From the December, 2010 Edition of the Lara-Murphy Report (LMR)

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 200,000 copies have sold.

Nash is also the publisher of BANKNOTES, a quarterly newsletter. He lectures all over the United States, teaching his book in ten-hour seminars, averaging 50 seminars per year.

Nash is a passionate student of Austrian Economics, having started this pursuit over 54 years ago.

Lara-Murphy Report: For the benefit of our readers who’ve never heard one of your seminars, can you explain how you discovered Austrian economics?

Nelson Nash: It was back in the mid-50s. I had to go on active duty with the Air Force upon graduation from college. When those two years were up, I moved to Eastern North Carolina to begin my forestry career. By the way, I did not work for the government – Smoky Bear and I don’t see things exactly the same. I worked for private landowners by contract.

I knew nothing about socialism, but, inherently I knew something was wrong about 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?

So, here I am “mouthing off” at a social gathering at the home of a radiologist about what I had experienced. 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’ that is published by an organization called The Foundation For Economic Education (FEE). All you have to do is ask for it – and they will never ask you for money. But, they are entirely supported by donations. If you have not sent them 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

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15-16 August, 2014 in Nashville Tennessee
Dr. Clarence B. Carson. Within the next ten years I had become good friends with Leonard and he became my mentor. We had Leonard down to Birmingham every year for many years. Another ten years pass and my wife and I met Dr. Carson at a gathering that we sponsored for Foundation for Economic Education conducted by Leonard Read. Soon after we began to work with Dr. Carson on the board of directors of his organization. The study of Austrian Economics and history became my passion and remains so to this day.

LMR: Let’s suppose a reader is fully on-board with the basic Austrian message, but he doesn’t know much about life insurance. What would you say to this person, to encourage him to research the area further? Why is it worth his time, if he already understands the dangers of fiat money, central banking, and so forth? What is it that your perspective offers to him, that he’s currently lacking?

NN: That’s the reason I wrote the book, BECOMING YOUR OWN BANKER - Unlock the Infinite Banking Concept back in October 2000. There is no way to give a simplistic explanation to one who is not acquainted with the concept. It takes time to develop a rationale that is totally different from what most folks think. So, life insurance agents who use my book to educate prospects/clients might say, “Mr. Prospect, I found this very interesting book – at least it is interesting to me – because it has changed the lives of thousands of people all over the country. I’d like your opinion of it. Would you read it and let me know what you think? Give me $25.00 — that’s the retail price plus shipping costs. When you have finished it – if you don’t like it – I’ll buy it back.”

Or, one might say, “How would you like to make the interest that the banking industry is making off of you on the major purchases that you make during your lifetime, like automobiles, houses, business equipment, etc. – and do it on a tax-deferred basis? Read this book and learn how to do it.”

As to your other questions, practically no one realizes that the primary source of inflation in our economy is done through local commercial banks. They lend money that doesn’t exist! That is fraud! When one makes a loan from a life insurance company and uses the cash value of his policy as collateral, there is no inflation of the supply of money. It is from savings by all the participants when they buy dividend-paying whole life insurance from a mutual company – that is, an insurance company that is owned by the policy owners. Very few people understand this fact.

LMR: Now let’s turn it around. Let’s say the reader has been a huge fan of your philosophy for years, and indeed she quit her previous job to become a very successful insurance agent, showing her clients how to solve their household’s financial problems with the disciplined use of properly designed dividend-paying, whole life policies. She knows that you happen to be a fan of Austrian economics, but views this as an incidental hobby you have, akin to you liking John Wayne movies. What would you say to such a hypothetical fan, to encourage her to learn more about the Austrian worldview? Why does she need to bother with all of that “boring econ stuff,” if she is doing quite well in her current business?

NN: When one understands the teachings of Austrian Economics, and also understands how dividend-paying whole life Insurance works, it is easy to “connect the dots.” I have had a number of e-mails from people who have read my book and said, “This is Austrian Economics in action.”

LMR: Our roster of previous interviewees have attested to the immense growth in the popularity and influence of the Austrian school. Can you give us your perspective on the fortunes of the Infinite Banking Concept, perhaps telling us about your book sales and the acceptance of your views among insurance professionals?

NN: At this time, my book has sold over 200,000 copies. We know thousands of people who will never see a bank again in their lives – except for the convenience of a checking account. My wife and I have not used bank loans of any kind for over seventeen years – again, except for checking convenience. It is a very peaceful way of life in addition to being very profitable. By using life insurance policy loans to make the major purchases that occur in life, we are –
in effect – making what the bank would be making off of us, tax-free. Do this over a number of years and the results are astounding!

Every month I am on a conference call with a large number of life insurance agents who are practicing this concept personally and with all of their clients. Just today, one of the agents was happy to report, “Thanks to what you have taught me, my family and I are now totally free of bank financing of any kind.”

Additionally, there are many home office people in the life insurance business who had no real appreciation of the power of this concept – and now they are own significant amounts of the product. They were standing in the middle of a fantastic solution to financial problems – and they never saw it because of the way they were taught. Infinite Banking Concepts is an educational organization that is dedicated to rectify this misunderstanding.

**LMR:** One of our favorite lines from a talk you gave at our Night of Clarity conference in Nashville was something like, “In the decades that I have spent studying the Bible, I do not recall it saying, ‘And then Moses retired.’” Can you share with us your views on the typical American view, that you work at a job you hate for 45 years, so you can stack up a bunch of money and then start living once you retire?

**NN:** Retirement has got to be the most stupid idea that has ever come along. I have read the Bible through and through during my lifetime and I can’t find anywhere that it says, “And, so Moses retired and lived happily ever after…” The word “retirement” doesn’t appear in the vocabulary of human beings until about 1890. Bismarck, in Germany, came up with that idea. They were the ones who gave the world the idea of Social Security. He set age 70 as retirement age for German males – and life expectancy for those folks was probably around 50. The odds were that no one would ever live to receive income from the scheme. Along comes World War I and he reduced it to age 65. That’s where FDR got age 65 for American males for our Social Security in 1937 when life expectancy was around 61. Now life expectancy is 78. There is no way that the scheme can work. It will fail in due course – but our politicians say they are going to “fix it.”

There is no way that they can “fix” something that is inherently defective. Americans have been sold a bill of goods with this crazy idea. I’m working on writing a new book right now, entitled, *Building Your Warehouse of Wealth: Think About It*. The book will include an extensive chapter dealing with the subject of retirement. For further reading I suggest *The Pension Idea* by Paul Poirot, a small booklet that he wrote back in 1950. It is available on our website, www.Infinitebanking.org. Mankind needs purpose in life. In March 2012 I will be 81 years old. There is no way to convince me to retire! This life is too much fun to miss out!

**Man’s Natural Rights and the Limits of Government**

by Patrick Barron

In *The Law* Frédéric Bastiat presents the irrefutable maxim that man’s rights exist prior to the formation of the state and that, therefore, the collective action of the state cannot conflict with man’s prior rights. According to Bastiat, man can delegate to the state only those powers that he himself already possesses, and man does not have the natural right to force another to give to a charity. Since I cannot coerce you to give to the charity of my choice, neither can government force you to give to the charity of its choice. Yet that is exactly what it does. Let us say that you object that government gives money to a charity that you personally abhor. You would not get very far arguing that you have a right to reduce your tax payment by a pro-rata amount. If you persisted in withholding payment, government will confiscate your assets. If you try to protect your assets, government will kill you. Yet, from the context of natural rights,
government has no justification in forcing you to pay for a charity of which you disapprove and would not fund voluntarily.

True Justice and the Categorical Imperative

Perhaps there is a higher rationale for allowing the state to violate our natural rights by confiscating our property coercively for the supposed betterment of others. For this rationale we turn to two philosophers — Immanuel Kant and T. Patrick Burke. We’ll start with Kant. Our conception of true justice has found no better expression than that by Immanuel Kant in his explanation of the “categorical imperative.” A categorical imperative tells us what to do unconditionally in all places at all times and to all men. It does not derive its power from any authority other than pure reason. Kant distinguishes this categorical imperative from a hypothetical imperative, such as “need.” Although a hypothetical imperative may be valid, such as “poor people would live better if they received welfare payments,” it can never be objective. It gives a reason only to those who are affected, in this case poor people. Giving welfare to poor people cannot be an unconditional action, applying to all people in all places at all times.

In his introductory book on Kant, Roger Scruton explains that there are five variant forms of the categorical imperative. The first two are the most important for our purposes here. The first variant is the Golden Rule, Matthew 7:12: “So in everything, do to others what you would have them do to you, for this sums up the Law and the Prophets.” Abraham Lincoln stated the Golden Rule when he said, “As I would not be a slave, so I would not be a master.” It is based upon reason alone. The second variant is that all men be treated as ends and not as means. Rational beings are ends in themselves and never merely means to some other end or as a means to achieve the ends of some men and not others. By this natural law even if everyone in a community except one man voted that all should donate to a charity, the categorical imperative would deny that it is just for the community to coerce this one man. The community of men would be using this one man as a means and not as an end, a rational being with human dignity.

Professor T. Patrick Burke adds an important addendum to the unjust nature of state coercion for the purpose of charitable giving. He persuasively makes the case that the act of refusing to help someone in need is not unjust, for that needy person is left in the same position as before. The act of refusing to help does not add to that person's plight. If we become bound by some higher concept of justice to help all who come to us in need, then we become slaves to all of mankind, a violation of the categorical imperative in that we would be used as means and not as ends.

The Impossibility of Economic Calculation by the State

In 1920 Ludwig von Mises wrote a devastating critique of the emerging socialist movement. At fewer than 75 pages, which includes an introduction by Professor Yuri Maltsev and a postscript by Professor Joseph Salerno, Economic Calculation in the Socialist Commonwealth explains that, absent private property, economic calculation is impossible. Mises explained that no government knows what to produce or what resources to use in producing whatever the desired good may be, because only those who actually own property can dispose of it rationally. Think of two worlds, the world of the mind containing preferences and the world of markets and prices. One’s preferences are ordered in the mind according to greatest need. These preferences are different for different people and change within the same person constantly. These internally held preferences meet in the market with all other preferences to produce money prices, which allows us to make economic and economical decisions about what to produce, and how to produce it, and what to buy. Mises pointed out that without market prices, the economic czar is blind as to what to produce and how to produce it. Market prices are determined only by people expressing preferences for what they actually own; i.e., private property. The economic czar is not spending his own money or taking his own product to market to sell. So, how can he rationally decide what to do? Mises’s answer was that he cannot.

Since the government is composed of individuals who are not spending their own money or taking their
own product to market, there is no way that they can decide rationally which charities, if any, should be state supported. They fall back upon what can only be called corrupt relationships; i.e., helping friends, choosing organizations that may hire them in the future, buying off organizations that are particularly persistent and annoying, etc. This behavior is best described by “public choice theory,” which explains that actions of individuals in government are guided by the same self-interest as they are in all other areas of life, ridiculing the idea that those in government have higher ethical considerations.

Conclusion

In the end we observe that state welfare is imposed coercively; it has no justification other than that of pure force. No one has a natural right to our labor or our property; there is no categorical imperative to demand the help of others and none to shame us for refusing to “help” others through state coercion; and there is no possibility of rational economic calculation to determine which charities for the state to support and to what extent.

Note: The views expressed in Daily Articles on Mises.org are not necessarily those of the Mises Institute.

Patrick Barron is a private consultant in the banking industry. He teaches in the Graduate School of Banking at the University of Wisconsin, Madison, and teaches Austrian economics at the University of Iowa, in Iowa City, where he lives with his wife of 40 years.

Comment by R. Nelson Nash – Can you imagine a government school teaching the works of Frederic Bastiat -- or Ludwig von Mises -- or F. A. Hayek? Unthinkable! They wouldn’t even know who these gentlemen were.

The War Against Truth

By Butler Shaffer  February 24, 2014

If you shut up truth, and bury it underground, it will but grow. - Emile Zola

February 22nd was the 71st anniversary of the murder of Sophie and Hans Scholl and their friend Christopher Probst. They were young people, in their early twenties, who lived in Munich, Germany. They, along with other members of a peaceful, anti-war group known as White Rose, published leaflets informing fellow-Germans of the wrongs being engaged in by the Nazi regime. The three were caught with such leaflets, quicky tried for the crime of “high-treason” and immediately executed by guillotine.

At her trial, Sophie testified: “Somebody, after all, had to make a start.” Her final words were: “How can we expect righteousness to prevail when there is hardly anyone willing to give himself up individually to a righteous cause.” When, in 2003, a nation-wide poll asked Germans to select the most important people in the history of Germany, Sophie and Hans Scholl finished in fourth place. They came out ahead of such men as Bach, Goethe, Gutenberg, Bismarck, Brandt, and Einstein!

Every political system is firmly grounded in lies, deceit, fraud, distortions, corruption, and other falsehoods and acts of dishonesty. [bold emphasis added] Accordingly, it is the nature of such agencies to propagandize lies as truth, and to control the revelation of demonstrable truths by classifying otherwise embarrassing documents as “secret;” as well as using censorship and the threat of trials for treason. Like insects that prefer to live in the protective darkness beneath rocks, sunlight is most disruptive.

The American nation-state is firmly entrenched in this interconnected war against truth and insistence upon propagandized perversions of reality. Through mechanisms beyond the imagination of George Orwell, the NSA is now able to gather the most micro-detailed information about each of us. In order to maintain and extend its control over us, the state presumes itself entitled to know everything it wants to know about each person. At the same time, we are allowed to know only that which serves the state’s interests to have us know, employing its media sycophants to impart the party line.

The statists are well aware of just how liberating the free flow of ideas and information is to people. Gutenberg’s
The invention of movable type made possible decentralized expansion of the search for understanding. The Italian Renaissance, the Enlightenment, the Reformation, the Age of Reason, the Scientific Revolution, and the Industrial Revolution trace their ancestries to the enhanced capacities for creative people to synthesize knowledge with one another. Modern technologies – of which the Internet is the best known expression – are now extending such means to exponential dimensions.

While the wielders of state power insist on babbling their divisive, redistributionist bromides about egalitarianism, there is one form of “equality” that terrifies them: a world in which knowledge, and the intellectual skills of analysis, are shared equally by all. The specter of intelligent, informed minds, centrifuged across all mankind, would deprive the statists of their most valued quality: the arrogance interwoven into the fabric of their roles of philosopher-kings, armed with the coercive power of the state to enforce their self-serving visions upon the submissive collective of humanity.

One finds this fear of informed, self-directed, rational men and women expressed by such corporate-state enthusiasts as Hillary Clinton and Diane Feinstein. Clinton has long championed the idea of a “gatekeeper” for the Internet, to confine access to this medium only to writers approved by the ruling establishment! Feinstein has offered the proposition that the First Amendment protects only “legitimate journalists” (i.e., those persons who work on behalf of an existing member of the media). Knowing that established broadcasters and newspapers are already a part of the corporate-state order, she is eager to confine “truth”-telling to those under institutional control.

Those outside the stockade are to be subject to censorship; only licensed writers will be permitted. Expressing the arrogance of her elitist class, Feinstein asks does “this privilege [First Amendment protection is but a ‘privilege’ in her mind] apply to anyone? To a 17-year-old who drops out of high school, buys a website for $5, and starts a blog?” Her desire to restrict thought was reflected in a statement she made in China a number of years ago, in which she commented that she was more comfortable with Chinese reporters because “They just write down what we say.” Such compliant, dependent scribblers are less inclined to ask the kinds of questions that might be upsetting to corporate-state interests. More aggressive writers might want to inquire into how Feinstein and her husband have been able to use the powers of the nation-state to help amass their tens of millions of dollars of wealth!

Feinstein’s query raises another concern for the statists. School drop-outs are troublesome for the elitists, who insist upon compulsory school attendance as the primary tool with which to condition young minds in the conflict-driven, institutionally-directed, vertically-structured model of social organization. How can institutions become ends in themselves, their purposes to preempt our own, unless children grow up believing in both the necessity and propriety of living their lives in obedience to the philosopher-kings? To condition people in such a mindset is the raison d’être of the government school system. Members of the power-elite are among the most vocal advocates for government schools, yet most enroll their children in private schools wherein they can better develop their minds for the day they assume their positions near the apex of the pyramid. Your children are expected to become drones – or drone operators – and for the teaching of such mechanistic skills the government schools are adequate.

The state’s war against truth and clear thinking continues apace. Diane Feinstein’s efforts to confine truth-telling to the establishment-certified and institutionally-employed are reinforced by unnamed persons within the Pentagon and the NSA who, perhaps idolizing Nazi chief-executioner Johann Reichart’s role in beheading Probst and the Scholls, have made such statements as “I would love to put a bullet in his [Ed Snowden’s] head.” “Treason,” to such people, has become any words or acts that discomfort the ruling classes or the hallowed institutions behind which they hide.

This is what statism inevitably produces: the thoroughly institutionalized mind.
added] When the purposes of abstractions (e.g., the corporate-state) are accorded an importance that transcends the interests of real persons; when individuals are demeaned by such systems as “assets” or “citizens” or “collateral damage” or collectivized as “the masses,” it becomes easy for soulless institutional functionaries to treat men, women, and children in the most dehumanizing ways.

Whether it is noteworthy or only a matter of coincidence, each of the aforementioned instances of statist behavior is directed against the minds of those that the state will either control – if possible – or destroy – should less destructive measures fail. What greater symbolism of this ongoing war against the thinking of people than these: school systems that twist young minds to revere and obey institutional authorities; while the guillotine or a “bullet in the head” may await those who fail to maintain the assigned lockstep. With the human head as the target upon which the established order directs its destructive energies, the nature of the threat to all of mankind should be quite evident.

Butler Shaffer [send him e-mail] teaches at the Southwestern University School of Law. He is the author of the newly-released In Restraint of Trade: The Business Campaign Against Competition, 1918–1938, Calculated Chaos: Institutional Threats to Peace and Human Survival, and Boundaries of Order. His latest book is The Wizards of Ozymandias.

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Comment by R. Nelson Nash – Butler is another of my favorite authors. The highlighted lines in this article are significant truths. When you consider the first line in the third paragraph, it is amazing to me how so many people willingly participate in tax-qualified plans of any kind! Perhaps the answer is given in the first line of the next-to-last paragraph. Mind numbed robots!!!

Embracing Economic Liberty: A Commitment to Justice and Mercy

By Paul A. Cleveland

It must be remembered that 95 per cent of the peace, order, and welfare existing in human society is always produced by the conscientious practice of man-to-man justice and person-to-person charity. When any part of this important domain of personal virtue is transferred to government, that part is automatically released from restraints of morality and put into the area of conscienceless coercion. The field of personal responsibility is thus reduced at the same time and to the same extent that boundaries of irresponsibility are enlarged.1

I. Bearing the Image of God

Then God said, “Let us make man in our image, after our likeness. And let them have dominion over the fish of the sea and over the birds of the heavens and over the livestock and over all the earth and over every creeping thing that creeps on the earth.” So God created man in his own image, in the image of God he created him, male and female he created them. And God blessed them. And God said to them, “Be fruitful and multiply and fill the earth and subdue it and have dominion…”2

In the opening chapter of Genesis, Moses told his reader that God had made everyone, man and woman, in His image. But what does it mean that we bear the image of God. Theologians have written extensively about this subject. Perhaps the first thing to note would be what Charles Hodge observed. According to the Scriptures, “man consists of two distinct principles, a body and a soul: the one material, the other immaterial; the one corporeal, the other incorporeal.”3 This sets human beings apart from every other living creature since it is assigned to mankind alone to possess a spiritual nature. Throughout the Scriptures, God is revealed as a spiritual being and, thus, the presence of a spiritual soul in every human being is certainly an
attribute connecting every person to his creator.

Beyond this, theologians also point out that we share certain other attributes with God. For example, we have minds and can think and understand the world around us. Since, God’s knowledge is complete, human knowledge is possible even if it is always incomplete. In addition, we are volitional creatures as God is volitional as evidenced by His purpose in creation itself. And, we are moral creatures capable of understanding and respecting moral boundaries.

While these attributes are of course pertinent to any discussion of what it means to bear the image of God, there is something else in this concept that is very important as it is applied to the realm of political economy. The attribute of personal sovereignty is foundational. That someone would bear the image of God was a common idea at the time Moses wrote Genesis. As Edward Curtis observed, “References to men as images of god in Egypt and Mesopotamia show that, while occasional reference to others is found, the king was the focus of the idea in both cultures.”

Thus, the claim was that the king was responsible for understanding God’s will and using his power to direct the people to accomplish it in this world. By telling everyone that they bore the image of God, Moses elevated all people to the level of sovereignty that was assumed only for the king. This was radical as Moses told his audience that both men and women, literally everyone, were kings and queens. To make such a statement was a marked advancement in establishing the worth of the individual human being. In a real sense, Moses demystified government. In essence, Moses is pointing out that people were meant to be self-governing. Namely, each person was to determine God’s will for his life and carry it out in the pursuit of an overarching goal of taking dominion over the cosmos and reproducing more images of God in it. Prior to the fall, there was no need for an institution of state government. That is not to say that there were no authority structures, but merely that there was no need for an institution that we call state government.

In order to accomplish his or her purpose, each person has to engage the environment. That is, to achieve a self-defined end the individual has to acquire the necessary means to achieve the end by accumulating the materials and resources at hand and directing them to the accomplishment of the goal. In this sense, all human beings act with purpose, utilizing the resources that they have acquired to accomplish their ends. Moreover, since human beings are created in the image of God, and possess creativity, we can imagine ends far beyond what we can accomplish with our current stock of resources. This gives rise to the concept of economic scarcity which merely acknowledges this fact of life.

Indeed, scarcity is one of the basic environmental conditions of living on this planet. To deal with it, each person must practice economy. To put it another way, each individual is required to employ his limited means frugally if he is to achieve as much as possible. In addition, each individual must choose which of his many ends is the most important and allocate resources to achieve the most valued purposes in life. “Scarcity is not a problem to be solved once and for all; it is a continuing reality.”

It is simply an established feature of the created order which requires human beings to work to accomplish their ongoing ends. There is no final destination to the dominion mandate. Its continuation is indefinite. As a result, every individual choice to use resources in one way, precludes using those same resources another way and every choice involves a cost. Economists refer to this as opportunity cost.

The study of economics, then, is about how people go about the definition and achievement of their ends in a world marked by scarcity. One of the first questions in the study is, “how does one acquire the means to achieve his ends?” But let us venture back to the beginning of creation. Our first parents were initially placed in a garden that was filled with a wide variety of vegetation producing all manner of fruit. The garden served as a point of reference for what the entire world could be. Still, if they were hungry they had to pick the fruit of the trees in order to eat it. Thus, work was necessary. Initially the means of production were held in common with the exception of one’s own labor. If anyone was hungry he could simply find a tree or bush with produce and pick its fruit and eat it.
In doing so, the resulting means to end one’s hunger became his personal or private property.

This process of interacting in nature will, however, inevitably lead to tension and the possibility of conflict between people. After all, as people multiplied on the planet they competed with one another for the resources which were naturally provided. What happens when one person goes out to seek fruit from a familiar tree only to find that someone else has come along and picked it clean? How will he respond? He may not look forward to the forthcoming search to find fruit elsewhere. If he is anti-social, he may blame those who got to the tree earlier for causing him the additional expenditure of effort to find new fruit. After all, looking for another tree and more fruit will take time and energy. Using our modern day vocabulary, this situation is often referred to as “the tragedy of the commons.” That is, when resources are held in common they tend to be over-utilized.

But this situation is not necessarily tragic if the people involved maintain the right attitude. Indeed, as long as the resources were held in common anyone was free to acquire the fruit of the tree. Moreover, once picked, that fruit became the property of the person who picked it. So what would be the right attitude of the person frustrated to find no fruit on the tree afterwards? There are many options. For instance, since the dominion mandate was to fill the whole earth and subdue it, he could simply move on to another area where there were fewer people to compete with. Or, he might have tried to cultivate his own orchard of trees thereby securing a more plentiful supply. If he successfully accomplished this task the resulting orchard would be his own private property and would no longer be part of the commons. In a very real sense, the orchard would be something akin to picked fruit. In truth, what we call today the tragedy of the commons is only a tragedy because we refuse to adequately respect the rights of others. The tension of the commons ought to naturally lead to the further development of private property as greater dominion over the cosmos proceeds. As such, “All economic activity entails the use or transfer of property.”

This truth leads to another important point. Suppose you could only consume what you were personally able to produce. How well would you live? The answer is that you would not live very well at all. Take something as simple as a ham and cheese sandwich. If you had to produce all the ingredients in that sandwich by yourself it would literally take years of effort. Just to produce the bread would require that you find or grow the wheat, harvest it, and meal it into flour. Furthermore, all of this would have to be done before you could ever think about baking the bread. And, of course, to bake bread requires more ingredients and an oven as well. Thus far, we have not even begun to discuss the many activities needed to acquire the ham or the cheese. The existence of each of these goods is likewise the result of lengthy production processes. Even simple things would be beyond our reach if we had to act as solitary producers. This is why we engage in trade with one another. Trade greatly enhances our economic well-being.

What makes trade mutually beneficial? The division of labor results in greater output. By dividing the tasks of any productive endeavor between ourselves we can greatly enhance our total production. Think of the many thousands of people that are involved in various production processes that produce all the ingredients for ham sandwiches. Farmers grow wheat and sell their wheat to millers. Millers grind wheat into flour and sell the flour to bakeries. Bakeries bake bread and so forth and so forth. The fact that people can focus on producing one thing helps everyone. So what we find in market exchange is that people specialize their labor services and engage in voluntary trade to accomplish their individual ends.

Ludwig von Mises captured the workings of market exchange well when he wrote, “Liberty and freedom are the conditions of man within a contractual society. Social cooperation under a system of private ownership of the means of production means that within the range of the market the individual is not bound to obey and to serve an overlord. As far as he gives and serves other people, he does so of his own accord in order to be rewarded and served by the receivers. He exchanges goods and services, he does not do compulsory labor and does not pay tribute. He
is certainly not independent. He depends on the other members of society. But this dependence is mutual. The buyer depends on the seller and the seller on the buyer."

Another aspect of this division becomes immediately evident. Everyone is not equally gifted. In addition to productive gains to be made from dividing up the tasks to be done, there are vast differences in talents among people. This fact gives rise to comparative advantages that result in additional trading opportunities. A comparative advantage exists when someone has a lower opportunity cost in the performance of a task relative to someone else. That is, what one person must give up to engage in some particular productive activity is less than what someone else must give up. It should be noted that this does not mean the person with the advantage must be better at the task than the potential trading partner. That would be an absolute advantage. The only thing necessary for the possibility of trade is a lower opportunity cost. As a result, trading possibilities abound. As the cost of executing trades decreases, trade increases.

There are, then, two economic ways of acquiring the means to achieve our ends: production and trade. Since trade is merely the exchange of one good for another good, it requires us to produce something valued by others. Voluntary exchange requires us to serve the interests of others if we are going to pursue our own purposes and goals. Profitable enterprises create wealth. Such profits are evidence of mutually beneficial trade. Alternatively, losing enterprises destroy wealth and provide evidence that resources are being squandered.

Beyond the two economic ways of acquiring our means, there are two other forms of acquisition. Neither of these two means of acquisition is economic because both rely on the redistribution of someone else’s production and do not add any output. First, you can steal what you want by taking something from someone else by force or fraud. This action is inherently unjust and we need to explore the issue of economic justice. The second non-economic means of acquisition is charity. That is, you can receive what you want as a gift from someone else. Properly understood, there is no injustice in this method although it can be misunderstood and perverted. Therefore, we need to explore the concept of economic charity as well.

[Part II The Meaning of Economic Justice will follow in next month’s BankNotes.]

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6 Ibid, p. 73.
Welcome the newest IBC Practitioners
https://www.infinitebanking.org/finder/

The following producers completed our Infinite Banking Concepts Practitioners Program course of study during the past month, and joined our IBC Practitioner Team:

- Julie Ann Hepburn - Chicago, IL
- Charles Griffin - Lititz, PA
- Kate Seastone - Scottsdale, AZ
- Dennis Guy - Marianna, FL
- Howard Silvermintz - Atlanta, GA
- Darrell Alcorn - Mustang, OK
- Joshua Davis - Waco, TX
- Joseph Tinant - Beaumont, Alberta, Canada
- Dwayne Burnell - Bothell, WA
- Ronald Elledge - Phoenix, AZ
- Levi Clock - Overland Park, KS

You can view the entire practitioner listing on our website using the Practitioner Finder.

IBC Practitioner’s have completed the IBC Practitioner’s Program and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our monetary and banking institutions. The IBC Practitioner has a broad base of knowledge to ensure a minimal level of competency in all of the areas a financial professional needs, in order to adequately discuss IBC with his or her clients.

The IBC Practitioner has signed the IBC Practitioner’s Agreement with the IBI that specifies that he or she is a financial professional who wishes to advertise his status as an IBC Practitioner, and acknowledges possession of the proper licensing and other legal requirements to practice in his industry. The IBC Practitioner agrees for those clients who want an IBC policy, he will design it according to certain characteristics to ensure that these specific clients are getting a “Nelson Nash” policy, as described in his books and seminars. If an IBC Practitioner is dealing with a client who asks for an “IBC,” “Nelson Nash,” “privatized banking,” or “banking” policy, or if the Practitioner recommends such a policy to the client, and/or if the client has come to the Practitioner by referral from his listing at the IBI website, then and only then the Practitioner must be sure to set this particular client up with a dividend-paying, whole life policy.

Nelson’s Live Seminars & Events for March 2014
http://infinitebanking.org/seminars/

Nelson Live in Nacogdoches, TX, 1 March
Contact Rikki Leigh Willoughby
(936)564-1735
rlheard@suddenlinkmail.com
www.cbhins.com

Nelson Live in Edmonton, Alberta, Canada, 8 March
Contact McGuire Financial
(780)462-1289
www.mcguirefinancial.ca
https://mcguire.infusionsoft.com/app/orderForms/6c5b9bba-755d-4dc2-a24a-e595e2e439b3

Nelson Live in Fort Worth, TX, 29 March
Contact Julee Neathery
(817)790-0405
julee@bankingwithlife.com

Our comprehensive Becoming Your Own Banker® seminar is organized into a five-part, ten-hour consumer-oriented study of The Infinite Banking Concept® and uses our book Becoming Your Own Banker® 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.

www.infinitebanking.org  david@infinitebanking.org