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Four Reasons Why Government Spending Is Even Worse Than Taxes

by Ryan McMaken

Every year around tax time, we're reminded of the pain of the income tax. We're reminded not just of the wealth that is taken, but also of all the time and energy that must be expended helping the federal government estimate just how much they should take from us this year.

The income tax is just one part of the equation, though. Payroll taxes, corporate taxes, excise taxes, and tariffs are all federal taxes that all of us pay, whether or not one pays what is called the "income tax."

One need not be the owner of a corporation to pay corporate taxes. When a business pays out taxes, the customers and employees also pay in terms of lower wages and more expensive goods. One need not be an importer to pay tariffs, which end up costing consumers more in terms of more expensive goods and fewer goods available to them. And one need not be a driver of automobiles in order to pay the federal excise tax on gasoline. Every good and service that relies on gasoline for transport costs us more thanks to *that* tax.

In spite of all of this, it's not the taxes that are the worst part of the tax-and-spend equation. What the government does with the money — once it has it — is actually worse, and it's more damaging both politically and economically.

Reason 1: There's no way to rationally allocate tax money.

Once money is extracted from an owner in the form of taxes, the money leaves the realm of the marketplace and of market prices. The funds become resources that were acquired, not through any exchange, but through a coercive transaction backed by the threat of imprisonment and fines.

At this point, the money has *already* been misallocated because it has been distributed (by force) in a way that was involuntary on the part of the real owners. One might claim that the rightful owners of the tax money will eventually be given goods and services in return for the tax money. But who can say the taxpayers would have been willing to pay a price equivalent to the amount taken in the form of taxes?

It's impossible to say, since the taxpayer was never allowed to demonstrate a preference for how that money should have been spent.

In other words, it's impossible to say how much the taxpayers actually value a road, weapons given to a terrorist organization, or a SWAT raid against raw milk producers. The taxpayers are forced to pay for all those things. How much the taxpayers *value* such things, however, is anybody's guess.

Instead of value being determined by consumers in a voluntary marketplace, government resources are placed in the realm of politics and politicians who will distribute goods according to the political power of interest groups.

Reason 2: Government spending is not restrained by tax revenues.

When a central bank is present, government spending is not constrained by tax revenues. While it's nice to imagine that government could be reined in by simply cutting tax revenue, central banks mean

there's always a way around this.

According to Ludwig von Mises, government taxes and spending could theoretically be limited in a democratic political system by the fact that the voters would only tolerate taxes — and thus, government spending — up to a point. Once a central bank is introduced, however, this allows a government to simply create more spendable money for itself. Hunter Hastings explains how Mises viewed democracy as simply a utilitarian tool that[makes] the organs of the state legally dependent on the will of the majority of the moment. ... Mises extended this concept of utilitarian democracy to citizens' control of the budget of the state, which they achieve by voting for the level of taxation that they deem to be appropriate. Otherwise, "*if it is unnecessary to adjust the amount of expenditure to the means available*, there is no limit to the spending of the great god State." [Emphasis added.]

While the process is in reality much messier than is implied by Mises here, he is nevertheless correct that if government spending becomes independent from tax revenues, there is essentially no practical limit on the amount of government spending that can take place. Without a clear connection between tax revenues and government spending, it is politically and practically impossible for voters and taxpayers to estimate how much the state has overstepped the imposed budgetary limits. In other words, central banks — especially those that are "independent" and thus unanswerable to the voters — allow governments to do an end run around the voters by allowing governments to create more wealth for themselves beyond the prying eyes of meddlesome taxpayers.

Today we live in an age when government spending has indeed been disconnected from tax revenues. Even if the taxpayers protest against tax increases, central banks can allow governments to simply spend more money without the government having to resort to more taxes. Central banks can do this directly by simply printing money. Or, more commonly, they can do it *indirectly* through open market operations (such as purchasing assets, including government debt) that increase the demand for government debt,

thus allowing governments to finance more deficit spending at artificially low interest rates.

Taxpayers ultimately pay for this additional spending in the form of inflation (or foregone decreases in the cost of living) due to an increase in the fiat money supply. Ordinary people also pay in terms of the ill effects of the boom-bust cycle. The central-bank workaround allows governments to hide the true costs of their spending programs, thus increasing political support for spending that is actually much more costly than it seems.

Simply limiting taxes will do nothing to solve this problem, and indeed, may even make the problem worse. If a government is committed to maintaining a certain level of spending, tax cuts cannot necessarily force any reduction in government spending. The "starve the beast" philosophy only works when there is no central bank.

Reason 3: Spending uses up scarce resources and distorts the economy.

As Rothbard pointed out in *Man, Economy, and State*, taxes are harmful both on the collection side and on the spending side:

There has also been a great amount of useless controversy about which activity of government imposes the burden on the private sector: taxation or government spending. It is actually futile to separate them, since they are both stages in the same process of burden and redistribution ...

[S]uppose the government taxes the betel-nut industry one million dollars in order to buy paper for government bureaus. One million dollars' worth of resources are shifted from betel nuts to paper. This is done in two stages, a sort of one-two punch at the free market: first, the betel-nut industry is made poorer by taking away its money; then, the government uses this money to take paper out of the market for its own use, thus extracting resources in the second stage. Both sides of the process are a burden. In a sense, the betel-nut industry is compelled to pay for the extraction of paper from society; at least, it bears the immediate brunt of payment. However, even without

yet considering the “partial equilibrium” problem of how or whether such taxes are “shifted” by the betelnut industry onto other shoulders, we should also note that it is not the only one to pay; the consumers of paper certainly pay by finding paper prices raised to them.

In other words, every time the government buys something with money extracted from the taxpayers, it necessarily drives up the prices of those goods, and prevents those resources from being used by the private sector for private purposes. So, every time the government buys a gun or an airplane, it makes guns and airplanes more expensive for the private sectors, as well as all the factors that go into producing those goods. Needless to say, in addition to driving up prices, the government is also distorting the economy, as well as choosing winners (government employees, contractors, and suppliers) and losers (those not favored by the government). Whole industries — ones that were valued and profitable before the government got involved — can be destroyed in this manner; and the livelihoods of people with them.

Reason 4: Spending creates political dependency and strengthens the state.

But one of the greatest political achievements of government spending is its success at creating vast coalitions of voters and interest groups that oppose cuts to governments spending. When the Republicans announced their latest budget deal to increase spending by a trillion dollars, it was hard to see how they could have done otherwise:

[I]n 2013, when Pew surveyed Americans as to which government programs should be cut, lopsided majorities opposed any cuts to Medicare or Social Security. When asked what programs should be cut as part of budget negotiations in DC, 87 percent of respondents opposed cuts to Social Security, while 82 percent opposed cuts to Medicare. ... [T]hat puts 36 percent of the budget off limits right away.

So where to cut? Perhaps, we could cut defense? According to Pew, 73 percent of those polled are opposed to cutting defense. That puts another 23 percent off limits, so we're now up to 65 percent of

the budget that few want to cut. Pew reports that 71 percent of Americans are opposed to cuts in "aid to needy" (i.e., Medicaid, TANF, etc.). ... Indeed, the least popular programs, those which more than a third of those polled would like to cut, are the State Department and Foreign Aid. Unfortunately for deficit hawks, those two programs combine for a paltry sum of 38 billion dollars. In other words, only one percent of the budget is ripe for cutting. Good luck getting the government budget under control.

Immense swaths of the American population either receive government transfer payments, such as Social Security, or they work for the government, as in the case of the veritable army of military contractors — many of whom pretend to be “privately employed” — and soldiers which receive most of the 600 billion spent every year on military spending.

All of these programs mean that a single organization — the US federal government — provides for at least a portion of the livelihoods of hundreds of millions of people. That's real *power*.

It's possible that some voters may come out in favor of a tax cut, but such a move will be meaningless since few of them will also sign off on spending cuts too. Thus, even in a world full of talk about “tax cuts,” the ill effects of government spending will continue unabated, indefinitely.

Comment by R. Nelson Nash -- Ryan McMaken is one of my favorite writers. You can find lots of his articles at Lewrockwell.com and also at Mises.org. I recommend that you become a member of THE MISES INSTITUTE.

We Need Separation of Bathroom and State

by Roy Cordato

The saga of the so-called Charlotte bathroom ordinance — and the state of North Carolina's response to it — has taken on a life of its own. At the national level leftists are accusing North Carolina of bigotry while, in the name of tolerance, a growing list of performers and businesses are boycotting the state. Unfortunately,

what has gotten lost in all the rhetoric surrounding this issue is the truth about both the original Charlotte law and the state's response to it.

In late February the Charlotte, North Carolina, city council passed an "antidiscrimination" law, scheduled to go into effect on April 1. It was aimed at protecting what, in the view of the city council, are the rights of those in the gay, lesbian, and transgender community. The centerpiece of this law was a provision that prohibits businesses providing bathrooms, locker rooms, and showers from segregating usage of those facilities by gender, biologically defined. Biological males or females must be allowed to use the facilities of the opposite sex if they claim that that is the sex they identify with psychologically. (Note, no proof was required.)

Much of the criticism of the Charlotte bill was centered around two issues: the religious freedom of business owners and the privacy rights of people, particularly women, using public bathroom and shower facilities. Most of the vocal opposition to the ordinance came from religious organizations and advocacy groups that focused on traditional values. As argued by John Rustin, President of the Family Policy Council:

Similar ordinances have been used to force small business owners like florists, bakers, photographers and bed-and-breakfast owners and others either to conform to a government-dictated viewpoint in violation of those sincerely held religious beliefs or to face legal charges, fines and other penalties that have ultimately caused some to go out of business.

Private Property, Not Religion, Is the Key

While religious liberty is an important concern, the issue is much broader. This ordinance was an assault on the rights of private property owners and economic freedom, regardless of one's religious beliefs.

The primary targets of the Charlotte ordinance were privately owned businesses that offer bathrooms, changing rooms, showers, etc., for their customer's convenience. The decision of how to structure access to these facilities may, for some, be based on their religious beliefs but for many others it is a secular

business decision. Their goal is customer satisfaction driven by the desire to make a profit and earn a living. The property that they use is privately owned, the investments that they make come from private funds, and those who reap the rewards or suffer the losses are private entrepreneurs. The bathrooms in their establishments are part of the product that they provide.

In a free society based on property rights and free markets, as all free societies must be, a privately owned business would have the right to decide whether or not it wants separate bathrooms strictly for men and women biologically defined, bathrooms for men and women subjectively or psychologically defined, completely gender neutral bathrooms with no labels on the doors, or no bathrooms at all.

Businesses Seek to Please Their Customers

Their goal is to provide the products and services that most of their customers want in an environment that those customers feel comfortable in. This environment may indeed be different for different establishments depending on the desires and cultural makeup of their clients. This Charlotte ordinance told businesses that they are not allowed to adjust their decisions regarding their bathroom, locker room, or shower facilities in order to accommodate customer preferences. In this sense the now overturned Charlotte ordinance was a gross violation of property rights and economic freedom and on libertarian grounds needed to be overturned.

So what was the state of North Carolina's response to all this? In fact, it was to restore freedom and property rights and to guarantee those rights across the state. The law in North Carolina that so many progressives are up in arms about *does not* prohibit businesses from having bathrooms, locker rooms, showers, etc., that allow use by people of all genders defined biologically, psychologically, or whatever. In a "myths vs facts" explanatory statement put out by the governor of North Carolina this was made quite clear: Can private businesses, if they choose, continue to allow transgender individuals to use the bathroom, locker room or other facilities of the gender they

identify with ...?

Answer: Yes. That is the prerogative of private businesses under this new law. ...The law neither requires nor prohibits them from doing so.

In other words, the state of North Carolina codified a basic libertarian principle: the separation of bathroom and state.

The only place where bathrooms, showers, etc., must conform with biological sex is in government owned facilities — courtrooms, city halls, schools, etc., where this separation is not possible. So yes, in North Carolina 12-year old boys, defined by what body parts they are sporting, may not use the girls' locker room and showers after gym class at the local public middle school. Of course private middle schools are free to do what they want. If believing that this is unjust discrimination makes me a bigot, then so be it.

So where does this approach leave the issue of religious freedom? For the most part, and particularly in cases like this, religious freedom is nothing more than the right to use your own property in a way that comports with your religious beliefs. This applies not only to the issue of who gets to use what bathrooms but also to the Little Sister's of the Poor and Obama's contraceptive mandate, and most of the other religious freedom cases that are of concern to traditional values advocates. If property rights and economic freedom are the values that are upheld, then religious freedom will take care of itself.

Grade Inflation Eats Away at the Meaning of College

by George C. Leef

Every so often, the issue of grade inflation makes the headlines, and we are reminded that grades are being debased continuously.

That happened in late March when the two academics who have most assiduously studied grade inflation — Stuart Rojstaczer and Christopher Healy — provided fresh evidence on their site GradeInflation.com that grade inflation continues.

The authors state, "After 30 years of making incremental changes (in grading), the amount of rise has become so large that what's happening becomes clear: mediocre students are getting higher and higher grades."

In their database of over 400 colleges and universities covering the whole range of our higher education system, from large and prestigious universities to small, non-selective colleges, the researchers found not one where grades had remained level over the last 50 years. The overall rise in grades nationally has brought about a tripling of the percentage of A grades, although some schools have been much more "generous" than others.

Or, to look at it the other way, some schools have been much better than others in maintaining academic standards. For instance, Miami of Ohio, the University of Missouri, and Brigham Young have had low grade inflation. Why that has been the case would be worth investigating.

In North Carolina, Duke leads in grade inflation, followed closely by UNC. Wake Forest is in the middle of the pack, while UNC-Asheville has had comparatively little.

But why have American colleges and universities allowed, or perhaps even encouraged grade inflation? Why, as professor Clarence Deitsch and Norman Van Cott put it in this Pope Center piece five years ago, do we have "too many rhinestones masquerading as diamonds?"

Part of the answer, wrote Deitsch and Van Cott, is the fact that money is at stake. "Professors don't have to be rocket scientists to figure out that low grades can delay student graduation, thereby undermining state funding and faculty salaries," they observed.

It might surprise Americans who believe that non-profit entities like colleges are not motivated by money and would allow honest academic assessment to be affected by concerns over revenue maximization, but they do.

But it is not just money that explains grade inflation. At least as important and probably more so is the

pressure on faculty members to keep students happy.

History professor Chuck Chalberg put his finger on the problem in this article in the *Minneapolis Star-Tribune*. Chalberg writes about a friend of his who had completed her Ph.D. in psychology and was working as a teaching assistant to a professor and graded the papers submitted by the undergraduates "with what she thought was an appropriate level of rigor." But it was not appropriate, she soon learned. The professor "revised nearly all of the grades upward so that were left no failures, few C's, and mostly A's and B's."

Had she underappreciated the real quality of the work of the students? No, but, Chalberg continues, "the students thought that they were really, *really*, smart, and would have been quite angry and thrown some major tantrums if they got what they actually deserved." Thus, giving out high but undeserved grades is a way of avoiding trouble. That trouble could come from students who have an elevated and unrealistic view of their abilities and will complain about any low grade to school officials.

It could also come from their parents, who have been known to helicopter in and gripe to the administrators that young Emma or Zachary just can't have a C and if it isn't changed immediately, there will be serious repercussions.

Another possibility is that faculty will give out inflated grades to avoid conflict with those school administrators.

Low grades affect student retention and at many colleges the most important thing is to keep students enrolled. Back in 2008, Norfolk State University biology professor Stephen Aird lost his job because the administration was upset with him for having the nerve to grade students according to their actual learning rather than giving out undeserved grades just to keep them content. (I wrote about that pathetic case here.)

Could it be that students are getting better and *deserve* the higher grades they're receiving?

You'd get an argument if you ran that explanation by Professor Ron Srigley, who teaches at the University of

Prince Edward Island. In this thoroughly iconoclastic essay published in March, he stated, "Over the past fourteen years of teaching, my students' grade-point averages have steadily gone up while real student achievement has dropped. Papers I would have failed ten years ago on the grounds that they were unintelligible ... I now routinely assign grades of C or higher."

Professor Srigley points to one factor that many other professors have observed — students simply won't read. They aren't in the habit of reading (due to falling K-12 standards) and rarely do assigned readings in college. "They will tell you that they don't read because they don't have to. They can get an A without ever opening a book," he writes.

We also have good evidence that on average, today's college students spend much less time in studying in homework than students used to. In this 2010 study, Professor Philip Babcock and Mindy Marks found that college students today spend only about two thirds as much time as they did some fifty years ago. That's hardly consistent with the notion that students today are really earning all those A grades.

On the whole, today's students are receiving substantially higher grades for substantially lower academic gains than in the past.

Grade inflation is consistent with the customer friendly, "college experience" model that has mushroomed alongside the old, "you've come here to learn" college model. For students who merely want the degree to which many believe themselves entitled, rigorous grading is as unwelcome as cold showers and spartan meals would be at a luxury resort. Leaders at most colleges know that if they don't satisfy their student-customers, they will find another school that will.

Exactly what is the problem, though? Grade inflation could be seen as harmful to the downstream parties, the future employers of students who coast through college with high grades but little intellectual benefit. Doesn't grade inflation trick them into over-estimating the capabilities of students?

That is a very minor concern. For one thing, it seems to be the case that employers don't really pay much attention to college transcripts. In this NAS piece, *Academically Adrift* author Richard Arum writes, "Examining post-college transitions of recent graduates, Josipa Roksa and I have found that course transcripts are seldom considered by employers in the hiring process."

That's predictable. People in business have come to expect grade inflation just as they have come to expect monetary inflation. Naturally, they take measures to avoid bad hiring decisions just as they take measures to avoid bad investment decisions. They have better means of evaluating applicants than merely looking at GPAs.

Instead, the real harm of grade inflation is that it is a fraud on students who are misled into thinking that they are more competent than they really are.

It makes students believe they are good writers when in fact they are poor writers. It makes them believe they can comprehend books and documents when they can barely do so. It makes them think they can treat college as a *Five Year Party* or a *Beer and Circus* bacchanalia because they seem to be doing fine, when they're actually wasting a lot of time and money.

Dishonest grading from professors is as bad as dishonest health reports from doctors who just want their patients to feel happy would be. The truth may be unpleasant, but it's better to know it than to live in blissful ignorance.

This article was originally published by the Pope Center.

George Leef is the former book review editor of *The Freeman*. He is director of research at the John W. Pope Center for Higher Education Policy.

VISION

By Leonard E. Read

Note - Frequent readers of BANKNOTES are aware of my relationship with Leonard E. Read and my admiration for his works during his lifetime. In the following issues I will be sharing his book, VISION, one chapter per month. It was written in 1978.

What a privilege it was for me to know this great man! - R. Nelson Nash

Chapter 11

WHY NOT SEPARATE SCHOOL AND STATE?

Power tends to corrupt, and absolute power corrupts absolutely. -LORD ACTON

The question I wish to pose, and seek to answer, is this: Does government-organized force have any more rightful role to play in education than in religion? The sage observation by Lord Acton (1834-1902) is really the key to my thesis, a point to be explained below. Should the answer turn out to be negative, which I believe it will, then we are faced with another question: What are the appropriate methods for changing the well-nigh overwhelming sentiment to the contrary? To challenge public (government) education in this day and age is akin to denouncing motherhood, the former as popularly sacrosanct as the latter.

Most thinking people will admit that the separation of Church and State was a forward step in Western Civilization. Yet, few there are who have the slightest idea of the name of the scholar mainly responsible for the initial separation; nor do they know the time of its occurrence, the ideological antagonisms of this medieval period, or the tactics used by the State Church to preserve its political dictatorship.

My own meager knowledge of these matters derives from a book first published in 1910, authored by Andrew Dickson White: *Seven Great Statesmen*.¹ White was a professor of history at the University of Michigan, later co-founder and president of Cornell University, and known to freedom devotees of our time for his great book, *Fiat Money Inflation in France*.²

White accords first place among his seven statesmen to Paolo Sarpi, a Venetian priest. White declares that Sarpi

... fought the most bitter fight for humanity ever known in any Latin nation, and won a victory by which the whole world has profited ever since.

This "bitter fight" took place in the late 16th and early 17th centuries, and repercussions were felt all over Europe.

The ideological antagonism was between Venice and the Roman Court: The Papal Establishment. Venice was far more than the city we know today; it was the trading center of the world—freedom in trade more nearly approached than ever before in history. As to the opposition, White points out, it was founded on:

... a theocratic theory, giving the papacy a power supreme in *temporal* as well as in *spiritual* matters throughout the world.

In view of the fact that Catholicism was as much respected by the Venetians as by the Romans, the issue was not religious. Rather, it was political: independence—to trade or whatever—versus a dictatorship encompassing matters social as well as spiritual.

Vicious? Of earlier papal dictators, as distinguished from many remarkable Popes *once Church and State were separated*, White reports:

The Venetian Ambassadors [to Rome] were the foremost in Europe.... They saw Innocent III buy the papacy for money. They had been at the Vatican when Alexander VI had won renown as a secret murderer. They saw, close at hand, the merciless cruelty of Julius II. They had carefully noted the crimes of Sixtus IV, which culminated in the assassination of Julian d' Medici beneath the dome of Florence. . . . They had sat near Leo X while he enjoyed the obscenities of the *Calandria and Mandragers*,—plays which, in the most corrupt of modern cities, would, in our day [1910], be stopped by the police. No wonder that, in one of their dispatches, they speak of Rome as the sewer of Europe."

Move on to the year 1607. The Papal *political* Establishment, keenly aware that a lone individual—Sarpi—was its nemesis, the threat to a continuing dictatorship, decided to get rid of him. White, after carefully researching this lowest form of having one's way, reports:

On a pleasant evening in October, 1607, a carefully laid trap was sprung. Returning from his day's work at The Ducal Palace, Father Paul-Sarpi—just as he had crossed the little bridge of Santa Fosca . . . was met by five assassins ... these ruffians sprang upon him in the dusk, ... gave him fifteen dagger thrusts ... and then, convinced that they had killed him, fled to their boats....

Surprisingly, Sarpi survived and, fortunately for Western Civilization, he was able to put the final touches on that brilliant reasoning of his which led eventually to a separation of Church and State!

Reflect now on Lord Acton's dictum: "Power tends to corrupt, and absolute power corrupts absolutely." This profound observation is quoted now and then, but rare indeed is the individual who grasps its significance. Were I asked to name the number one human frailty most responsible for the woes of mankind and the archenemy of individual liberty, power would be it. Friedrich von Hayek, in his book, *The Road to Serfdom*, expanded on this thought in a chapter entitled "Why The Worst Get On Top."³

Who are "'the worst" in society, as Hayek sees it? Power mongers; precisely the same breed as Lord Acton—a devout Catholic—warned against: those who seek power in order to cast others in their blighted images. Anyone who tends or even wishes to exercise power over others is tainted, and those who gain absolute power are wholly debased! Briefly, they are those who lack the common sense to mind their own business; they strive—with varying degrees of success—for dictatorial power over your life and mine.

There would be little need to dwell on this matter if the power mongers corrupted only themselves. Were they alone to fail in expanding their own awareness, perception, consciousness—life's purpose—we could bemoan their plight and let it go at that. But observe

how their corruption wreaks havoc on the rest of us!

Simply stated, man is a social as well as an individualistic being. As individuals we are all unique, no two remotely alike. We live by working with and for each other. Each individual produces and exchanges the fruits of his uniqueness, in the form of goods, services and ideas. This is the social side. Now to my point: To the extent that the power mongers get their way, to that extent are we made dummies-our uniqueness squelched! Reflect on the mess they make by this maneuver: The schemes of those who don't even know they know nothing *are substituted for the potential creativity of the countless millions.*

Properly defined, absolute power takes the form of aggressive, coercive, physical force. A few have perceived what Lord Acton observed. Socrates possessed that rare wisdom which removed any tendency for power:

I know nothing but I know that I know nothing.

Shakespeare observed the results of power:

Man, proud man! dressed in a little brief authority,
plays such fantastic tricks before high heaven as
make the angels weep.

So did John Foster Dulles:

Dictatorships usually present a formidable exterior. They seem, on the outside, to be hard, glittering, and irresistible. Within, they are full of rotteness.

Power to rule the lives of others is doubtless a far more common ambition than the desire for riches. All history seems to attest to this. Nor does it make one whit of difference what posts are occupied by power mongers: *religious, political, or educational.* Allow absolute power to the Papal Establishment and the power mongers will crowd out the spiritually minded.

Parenthetically, those individuals who qualify as the cream of mankind are never observed in positions of coercive power over others. Why? It isn't that the masses would reject them, but rather that such persons would never accept dictatorship over a single individual-let alone over a village or state or

nation or the world. Each realizes that he himself is the only person among all who live that he has been commissioned to reform and improve—that this is the biggest project Infinite Wisdom has assigned to anyone!

Apply similar considerations to schooling and I cannot help but draw this conclusion: Allow absolute power to the Educational Establishment and power mongers will become our "teachers."

Have a look at what we call "public education" or Bfree education." Free? The taxpayers foot the bill, a very high amount per student per year.

Government "education" includes three forms of coercion: (1) compulsory attendance, (2) government dictated curricula, and (3) the forcible collection of the wherewithal to pay the enormous bill.

True, our "educational" power mongers are more sophisticated, or should we say less obviously brutal, in getting their way than were medieval "Popes." But, Mr. Taxpayer, refuse to pay the bill and see what happens! Try it if you wish to find out; I won't!

The results of force are bad enough as related to the pocketbook, but they are far worse as they affect the educational process. Force is precisely as inefficacious in education as when applied to religion and for the same reason. Merely look about and observe the countless thousands of "teachers" who cannot read or write in the realm of ideas; indeed, many of them cannot even get a good grade in spelling! Reflect on this lamentable situation:

- Coercion is a ramming-into procedure. Education is a taking-from process.
- "Graduation" in many schools requires no more than attendance; learning is no longer a criterion.
- To really appreciate the extent of coercion, try to run a private school and observe how your freedom of choice and action is restricted. The power mongers insist that you run your school their way—no other. This coercion-backed by physical force, the constabulary—is rapidly on the increase.

So I ask, why not separate School and State as Church

and State are now separated? Leave education to the free market where the wisdom is. Let organized forcegovernment—have no role, none whatsoever, other than to inhibit fraud and misrepresentation.⁴

Finally, we face the challenge as to how such a formidable, seemingly impossible, wholly unpopular task can be achieved. A fact in our favor is that this is not a numbers problem. Father Paul—Sarpi—proved that. Further, such an objective is not to be attained by combative methods.

Father Paul confined himself to pure reason, having many freedom devotees in Venice who were capable of seeing the light he shed and who stood steadfastly in his support. The victory!

For a remarkable illustration of how the separation of Church and State worked its wonders, observe how diametrically different was Leo XIII (Pope, 1878-1903) than were the power mongers 300 years earlier, prior to Sarpi's victory. Wrote this wise Pope:

It is the mind, or reason, which is the predominant element in us who are human creatures; it is this which renders a human being human, and distinguishes him essentially and generically from the brute.

Here we have wisdom of the highest order, for it is reason that distinguishes human beings from the brutes—the power mongers. Let even a few among us resort to reason, and brutishness—murder, war, coercive "education," and the like—will be no more than historical nightmares. And then? We will witness mankind in freedom pursuing human destiny: *Ascendancy!*

¹New York: The Century Co., 1919.

²Irvington, N.Y.: The Foundation for Economic Education, Inc., 1959.

³Chicago: The University of Chicago Press, 1967), pp. 134-152.

⁴I have given my analysis as to where lies the responsibility for the child's education, plus a critique of government education as well as the case for free market education—Chapters 15, 16, 17—in *Anything That's Peaceful*, pp. 180-221.

Nelson's Favorite Quotes

Worldliness is "allowing one's appetites, ambitions, or conduct to be fashioned according to earthly values."— John MacArthur

Life without God is like an unsharpened pencil - it has no point. – Anonymous

Nelson's Newly Added Book Recommendations

<https://infinitebanking.org/books/>

The Richest Man Who Ever Lived - The Life and Times of Jacob Fugger by Greg Steinmetz

Wings of the Morning by Orestes Lorenzo

Nelson's Live Seminars & Events for May & June 2016

<http://infinitebanking.org/seminars/>

Toronto, Canada - Nelson Nash Live Seminar
May 7, 2016

Contact Stephen Devlin for attendance requirements.
stephen@macdevfinancial.com or 604-681-4683

Nelson Nash Live at the *Freedom Advisor Live Experience*, St Louis, MO May 10-12, 2016

Online registration HERE e3teamlive@gmail.com

Sacramento, CA - Nelson Nash Live Seminar
May 20-21, 2016

Contact Kaye Lynn for registration information:
ff@kayelynn.com 916-806-1214

Rochester, MI - Nelson Nash Live Seminar
May 31, 2016

Contact Carissa Lammy for registration information:
carissa@advanced-capitalgroup.com, 810-579-5808

Hillsboro, TX - Nelson Nash Live Seminar
June 11, 2016

Contact Charlie Jackson for additional information.
254-582-3565 nancy@bcbstexas.com

Welcome the newest IBC Practitioners
<https://www.infinitebanking.org/finder/>

The following producers joined or renewed their membership to our *Authorized Infinite Banking Concepts Practitioners* team this month:

- James Byers - Aurora, CO
- Wade Borth - Fargo, ND
- Paige McKechnie - Brentwood, TN
- Carl Rogers, Jr - Charlotte, NC
- Todd Skinner - Williamsburg, VA
- Jake Chesney - Aurora, IL
- James Neathery - Alvarado, TX
- Brian Slabaugh - Syracuse, IN
- Gina Wells - Fenton, MI
- Levi Clock - Shawnee, KS
- Brian Skrobonja - St. Louis, MO
- Matthew Nocas - Montrose, CO
- Chad Brosius - Yulee, FL
- Alan Blecker - Upper Saddle River, NJ
- Kathy Anderson - Edmonton, AB
- Wayne Durksen - Caronport, SW
- Isis Palicio - Coral Gables, FL
- Larry Byrd - Birmingham, AL
- Mary Jo Irmen - Bismarck, ND

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.