Policy owners pay premium dollars to an insurance company. The company must put these dollars to work in various and sundried places to be able to pay the promised death claim. One of the places that the company can lend money is to the policy owner.



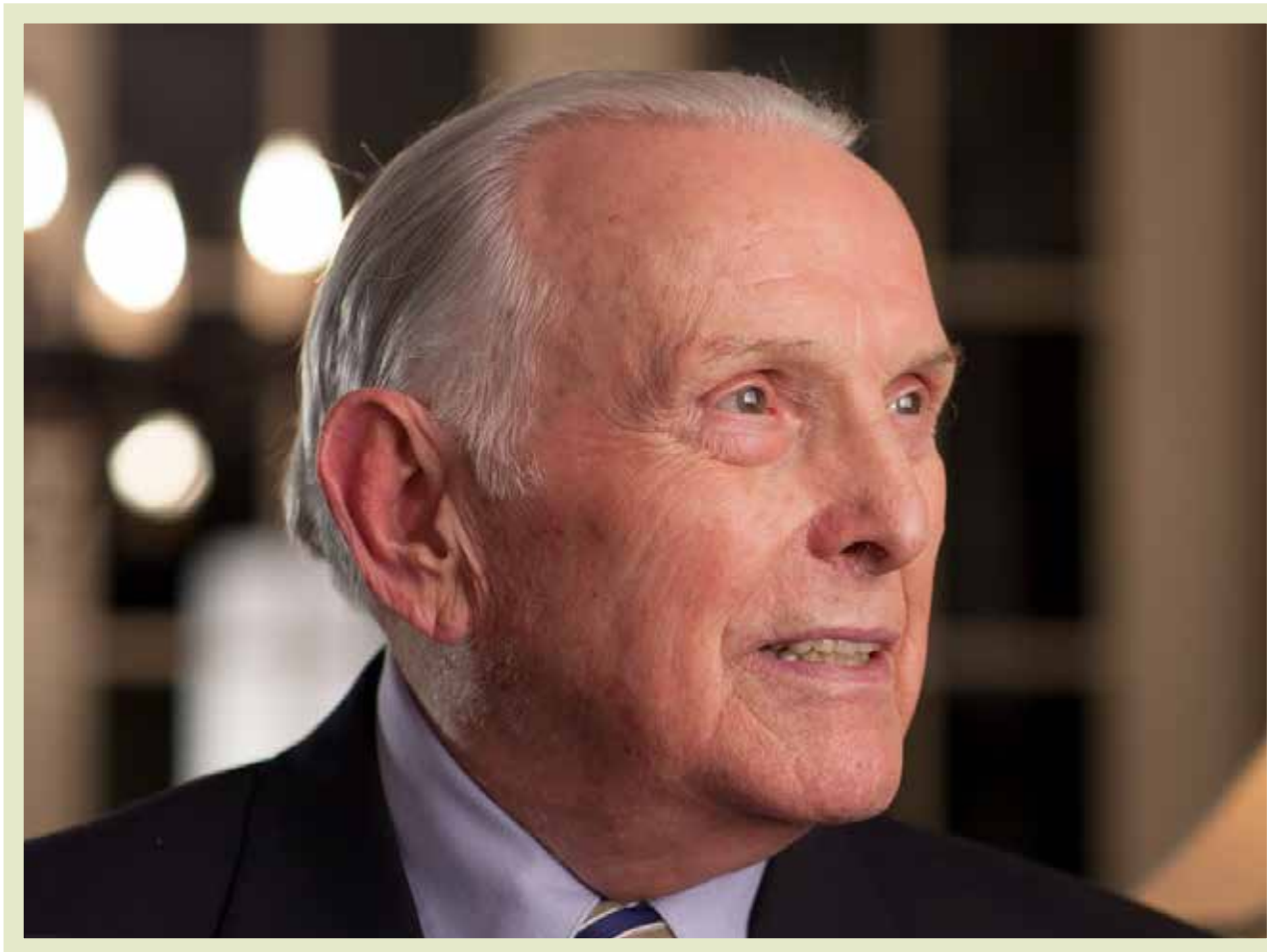
“Albert J. Nock says, ‘If a regime of complete economic freedom can be established, social and political freedom will follow automatically; and until it is established neither social nor political freedom can exist.’”

Because of my Austrian studies and background I clearly saw that everyone's need for finance, during lifetime, is greater than the need for death benefit. Solving the need for finance in a place that cannot inflate the money supply seemed logical to me. I remind you, this type of life insurance has been around for over 250 years. Why didn't the life insurance company people see this obvious fact? Simply because they didn't think this way!

Don't condemn them. The concept of the wheel has been around for 6,000 years but we put a man on the moon before the luggage industry discovered wheels!

**LMR:** You often stress that one can't be a good economist without knowing history. Can you elaborate?

**NN:** I owe this thought to the historian Dr. Clarence Carson. Most all of his writings were from an economic point of reference. His book, written in the early 1970s, *The World In the Grip of an Idea* made a profound effect in my life. That idea is socialism or maybe it is better classified as statism. An idea that can't possibly work yet people can't seem to recognize its empty promises. The book *This Time Is Different: Eight Centuries of Financial Folly* by Carmen M. Reinhart and Kenneth Rogoff dramatically proves this point.



**LMR:** Finally, you often allude to the fact that you are getting ready to “graduate” from this world. From your perspective, what should people concerned about liberty be doing? Has your view on the proper approach to this question changed over the course of your life?

**NN:** In his book *Memoirs of a Superfluous Man*, Albert J. Nock says, “If a regime of complete economic freedom can be established, social and political freedom will follow automatically; and until it is established neither social nor political freedom can exist. Here one comes in sight of the reason why

the State will never tolerate the establishment of economic freedom.”

The Nelson Nash Institute is demonstrating – and teaching – that one can attain economic freedom on an individual basis while living under such a Statist regime. It will require a fundamental change of thought from that which prevails in our world.

Yes, I, too, was caught up in “the ways of the financial and economic world” before the thoughts revealed in this interview began to synthesize. Hence, I got to see the folly of all their ideas and “changed my evil ways!”

