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Own Your Debt

by Robert P. Murphy

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There are various ways of motivating the philosophy of Nelson Nash that he lays out in his classic book, *Becoming Your Own Banker* (BYOB). In this article I want to focus on the benefits of "owning your debt," a phrase that I first heard from David Stearns. I want to be clear that what I discuss in this article is not the *sole* rationale for implementing Nash's Infinite Banking Concept (IBC), but I hope my discussion resonates with a large segment of American households who are crippled by outside debt.

An introduction to ibc

The central message of Nelson Nash in *BYOB* is that everybody needs to rely (at least implicitly) on financing for life's major purchases. Even if you buy a car with cash, you are forfeiting the opportunity of investing that cash and earning a return on it. So even people who always "pay cash" still experience the same implicit tradeoffs between spending now versus later. Therefore, Nash argues, the real question is whether you are going to obtain your financing from a bank controlled by *outsiders*, versus a bank that *you* control.

Now once you've decided that it makes sense—for a variety of reasons—to rely on financing coming from yourself, Nash then explains that in today's environment, the most convenient and advantageous way to establish your own private "bank" is to take out large, dividend-paying whole life policies. There are ways to calibrate such policies so that they are excellent tools for cash flow management. They are the best place, all things considered, to "warehouse your wealth" (which is the title of a subsequent Nash book).

As time passes and you plow your savings into properly designed whole life insurance policies, their cash values grow. Then, when you need to make a major purchase, you can take out a "policy loan" from the insurance company, with your cash value serving as collateral. The terms on this loan are quite generous: There is an attractive interest rate, no credit check, no questions about the use of the funds, and no payback schedule. The explanation for these attractive features is that the collateral on the loan, from the lender's perspective, is absolutely airtight: the life insurance company *itself* guarantees the asset. In this respect, a policy loan is a safer investment from the insurer's viewpoint than even a U.S. Treasury bond.

To be clear, Nelson Nash is not advising everyone to "invest in life insurance." Again, he recommends using these policies as *warehouses* for one's wealth—a *headquarters*, if you will. If a person sees an attractive real estate deal, he is certainly free to take out a policy loan and use the funds to invest in the land. Indeed, that's part of the *rationale* for implementing IBC: You always have ready access to your wealth, allowing you to pounce on investment opportunities as they arise.

Advice from the financial "Experts"

Naturally, Nash's advice is far too straightforward for the gurus to endorse. The conventional wisdom from financial planners is that while it may be important to have life insurance in the form of a cheaper term policy (not a more expensive whole life policy) for its death benefit protection—especially for a young breadwinner with kids to support—nonetheless life insurance makes a terrible saving or investment vehicle. Rather, the conventional financial advice in America today says that an individual should turn to tax-qualified mutual funds to build up a nest egg for retirement. Putting the two ideas together yields the familiar slogan: "Buy term and invest the difference."

According to the gurus, "buy term and invest the difference" is a much more sensible strategy. For a given death benefit, the premium on a term policy is lower than for a whole life policy, so that the pure life insurance coverage is cheaper. Then with the savings (because the premium is lower), the household can invest in, say, a 401(k) mutual fund with pre-tax dollars. These holdings then grow at historically higher rates than the cash value in a whole life policy. Thus it seems that "buy term, invest the difference" is a no-brainer: you get the desired death benefit coverage for your family at the lowest possible price, while your retirement investments earn a better rate of return. What kind of an idiot would follow the Nelson Nash strategy in light of this seemingly superior approach?

In other issues of the *LMR* I have tackled this mindset;[1] I won't repeat my arguments here in this article. Instead, I want to describe the trap into which many American households fall, because they follow this typical advice that I have just described. In the next section, I'm doing nothing more than restating what Nelson Nash describes as the typical American's problem early on in *BYOB*, but I'll talk about it from a slightly different angle.

Putting Your Money in Prison

Now in fairness, I should be clear that Dave Ramsey tells his followers to stay out of debt altogether. So in that respect, someone who literally obeys the Ramsey approach is going to be ahead of the average Joe. But more generally, that's not what American households do when they listen to the conventional financial wisdom.

For millions of American households, this is what happens in practice: After they siphon some of their paycheck into stocks and bonds *which they can't touch until retirement,* they then discover that they can't afford their desired lifestyle. So what do they do, when they want to buy a car or a house, send their kid to college, or pay for a wedding? Because the government won't let them access their "savings"—which makes it an odd form of "savings"—these households have to go hat-in-hand to outside creditors.

Depending on how much outside debt a household takes on, the situation can border on the absurd. Currently the average credit card debt per U.S. adult is just shy of $5,000, while the average balance on a card that usually carries a balance was above $8,000. Looking at *households* (not individuals), the national average of credit card debt is $7,000, while focusing on just *households with credit card debt* the average figure jumps to a whopping $15,000. Nearly 30 percent of Americans report having higher credit card balances than they could pay off with their "emergency savings." Finally, the average APR on a credit card with a balance on it was 13.14% as of February 2014.[2]

These statistics are staggering.[3] The conventional wisdom of putting money into a 401(k) is *clearly* not working for any household carrying credit card debt. The Federal Reserve may have a "zero interest rate policy" but the credit card companies certainly don't. If a debt-strapped household can somehow manage to pay off its $15,000 of credit card debt rolling over at 13%, why that's the equivalent of a guaranteed rate of return of 13% on a $15,000 investment. The stock market doesn't offer that kind of sure thing.

Let me spell out the absurdity to make it crystal clear: There are households who have thousands of dollars of credit card debt rolling over at more than 10% APR, while they simultaneously hold more than enough to pay off these balances tied up in tax-qualified mutual funds that feature a mix of equities and bonds. When questioned, the people making these financial decisions might justify the arrangement by saying that they need to "save for the future," and that it would be "irresponsible to tap into my retirement." Yet the blend of growth and safety offered by the mutual fund(s) does not match the *guaranteed* return—in the sense of total wealth—that comes from paying down credit card debt.

This is particularly true in our environment where "safe" bonds have very low yields, while credit card APRs are still quite high for many households. And as an added kicker, keep in mind that many households have *variable-rate* debt, on credit cards and other types of loans (some even with adjustable rate mortgages). If interest rates should rise rapidly—which is entirely possible in our current economic environment—such households will suffer a crushing blow.

Own Your Debt

Thus we see that there are millions of households waiting to be helped with IBC. Note, I'm *not* saying that IBC *only* makes sense for such people—after all, the IRS changed the tax rules in the 1980s because so many rich people were piling into whole life policies. Instead, I'm just focusing on this particular aspect of the case for IBC.

To repeat, the technique I am about to describe is not the only way that people use IBC, but for millions of middle-class households with sizable assets in tax-qualified plans, *and* who are carrying large amounts of credit card debt, the technique makes perfect sense, and is a specific application of IBC.

The technique is to sell off enough of the outside assets—even if that means paying a tax penalty because they are in 401(k) or similar environments—in order to fund a dividend-paying whole life policy large enough to then allow for the rapid payoff of the credit card debt.

The benefits of this move are obvious. On the one hand, it represents a simple swapping off assets and liabilities: On the asset side, the household reduces its holdings of stocks and bonds in the tax-qualified environment, while raising its cash surrender value in the form of a whole life policy (and also the death benefit coverage which has an economic value itself). On the liability side, the household pays off its credit card debt while incurring a comparable loan owed to the life insurance company.

Yet this "mere" swapping of assets and liabilities puts the household on much firmer ground. The assets now grow at a more dependable rate: there are guaranteed returns, and the dividends thrown off by the policy are also more stable than the volatile stock market. Furthermore, the debt (in the form of a policy loan balance) can be paid off on any schedule the household desires; there are no minimum monthly payments due, which if missed will trigger penalty APRs and black marks on a credit report.

Finally, when you consider the APR that the household was originally paying on the credit card balances, this new plan will mean that the total wealth of the household appreciates at a higher rate, all things considered.

Notes of caution

The actual mechanics of this operation depend on the specific numbers of the individual household. There are also IRS rules concerning how rapidly wealth can be moved into a whole life policy; you don't want to "MEC" the policy. Furthermore, if there are *large* movements of wealth out of a tax-qualified plan, staggering that outflow might make sense to stay in a lower income tax bracket. Because of such subtleties in execution, it's critical to discuss these types of financial plans with a graduate of the IBC Practitioner's Program—see our listing of such individuals at www.InfiniteBanking.org/Finder.

Let me also put in a warning for any financial professionals reading this article: If you are talking with a client, you *cannot* advise him or her to sell off equity holdings if you do not have the proper licenses. FINRA is very picky on such matters. For example, if you are only licensed as a life insurance agent, then your job (should the client desire it) is to set him or her up with a properly designed, dividend-paying whole life policy with the proper PUA and term riders, which will have the correct premiums and cash value targets for the cash flow (in and out) that the client has in mind. The client has to already have decided where the money to fund the policy is coming from; you can't steer the client into selling off stocks in order to buy a life insurance policy from you.

conclusion

The conventional financial wisdom has placed millions of American households in an untenable position. After taking out income tax and payroll deductions, health insurance premiums, and contributions to tax-qualified retirement accounts, the average employee has little left. Thus to buy a car or just keep up with daily living entices him to turn to credit card companies and other outside lenders.

One way of understanding IBC is that it allows you to "own your debt." Specifically, you build up enough cash value in one or more whole life policies so that you can take out policy loans large enough to knock out what you owe to outside lenders. In this article, we focused on credit card debt because it is the most obvious, but the principle applies more generally.

Besides looking at the specific numbers (APRs on credit card balances, the volatility of the stock market, etc.) the qualitative benefit of "owning your debt" is *the peace of mind it yields*. By collapsing your outside debts—which are often collateralized on your assets such as a car or house—and bringing them within one or more whole life policies, you suddenly buy yourself a whole *lifetime* to plan your financial strategy. You no longer have someone sending you threatening letters, making nagging phone calls, or repossessing your car, if you get laid off or have other financial hardships.

Especially in this awful economy, the psychological benefit of owning your debt should not be underrated.

References

1. Specifically, my September 2012 article was on "Why Dave Ramsey Is Wrong on Whole Life." Also related is my June 2013 article, "Does IBC Mix Two Goals Inefficiently?" in which I showed that it made sense to use a single financial instrument—namely a whole life policy—as both a savings vehicle and to provide death benefit coverage.

2. Credit card statistics taken from http://www.creditcards.com/credit-card-news/credit-card-industry-facts-personal-debt-statistics-1276. php, http://www.nerdwallet.com/blog/credit-card-data/average-credit-card-debt-household/, and http://www.cbsnews.com/news/51-percent-have-enough-cash-to-pay-off-credit-card-debt-study/.

3. By the way, I should clarify that I personally am not wagging my finger at households carrying credit card debt—I too behaved foolishly in my younger days and have not fully extricated myself from my poor decisions.

The Goal of Socialists Is Socialism —Not Prosperity

by William L. Anderson

About 40 years ago, economist Bruce Yandle went to Washington to work for the Council on Wage and Price Stability, ready to apply his knowledge of economics and educate his fellow workers. After all, he reminisces, one eye-rolling, head-scratching decision after another was coming from government regulators that surely someone versed in economics could expose as stupid, wasteful, and downright ridiculous.

Government Serves the Interests of Government

At some point, Yandle realized that the lay of the regulatory land looked quite different in Washington than it did in Clemson, South Carolina, where he was on the faculty at Clemson University. Regulators — and the representatives of the enterprises they regulated — were not looking to create an atmosphere in which the government tried to find the "optimal" set of regulatory policies that both minimized regulatory costs and allowed for the maximum removal of whatever "externalities" were created.

No, as Yandle writes:

> … instead of assuming that regulators really intended to minimize costs but somehow proceeded to make crazy mistakes, I began to assume that they were not trying to minimize costs at all — at least not the costs I had been concerned with. They were trying to minimize their costs, just as most sensible people do.

The more he examined the situation, the more he realized that all of the various actors in the system were acting in their own perceived self-interests—regulators, politicians, and those being regulated—and the combination of their interests created perverse outcomes. The "big picture" view that those on the outside of the situation might have is irrelevant to what actually happens, and understandably so.

Far from the stated goals of the regulators and those involved in the process — that regulation was pursued in order to promote a lofty "public interest" — the real purpose of the regulatory apparatus is the promotion of the regulatory apparatus. The system exists to preserve and protect itself.

Socialists Are Interested in *Control*, not Economic Prosperity

As I observe (and participate in) a few discussions on Facebook and elsewhere about socialism, I have come to a few conclusions about the nature of the arguments and the reasons why socialists remain socialists even as we see the utter failure of socialist economies throughout history. Maybe the meme that appears once in a while — "If socialists understood economics, they wouldn't be socialists" — might be true, but I doubt it. As I see it, the purpose of establishing socialism is to further promote socialism, not improve the lot of a society and certainly not to promote prosperity.

First, and most important, the minds of socialists work differently than do the minds of economists that see an economy as a mix of factors of production, prices, final goods, markets, and entrepreneurs that drive the whole route. Those of us who are economists are fascinated by this process because we see human ingenuity, the coordination of the goals of numerous people, and, when the system works, a higher standard of living for most people.

Socialists, however, don't see what we see. Instead, they see chaos and unequal outcomes. Not everyone benefits, right? In some situations, someone may lose a job or a way of doing things becomes obsolete. In the end, some people won't be helped at all, at least not directly, and in the mind of someone that has an organic view of society, the fact that certain entrepreneurial actions taken by some individuals have created goods that meet the needs of others is irrelevant. *Society should be providing those goods for free! People should not have to pay for what they need!*

Are you a surgeon who had done well financially because you have performed medical miracles for people who desperately needed your services? *You have exploited sick people!* Are you like Martha Stewart, who became wealthy in part by showing people how to make holiday celebrations better? *What about the poor? They don't have nice houses!*

When I first started writing about economics nearly 40 years ago, I was like Bruce Yandle, believing that all that was needed to convince socialists to stop being socialists was a well-reasoned economic argument. You know, explain that entrepreneurs don't earn profits by exploiting workers, but rather entrepreneurs make workers better off by directing resources to their highest-valued uses. You know, explain how a price system really does result in morally-just outcomes because, in the end, it directs resources toward fulfilling the needs of consumers. And so on.

I still believe the arguments, and over the years have come to understand them even better than I did when I wrote my first article for *The Freeman* in 1981. (It's funny how *Economics in One Lesson* continues to become increasingly relevant to my thinking each time I read it.) However, I believe that the end of all of this activity is — or should be — the improvement of life for people in a way that is not predatory and brings about voluntary cooperation among economic actors. In other words, economic activity is a means to an end, and the end is free people gaining in wealth and standards of living.

A socialist does not and will not see things this way. The end of socialism is not a higher living standard or even making life better for the poor, as much as a socialist will talk about the well-being of poor people. No, the end of socialism is socialism, or to better put it, the *ideal* of socialism. Once socialism is established, as it was in Venezuela or in the former USSR or Cuba, the social ideal had been met no matter what the actual outcome might be.

But what about the problems that inevitably occur in a socialist economy? Are not socialists shaken by the economic meltdown in Venezuela? The answer is a clear NO. For example, *The Nation*, which has supported various communist movements for generations, takes the position that Venezuela suffers from *not enough socialism*:

If socialism is understood as a system in which

> workers and communities (rather than bureaucrats, politicians, and well-connected entrepreneurs) exercise effective democratic control over economic and political decision-making, it would appear that Venezuela is suffering not from too much socialism, but from too little. Who can deny that Venezuela would be much better off if the hundreds of billions of dollars reportedly diverted through corruption were instead in the hands of organized communities?

The author assumes, of course, that socialism can be separated from the state, which shows either dishonesty or naivety, or perhaps both. After all, the author continues by claiming that the vast system of price controls the government has laid down over Venezuela's economy has had little economic effect and certainly has not been harmful, just as the author assumes that because most businesses in Venezuela officially are privately-owned, the government has little economic control over their operations. (As we know, the government there has seized businesses, arrested store owners for raising prices in the face of blizzards of paper money, and made ridiculous claims about conspiracies to overthrow the government.)

The one thing the author does *not* suggest is the government backing off its policies and its socialist ideology. To do so, obviously, would mean that socialism had failed and no socialist is going to ever embrace the idea that socialism could fail.

Perhaps the best example of this is Robert Heilbroner's famous 1989 *New Yorker* article, "The Triumph of Capitalism," written even before the Berlin Wall went down, along with the communist governments of Eastern Europe and the USSR. He followed this a year later with "After Communism," also in the *New Yorker*. In his first article, the Marxist Heilbroner wrote:

> The Soviet Union, China & Eastern Europe have given us the clearest possible proof that capitalism organizes the material affairs of humankind more satisfactorily than socialism: that however inequitably or irresponsibly the marketplace may distribute goods, it does so better than the queues of a planned economy ... the great question now seems how rapid will be the transformation of socialism into capitalism, & not the other way around, as things looked only half a century ago.

Yet, it is clear, especially after the second article, that Heilbroner was not advocating the establishment of free markets, but rather saw the collapse of the communist system as little more than a strategic pause of the Long March to Socialism. To reach that Utopia, wrote Heilbroner, socialists needed to turn to environmentalism to deliver the goods. (That most of the socialist countries also were ecological disasters did not penetrate Heilbroner's mind, and that should not surprise anyone. To Heilbroner, the end of socialism was not a better way to produce and equally distribute goods; no, the end of socialism was socialism.)

In other words, even after seeing the socialist system that economists like he, John Kenneth Galbraith, and Paul Samuelson praised for a generation melt down right in front of him, Heilbroner could not bring himself to admit that maybe socialists needed to turn in their membership cards and promote capitalism. No, Heilbroner decided that socialists simply needed new strategies to find ways to have state (read that, *social*) control of resources and economic outcomes. Interestingly, he wrote these words even after acknowledging that Ludwig von Mises and F.A. Hayek were correct in their assessment of socialism's "economic calculation problem," but even that admission did not bring Heilbroner to the logical end of his analysis: total rejection of the socialist system.

Like the Fonzie character from *Happy Days* that never could admit being "wrong" on an issue, Heilbroner — and others like him — could not concede that socialism in any form still would run aground, be it in providing medical care, establishing strict environmental policies, or the establishment of a vast welfare state. The central problem facing socialism — economic calculation — does not disappear just because a government does not directly own factors of production and engage in five-year economic plans.

This hardly means that economists like me should stop writing about the failures of socialism or stop explaining how a private property order and a free price system work. First, one never can be too educated in economic analysis and neither can anyone in public life. Socialists may not be able to abandon their faith, but others who might like to hear well-reasoned arguments might not be willing to join the Church of Socialism in the first place.

Second, there is nothing wrong in speaking the truth and just because socialists and their followers are averse to truth does not mean we give up saying what we know to be true. Just because socialists refuse to believe that socialism fails — even when the evidence points otherwise — does not mean they have the moral and intellectual high ground.

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Comment by R. Nelson Nash — Bill is another favorite writer of mine. I've also had the privilege of a number of conversation with him in past years.

The Broken Window

by Frederic Bastiat

Have you ever witnessed the anger of the good shopkeeper, James B., when his careless son happened to break a square of glass? If you have been present at such a scene, you will most assuredly bear witness to the fact, that every one of the spectators, were there even thirty of them, by common consent apparently, offered the unfortunate owner this invariable consolation—"It is an ill wind that blows nobody good. Everybody must live, and what would become of the glaziers if panes of glass were never broken?"

Now, this form of condolence contains an entire theory, which it will be well to show up in this simple case, seeing that it is precisely the same as that which, unhappily, regulates the greater part of our economical institutions.

It is not seen that as our shopkeeper has spent six francs upon one thing, he cannot spend them upon another.

Suppose it cost six francs to repair the damage, and you say that the accident brings six francs to the glazier's trade—that it encourages that trade to the amount of six francs—I grant it; I have not a word to say against it; you reason justly. The glazier comes, performs his task, receives his six francs, rubs his hands, and, in his heart, blesses the careless child. All this is that which is seen.

But if, on the other hand, you come to the conclusion, as is too often the case, that it is a good thing to break windows, that it causes money to circulate, and that the encouragement of industry in general will be the result of it, you will oblige me to call out, "Stop there! your theory is confined to that which is seen; it takes no account of that which is not seen."

It is not seen that as our shopkeeper has spent six francs upon one thing, he cannot spend them upon another. It is not seen that if he had not had a window to replace, he would, perhaps, have replaced his old shoes, or added another book to his library. In short, he would have employed his six francs in some way, which this accident has prevented.

Let us take a view of industry in general, as affected by this circumstance. The window being broken, the glazier's trade is encouraged to the amount of six francs; this is that which is seen. If the window had not been broken, the shoemaker's trade (or some other) would have been encouraged to the amount of six francs; this is that which is not seen.

And if that which is not seen is taken into consideration, because it is a negative fact, as well as that which is seen, because it is a positive fact, it will be understood that neither industry in general, nor the sum total of national labour, is affected, whether windows are broken or not.

Now let us consider James B. himself. In the former supposition, that of the window being broken, he spends six francs, and has neither more nor less than he had before, the enjoyment of a window.

In the second, where we suppose the window not to have been broken, he would have spent six francs on shoes, and would have had at the same time the enjoyment of a pair of shoes and of a window.

Now, as James B. forms a part of society, we must come to the conclusion, that, taking it altogether, and making an estimate of its enjoyments and its labours, it has lost the value of the broken window.

When we arrive at this unexpected conclusion: "Society loses the value of things which are uselessly destroyed;" and we must assent to a maxim which will make the hair of protectionists stand on end—To break, to spoil, to waste, is not to encourage national labour; or, more briefly, "destruction is not profit."

Remember that there are not two persons only, but three concerned in the little scene which I have submitted.

What will you say, Monsieur Industriel—what will you say, disciples of good M. F. Chamans, who has calculated with so much precision how much trade would gain by the burning of Paris, from the number of houses it would be necessary to rebuild?

I am sorry to disturb these ingenious calculations, as far as their spirit has been introduced into our legislation; but I beg him to begin them again, by taking into the account that which is not seen, and placing it alongside of that which is seen. The reader must take care to remember that there are not two persons only, but three concerned in the little scene which I have submitted to his attention. One of them, James B., represents the consumer, reduced, by an act of destruction, to one enjoyment instead of two. Another under the title of the glazier, shows us the producer, whose trade is encouraged by the accident. The third is the shoemaker (or some other tradesman), whose labour suffers proportionally by the same cause. It is this third person who is always kept in the shade, and who, personating that which is not seen, is a necessary element of the problem. It is he who shows us how absurd it is to think we see a profit in an act of destruction. It is he who will soon teach us that it is not less absurd to see a profit in a restriction, which is, after all, nothing else than a partial destruction. Therefore, if you will only go to the root of all the arguments which are adduced in its favour, all you will find will be the paraphrase of this vulgar saying—What would become of the glaziers, if nobody ever broke windows?

Frederic Bastiat (1801-1850) was the great French liberal economist, philosopher, polemicists, and journalist.

Comment by R. Nelson Nash — This piece by Bastiat is a classic. I well remember reading it many years ago. It made a vivid impression on how I thought.

Break Up the USA

Llewellyn H. Rockwell, Jr.

Some of our assumptions are so deeply embedded that we cannot perceive them ourselves.

Case in point: everyone takes for granted that it's normal for a country of 320 million to be dictated to by a single central authority. The only debate we're permitted to have is who should be selected to carry out this grotesque and inhumane function.

Here's the debate we should be having instead: what if we simply abandoned this quixotic mission, and went our separate ways? It's an idea that's gaining traction – much too late, to be sure, but better late than never.

For a long time it seemed as if the idea of secession was unlikely to take hold in modern America. Schoolchildren, after all, are told to associate secession with slavery and treason. American journalists treat the idea as if it were self-evidently ridiculous and contemptible (an attitude they curiously do not adopt when faced with US war propaganda, I might add).

And yet all it took was the election of Donald Trump for the alleged toxicity of secession to vanish entirely. The left's principled opposition to secession and devotion to the holy Union went promptly out the window on November 8, 2016. Today, about one in three Californians polled favors the Golden State's secession from the Union.

In other words, some people seem to be coming to the conclusion that the whole system is rotten and should be abandoned.

It's true that most leftists have not come around to this way of thinking. Many have adopted the creepy slogan "not my president" – in other words, I may not want *this particular person* having the power to intervene in all aspects of life and holding in his hands the ability to destroy the entire earth, but I most certainly do want *someone else* to have those powers.

Not exactly a head-on challenge to the system, in other words. (That's what we libertarians are for.) The problem in their view is only that the wrong people are in charge.

Indeed, leftists who once said "small is beautiful" and "question authority" had little trouble embracing large federal bureaucracies in charge of education, health, housing, and pretty much every important thing. And *these authorities*, of course, you are not to question (unless they are headed by a Trump nominee, in which case they may be temporarily ignored).

Meanwhile, the right wing has been calling for the abolition of the Department of Education practically since its creation in 1979. That hasn't happened, as you may have noticed. Having the agency in Republican hands became the more urgent task.

Each side pours tremendous resources into trying to take control of the federal apparatus and lord it over the whole country.

How about we call it quits?

No more federal fiefdoms, no more forcing 320 million people into a single mold, no more dictating to everyone from the central state.

Radical, yes, and surely not a perspective we were exposed to as schoolchildren. But is it so unreasonable? Is it not in fact the very height of reason and good sense? And some people, we may reasonably hope, may be prepared to consider these simple and humane questions for the very first time.

Now can we imagine the left actually growing so unhappy as to favor secession as a genuine solution?

Here's what I know. On the one hand, the left made its long march through the institutions: universities, the media, popular culture. Their intention was to remake American society. The task involved an enormous amount of time and wealth. Secession would amount to abandoning this string of successes, and it's hard to imagine them giving up in this way after sinking all those resources into the long march.

At the same time, it's possible that the cultural elite have come to despise the American bourgeoisie so much that they're willing to treat all of that as a sunk cost, and simply get out.

Whatever the case may be, what we can and should do is encourage all decentralization and secession talk, such that these heretofore forbidden options become live once again.

I can already hear the objections from Beltway libertarians, who are not known for supporting political decentralization. To the contrary, they long for the day when libertarian judges and lawmakers will impose liberty on the entire country. And on a more basic level, they find talk of states' rights, nullification, and secession – about which they hold the most exquisitely conventional and p.c. views – to be sources of embarrassment.

How are they going to rub elbows with the Fed chairman if they're associated with ideas like these?

Of course we would like to see liberty flourish everywhere. But it's foolish not to accept more limited victories and finite goals when these are the only realistic options.

The great libertarians – from Felix Morley and Frank Chodorov to Murray Rothbard and Hans Hoppe — have always favored political decentralization; F.A. Hayek once said that in the future liberty was more likely to flourish in small states. This is surely the way forward for us today, if we want to see tangible changes in our lifetimes.

Thomas Sowell referred to two competing visions that lay at the heart of so much political debate: the constrained and the unconstrained. In the constrained vision, man's nature is not really malleable, his existence contains an element of tragedy, and there is little that politics can do by way of grandiose schemes to perfect society. In the unconstrained vision, the only limitation to how much society can be remade in the image of its political rulers is how much the rubes are willing to stomach at a given moment.

These competing visions are reaching an endgame vis-a-vis one another. As Angelo Codevilla observes, the left has overplayed its hand. The regular folks have reached the limits of their toleration of leftist intimidation and thought control, and are hitting back.

We can fight it out, or we can go our separate ways.

When I say go our separate ways, I don't mean "the left" goes one way and "the right" goes another. I mean the left goes one way and everyone else – rather a diverse group indeed – goes another. People who live for moral posturing, to broadcast their superiority over everyone else, and to steamroll differences in the name of "diversity," should go one way, and everyone who rolls his eyes at all this should go another.

"No people and no part of a people," said Ludwig von Mises nearly one hundred years ago, "shall be held against its will in a political association that it does not want." So much wisdom in that simple sentiment. And so much conflict and anguish could be avoided if only we'd heed it.

Llewellyn H. Rockwell, Jr. is chairman and CEO of the Mises Institute in Auburn, Alabama, and editor of LewRockwell.com.

Comment by R. Nelson Nash — A number of years ago Dr. Walter E. Williams said that secession is the only viable solution to our problem. In the meantime you can secede from personal financial slavery by learning how to BECOME YOUR OWN BANKER. Get started by going to our website www.Infinite banking.org. This is done without political action.

Our Huge Hidden Tax: Government Regulations

by Scott Powell

On day one, President Trump surprised business leaders gathered at the White House, declaring US regulations "out of control" and "in need of 75% or more reduction." A week later, he boldly signed an executive order requiring repeal of two old rules for every new one that government agencies implement.

The fact is that cutting regulations is as critical as tax relief in turning the US economy around. The two are the holy grail to repatriate a large part of the $2.5 trillion in offshore corporate capital, stimulate domestic investment, and create jobs — all central to "making America great again." And it's economic growth and broadening the tax base that can — in the longer run — finance rebuilding US infrastructure and the military without adding to deficits and national debt.

The Federal Register records regulations are imposed on business. Its annual pages generally grow with every administration, with a 19% year over year increase in Obama's last year — setting a record-breaking 95,000-plus pages. Professor Alan Dershowitz notes that, "today the average professional commits three felonies a day without realizing it, thanks to the complex layers of regulation and legal requirements that have been built up over time." The Small Business Administration estimates the compliance costs of regulations may be upward of $2 trillion a year — an enormous hidden tax nearly six times greater than the aggregate $350 billion in corporate tax revenue collected annually by the IRS in recent years.

We Need More Than Executive Orders

Executive orders provide temporary relief, but long-term structural change is needed for the US to free itself from the regulatory leviathan and permanently limit federal bureaucracies and their army of unaccountable regulators. Start with two statutory safeguards: (1) Congressional legislation that requires the delivery of $2 of regulatory cost reduction for every one dollar of new regulatory cost increase; and (2) Periodic Congressional reauthorization of regulations affecting industries and the economy — with sunset provisions for those not reauthorized.

But perhaps most importantly in the long run is the need for a renaissance in understanding the appropriate scope and principles for regulation in today's free market information economy.

Toward this end it's worth evaluating and learning from the three regulatory laws that have had the most impact on the economy over the last 15 years: (1) The Sarbanes-Oxley Public Company Accounting Reform and Investor Protection Act, which was signed into law by George Bush in 2002; (2) The Patient Protection and Affordable Care Act, aka Obamacare or ACA; and (3) The Dodd-Frank Wall Street Reform and Consumer Protection Act — the latter two signed into law by Barack Obama in 2010.

The Sarbanes-Oxley Disaster

Sarbanes-Oxley was hastily passed by a unanimous Senate vote in July 2002 to prevent the next WorldCom and Enron — both collapsing into bankruptcy in part because of accounting legerdemain. Its ostensible purpose was to improve corporate governance and prevent accounting fraud. But Sarbanes-Oxley's one-size-fits-all approach to structuring corporate boards, determining their duties and those of officers, and requiring granular internal controls and audits was overkill and violated the primacy of public companies to choose and implement best management practices.

Sarbanes-Oxley dramatically raised regulatory costs for US public companies, and made them less competitive in world markets. And it diverted management away from innovation, while richly rewarding lawyers, accountants, and auditors. Small public companies and venture capital start-ups, which have typically generated more than 70% of new jobs in the US were penalized more than large companies as compliance costs, starting at around $2 million annually, were spread over fewer heads and less revenue. In reaction, US IPOs dramatically declined after the passage of Sarbanes-Oxley, resulting in reduced capital formation and job creation, with many start-ups choosing to stay private.

The aftermath of Sarbanes-Oxley also witnessed the advent of mega-billion-cap IPOs, such as Google and Facebook, whose late stage public offerings enriched the 1% insiders while providing less opportunity for the investing public. Uber's recent announcement that it will likely stay private may also be in part due to the unintended consequence of Sarbanes-Oxley, as company insiders enrich themselves with private stock sales, while avoiding public company red tape.

Sarbanes-Oxley was intended to improve corporate governance and safeguard the little guy. In practice it has dampened innovation, hurt job creation, helped large companies relative to smaller enterprises, and facilitated the rich getting richer.

Obamacare: Keeping Businesses From Expanding

Obamacare provided a new health care entitlement for the uninsured, but it failed to improve the quality, choice, and cost of health care for the vast majority of Americans because it undermined free market mechanisms. In hindsight it was ludicrous to pass health care reform that required billions in new spending that also limited options for participants and weakened competitive forces that cut prices and improved quality, while also forcing some providers to render services that violated their Constitutional First Amendment rights. It also created a new hydra-headed government bureaucracy — all while doing nothing to address the failures and insolvency of the parallel health programs of Medicare and Medicaid.

Additionally, ACA was the first bill that was so complex and lengthy at 906 pages that very few Congressional members read it before voting on it. In the words of then Speaker of the House Nancy Pelosi, "we have to pass the bill so that you can find out what's in it."

What was in the ACA bill was a Congressional surrender of the function of legislation to unaccountable government agencies and commissions, a relinquishing of budgetary control through the allocation of large appropriations for vague expenditures, and the authorization of a bureaucratic explosion that created some 159 new government agencies and boards that have churned out some 30,000 pages of new rules and regulations — all stemming from a 906-page bill that few in Congress ever read.

Obamacare also hurt economic growth with its mandate on employers to provide health care coverage when payrolls exceeded 49 full-time employees. Many companies approaching that threshold responded by either replacing full-time with part-time workers or simply choosing to limit the company's growth.

The Dodd-Frank Bureaucracy

If Sarbanes-Oxley and Obamacare created new bureaucratic dysfunction and unaccountability, while emasculating beneficial incentives and constraints unique to private enterprise, Dodd-Frank went further. Passed in the aftermath of the 2008 financial crisis, it eroded the rule of law by creating yet more new federal agencies to arbitrarily regulate whole sectors of the capital markets as well as large corporations. One creature of Dodd-Frank — the Consumer Financial Protection Bureau (CFPB) — was unleashed with no Congressional oversight or budgetary control.

At 2,300 pages, the Dodd-Frank bill was more than twice the length of the Obamacare bill. It extends the same creeping regulatory socialism in the financial service industry as was imposed on health care. Now, more than six years since the law passed, 30% of the nearly 400 rules required by Dodd-Frank remain unfinished, while some 25,000 pages of new rules have been created.

But even after finalization, many of the Dodd-Frank guidelines — such as the Volker Rule — prove exceedingly difficult to interpret, requiring diversion of manpower and resources from profit-enhancing activity to profit-draining regulatory compliance. As with Sarbanes-Oxley, complex and costly financial regulations imposed by Dodd-Frank, have penalized the small and favored the large — resulting in accelerated consolidation and closure of small and community banks and the credit they traditionally extend to small business. Ironically, the Dodd-Frank law that was supposed to eliminate the need for government bailouts has in fact enlarged the number and size of institutions now officially designated as "too big to fail."

The key lessons from the problems and collateral damage from the three most significant regulatory laws passed in the last 15 years are self-evident. Congress should move forward on legislative action to repeal and replace Obamacare and take statutory actions to correct the economically harmful parts of Sarbanes Oxley and Dodd-Frank. Looking forward, the Trump administration should enlist free market spokespeople and use the bully pulpit to develop a broad-based understanding about the appropriate scope and principles for regulation that can bring about limitations and lasting reduction.

What is under-appreciated is that the free market system based on law is largely self-regulating, and relatively efficient in weeding out deficient, unsafe, and excessively priced goods and services, as well as fraud and corruption.

Government regulations should not be driven by crises nor be overly complex. The scope of regulation of a market economy properly understood should protect transparency, competition, private and public property, and safety; promote individual and corporate accountability; assure level playing fields, and provide for equal treatment of small enterprises; and most importantly, protect Constitutional rights and equal opportunity and penalty under the law.

In summary, the core lessons of the modern regulatory leviathan are: (1) that it can't keep up with complexity; (2) that solutions are not only tenuous, but invariably come with unintended consequences; and (3) that it's unlikely to work because it is driven by politicians who are driven to raise money and solicit votes — promising to "fix" problems by taking actions that "help" some constituents at the expense of others and that generally interfere with the self-correcting nature of a free market system.

It may be counterintuitive, but as the economy continues to grow in complexity, trust in regulatory solutions should be tempered by more reliance on competition within the framework of existing laws. Applying new knowledge and best practices — rapidly transmitted in an information-based market economy — is likely to deliver better outcomes than new, ever-expanding and centralized government regulations.

Comment by R. Nelson Nash — It is unbelievable how this phenomenon, authored by bureaucrats, has taken over out lives. I had personal confrontation with this monstrous idea in June 1961.

Seven Reasons to Make Time to Read

by Chad Grills

"Books are the training weights of the mind" –Seneca

The most useful definition of technology I've heard is simply, "the ability to do more with less."

I think of books and reading as technologies.

We only live one life, but through books, we can gain the wisdom from thousands. When an author writes, re-writes, and edits, they are turning their words into a more perfect version of themselves. When you read, you get to spend time in a meditative state with a wise person's more perfect self.

Books are the most under-valued and under-appreciated technology in the world.

How do we know they're so valuable? We need only to examine how the best and the worst people throughout history have viewed books.

The worst seek to downplay, ban, or burn them. The fact that books have haters who are willing to destroy them confirms their power.

The best adore books… and aren't afraid to celebrate them.

Like every other technology, if we use books without intentions or guides, they don't lead anywhere.

But when we learn how to appropriately value, select, and acquire them with stakes and incentives (buy them, read them, then discuss with friends or a book club)… books become priceless. Here are seven unusual habits that books help you build.

1. Books and reading are the ultimate nootropic.

Iapologize to all the modafinil lovers out there, but books have most nootropics beat. Eventually, nootropics wear off. Meanwhile, reading permanently upgrades your mind, leaving you with a lifetime of benefits. The side effects of books have been tested by time, whereas the latest nootropics? Not so much. When you get into the habit of taking a nootropic such as books (information, wisdom, etc…) through a method like reading, the benefits compound.

"Read 500 pages like this every day. That's how knowledge works. It builds up, like compound interest. All of you can do it, but I guarantee not many of you will do it."—Warren Buffett

2. Books and reading upgrade your mental operating system.

The best books are written when the author is in a flow state. The author transmits their wisdom, muse, or insights with minimal ego. When a reader seeking wisdom moves through these words and enters their own flow state… magic happens.

I don't know how it works, but after enough time of reading, my mind always feels upgraded. Programming our minds by moving consciously into the flow state of another wise person is powerful. When we upgrade our mental OS, our main apps (speaking, writing, and communicating) all begin to run faster and more smoothly.

3. Books and reading help you practice the art of sitting quietly in a room alone.

Eric Hoffer was onto something when he said that, "A man by himself is in bad company." This might be true initially, but we can grow ourselves out of this place. It takes hard work to become good company to ourselves. But if we read, pause for reflection, and continually improve ourselves… we can become good company to ourselves. By reading, we train and program our minds for what is arguably the greatest human challenge of our time:

"All of humanity's problems stem from man's inability to sit quietly in a room alone"—Blaise Pascal

4. Books and reading inspire you to gain direct experience.

There are tradeoffs for everything in life, but reading a lot (of the best books) isn't dangerous. The hunger for wisdom seems to be the only desire that we can satiate. There isn't a risk of overindulgence. After enough reading, we become charged with good ideas and courage to go out and explore the world. Once we get fueled up on enough wisdom, we become inspired to embark on our next hero and heroine's journey.

Binge watching an entire series on Netflix sometimes leads to a hangover, whereas attempting to, "binge" on books leads to an urge of wanting to venture back out into the world. Mixing the wisdom from books with the direct experience of an adventurous life is always rewarding.

5. Books and reading force a meditative practice where you're forced to listen to the thoughts of a wise person.

The more we read and spend time with books, the more we practice mindfulness and meditation. Reading helps teach us patience, calmness, and builds our ability to focus deeply on a single thing for an extended period of time.

6. Books and reading allow you to strategically isolate yourself from a sometimes sick culture.

"Sanity in this culture, requires a certain amount of alienation." –Terence McKenna

Books and reading are one of the last societally acceptable reasons for being alone. If you need respite from society, there is no better strategic isolation than books. Books help keep us safe from crowds.

7. Books and reading are an antifragile vehicle for truth delivery.

"I am of course confident that I will fulfil my tasks as a writer in all circumstances—from my grave even more successfully and more irrefutably than in my lifetime. No one can bar the road to truth, and to advance its cause I am prepared to accept even death. But may it be that repeated lessons will finally teach us not to stop the writer's pen during his lifetime? At no time has this ennobled our history." –Aleksandr Solzhenitsyn

Throughout history, books have given artists, masters, and philosophers an antifragile vehicle to place truth. So what do I mean by this? There are many people who hate to think. When they hear something wise, they'll react viscerally, or even attack the person that brought them truth. Many in society hate the idea of pursuing truth (becoming less wrong) or developing heuristics and insights about how the world works. As Strauss proposed, the best secrets are often hidden inside stories.

Most creatives know this to be true, and know that the only way to deliver truth in a palatable way that can survive attack is a book. The more entertaining the narrative or parable, the more readers will tolerate new ideas. Because the book is able to be sold, it helps these ideas survive attack, and gives the author a chance to capture a small amount of value from his/her ideas. This is a big leap forward for humans. Throughout our history, those who make others think are usually the first to be scapegoated, ostracized, or demonized. Books give the would-be scapegoat a vehicle to place their ideas so that they can survive attack, and sometimes even spread because of the attack.

The developed world has evolved in how we persecute those who bring forth truth. We went from horrible past methods of scapegoating (stoning, crucifixion) into small time scapegoating (attempting to cut off an individual's livelihood by suing, slander, online comments, etc).

Books might be one of the more perfect technologies, but they still have limitations. They don't work until we do the work of reading them. They're largely useless until we take the plunge, purchase one (acquire the incentives and stakes to read it) or find the books good enough to re-read.

Technology can't change our lives, only we can. When we take a perfect technology like books and wield them for good, we'll build habits that can change our lives, lift up those around us, or even gain the secrets necessary to create new types of perfect technology. Need some book recommendations? Check out my latest article on the best books I read this past year.

Republished from Medium.

Veteran turned founder of LL: https://medium.com/life-learning

Comment by R. Nelson Nash — What more can one say that would improve upon the message of this article?

Abolish the One-Man Presidency

by Ryan McMaken

Last month, when President Trump issued his executive order banning refugees and visa holders from seven countries, the acting Attorney General Sally Yates refused to enforce the orders.

In response, conservatives at *National Review* issued an unsigned editorial reminding the reader that

> It is a very simple proposition. Our Constitution vests all executive power — not some of it, all of it — in the president of the United States. Executive-branch officials do not have their own power.

This is true indeed. But it shouldn't be.

The US constitution places immense power in the hands of a single person. This was done, as Alexander Hamilton put it in Federalist No 70 to maximize "decision, activity, secrecy, and dispatch" in the executive branch. Confronted with opposition from the Anti-Federalists who feared too much power in the hands of a simgle ambitious politicians, Hamilton attempted to illustrate that they had nothing to fear.

The "Founding Fathers" Were Wrong

Unfortunately, the majority of the politicians at the Convention agreed with Hamilton, exhibiting yet again that the much vaunted so-called "founding fathers" were not nearly as insightful as is often pretended. Just as James Madison was wrong about a large republic preventing abuses of government power, Hamilton was wrong that a the executive will toward political weakness. Indeed, the "framers" in general exhibited a remarkable lack of insight in their paranoia about how the legislative branch would dominate all other institutions in the government and run roughshod over the rights of the citizenry. In real life, the legislature has in many respects proven to be the weakest branch of the federal government, and is certainly weaker than the presidency in terms of prestige, public trust, media access, and in Congress's lack of ability to rule by decree as the president does.

Thus, knowing what we now know about the US presidency today, anything that increases "activity" and "secrecy," as Hamilton wanted, should immediately send up a series of red flags.

In his own comments at the Constitutional Convention, George Mason said as much when he observed:

> The chief advantages which have been urged in favour of unity in the executive are the secrecy, the dispatch, the vigour and energy which the government will derive from it, especially in times of war...Yet perhaps a little reflection may include us to doubt whether these advantages are not greater in theory than in practice...If strong and extensive powers are vested in the executive, and that executive consists only of one person, the government will of course degenerate (for I will call if degeneracy) into a monarchy — a government to contrary to the genius of the people that they will reject even the appearance of it.

On the first point of the executive power's "degeneracy," Mason has been proven right. After all who can deny that the presidents of today enjoy powers that the monarchs of old could only dream of? Modern presidents can destroy the planet in a nuclear holocaust with the touch of a bottom. They can launch the world's more technologically-advanced military at will. They command a vast bureaucratic and law-enforcement apparatus that can destroy the lives of American citizens whether through the DEA, EPA, or countless other federal agencies that wield vast power. Moreover, they enjoy all the same ceremonial trappings of the monarchs of old.

Just last month, the taxpayers were forced to pay more than 100 million dollars to throw an immense party for the new president so he could be honored with fanfare and solemn ceremonies that would have made the Caesars envious.

As the head of this huge unitary executive, Presidents can command a huge national audience and face no opposition from any peer. They hand our awards to their friends, enjoy sumptuous food at state dinners, travel in luxury on Air Force One — at great cost to the taxpayer — and shut down entire highways and city blocks wherever they choose to go.

The supporters of these politicians then invent exalted titles for them, such as references to the president as "our" commander-in-chief as if he were the supreme commander of the United States and not — as was correctly understood in the early United States — merely the "commander of the armed forces on the battlefield." Except for those actively engaged in military service, the President is not the "commander" of anything.

On his final point about public resistance to the presidency, however, George Mason has been most unfortunately wrong. It has not at all been true that the "the people" rejected the rise of an extremely powerful and monarchic presidency. Indeed, we see something very near its opposite.

Today, the US president has become for many an object of veneration. He is a person who is supposed to solve the nations problems including everything from geopolitical matters right on down to managing what sort of fishing tackle people can use. He is a figure to which countless Americans have an emotional attachment, to "feel their pain" and to assuage their fears.

But, just as federal judges must be seen and treated as what they really are — nothing more than government lawyers with friends in high places — so the presidents ought to be reduced to the position of bland administrator.

RELATED: "Abolish the Supreme Court"

The ideal solution to this situation, of course, would be to drastically reduce the presidency to the point of being a weak and temporary position — perhaps as a temporary commander in times of war — subject to the approval the member states of a voluntary confederation.

A Modest Proposal

However, in the spirit of compromise — on the way to total abolition, of course — we can take the profoundly moderate position of simply breaking up the executive branch among several administrators.

After all, this is commonplace in state governments in the United States where executive powers are shared by several elected executive officers. All states have governors who wield legislative veto power and command the state's military forces. But other executive powers are held in the hands of treasurers, secretaries of state, and attorneys general who themselves who have their own legislative and regulatory prerogatives.

In 2016, for example, 12 states held elections for governors, but also on the ballot were ten attorneys general, nine treasurers, and eight secretaries of state. Numerous states also directly elect a variety of lesser executive offices including state auditors, agriculture commissioners, and insurance commissioners.

Historically, state governments, being more democratic and closer to the voters have tended to be suspicious of executive power and have limited that power both by decentralizing the executive branch and by holding elections more frequently.

Today, for instance, only two states still have a two-year term for governor (New Hampshire and Vermont). Over the past century, however, 29 states moved from a 2-year term to a 4-year term. As late as the 1950s and 1960s, no fewer than 19 states still forced governors to run for re-election every two years.

And yet, these states manage to not descend into chaos, as Hamilton and his Federalists would have had us believe is the inevitable result of a decentralized executive.

The benefits of, as Hamilton put it "vesting the power in two or more magistrates of equal dignity and authority" would be immediately apparent. It would damage the mystical superstitions that encourage belief in the president as the "embodiment" of the electorate or as representing "the will of the people." Few things can undermine the mystique of the presidency better than creating multiple rivals competing incessantly for national attention and national votes.

Were this issue to gain any traction, of course, we would hear incessantly from the modern Hamiltonians, themselves lamenting the grave danger to "unity" and "strength" that a diluted presidency would bring. In the eighteenth century, those who held this position bemoaned that an insufficiently "energetic" national government would allow too many freedoms to ordinary people and that "licentiousness" would destroy the nation.

On this, Patrick Henry was doubtful, and in 1788, while debating the ratification of the new constitution, he concluded,

> But we are told that we need not fear; because those in power, being our Representatives, will not abuse the power we put in their hands: I am not well versed in history, but I will submit to your recollection, whether liberty has been destroyed most often by the licentiousness of the people, or by the tyranny of rulers? I imagine, sir, you will find the balance on the side of tyranny…

This article first appeared on www.LewRockwell.com.

Comment by R. Nelson Nash — Maybe this would be a good time to read, again, The Curse of Hamilton by Tom DiLorenzo to remind us of what that man did to sow the seeds of centralized planning — an idea that can't possibly work.

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 21

REFLECTIONS ON PRAISE AND CRITICISM

In Heav'n's disposing pow'r events unite,
Nor aught can happen wrong to
him who acts aright.
-HENRY BROOKE

The appropriate method for advancing the freedom way of life is, unquestionably, to live and explain the right way—emphasize the positive—rather than to denounce the countless ways of being wrong. However, there is an important subordinate aspect to explanation and denunciation. It has to do with praise and criticism, a matter worthy of some reflection.

Those who *praise* everything, whether the matter be good or bad, as well as those who *criticize* everybody and everything, act without discrimination. They would not qualify for Brooke's blessing: "Nor aught can happen wrong to him who acts aright."

Praise and criticism may be constructive or destructive, not only to the perpetrator but also to those toward whom the words are directed. Harm may be done to one or both parties, or—on the other hand—genuine good. The following is an attempt to sort the chaff from the wheat, the ignoble from the noble.

Individuals addicted to praising indiscriminately may realize an ignoble ambition. They may gain some favors from politicans and others they praise. At the very least they may be praised in return—an intoxicant that inflates their egos—*flattery*! The fumes of it invade the brain and make them selfish, proud and vain!

And what about those who are the objects of undeserved praise? Unless fortified with a rare discrimination, they will believe the folderol. They will overrate themselves. *What a great man am I!* Or, as has been said, "It takes a great deal of grace to be able to bear praise." The gracious way to accept praise is to welcome it as a refreshing breeze passing by-gone with the wind! Admittedly difficult, but it is to act aright!

Does this mean that we should avoid all praise? Of course not! Praise has an important role to play. It should pertain, not to persons, but rather to economic, intellectual, moral and spiritual achievements. Examples:

- Praise the freedom way of life and all contributions to its better understanding.
- Praise all good thoughts, spoken or written.
- Praise is a debt we owe to virtue.

- Pay tribute to our great mentors of the past by praising their noble works.

"Nor aught can happen wrong to him who acts aright,"relates no less to criticism than to praise—perhaps more so. Criticism, for the most part, is of the "thou fool" variety. It is vicious and inflicts its depravity on the perpetrators as much as on those at whom it is aimed.

From the Sermon on the Mount, we read, "... whosoever shall say, thou fool, shall be in danger of hell fire," which I take to mean destruction of the self as contrasted with intellectual and spiritual unfoldment or growth in consciousness.

It is absurd to regard others as fools who do not think as I do, believe what I believe, act in my way. For if such were the case—all like me—all would perish. Who is harmed most by this mannerism, others—the "fools"—or I—the fooled? The ignoble I!

I have intimate acquaintances—quite a few of them—who receive more invitations to lecture on the freedom philosophy than they can possibly accommodate. Ever so many in this and other lands seek their counsel. And they know that only those who are seeking can learn. Yet, many of these freedom mentors desert the correct method. Why? They become so exasperated with what's going on that they forsake their reason and yield to their emotions. They call their opponents fools or demagogues or some other derogatory name—criticism at its worst.

Criticism of the "thou fool" variety does far more than offend those at whom it is directed. It causes them to dislike or hate not only the name-callers but the freedom philosophy as well. It hardens them in their socialistic ways and toughens rather than weakens their stand—overcoming made far more difficult.

Now reflect on the name-callers and what this kind of criticism does to them. Not only must we not call them "fools" but, equally as important, we should not even *think* of them as such. This comes close to being an unattainable discipline but it is one for which we should strive. What happens to us when we think of others in this manner? It results in an overassessment of self: We have all the answers, they have none.

While I believe that collectivist answers are utterly false and that ours are in the direction of truth, I am unaware of anyone who has more than scratched the surface when it comes to understanding and making the case in clarity for the freedom way of life. This being the case, a profound humility should feature our lives—an acknowledgment that we know next to nothing!

It is ever so much easier to preach than to practice what is right. Over the years, I have come to see the error of name-calling, but I still find myself thinking unpleasantly of those whose politico-economic viewpoint is the opposite of mine. It is a habit difficult to overcome.

Is this to suggest that we devotees of freedom should cease all criticizing? Of course not! Criticism, used aright, should *never* be directed at *persons*; criticize the fallacies of socialism by showing the virtues of freedom. Strict adherence to this tactic has an all-too-seldom discovered blessing not only to self but to the freedom philosophy, freedom of speech being an integral part thereof. Impersonal but proper! This lesson was taught to me 45 years ago.

Back in the early days of the New Deal—the NIRA-the Blue Eagle, so-called—was invoked, a set of strangling controls endorsed by the U.S. Chamber of Commerce, the NAM and most business leaders. On the staff of the Chamber at that time, I learned that one distinguished business leader—unknown to me personally—was severely criticizing this socialistic monstrosity we were sponsoring. "Thinking" that we were right, I called to set him straight. Following my nonsense, he employed a tactic which he rarely used. A very severe critic of all socialistic programs then on the rampage, he emphasized the positive, explaining the freedom philosophy in terms as clear as I have ever heard. That hour's explanation was the birth of my turn about.

What is criticism's most useful purpose? According to Samuel Johnson, "Criticism, as it was first instituted by Aristotle, was meant as a standard of judging well."

Were we to follow Aristotle's counsel, we would, first and foremost, look critically at our own thoughts, ideas, impulses. Is our understanding of the private ownership, free market, limited government way of life grounded in basic principles or is it merely superficial or imitative?

In the advancement of understanding, are our methods attractive or distractive? Have both praise and criticism been relegated to their appropriate roles?

And, finally, has that all-too-common practice of "reaching others" been replaced by the attempt to get so proficient that others will reach for the freedom-oriented self?

If the answers to these questions are not affirmative, then there is homework to be done. Whether others do it or not is none of my business. What is my business? *My* homework! Interestingly, the more I do the more I find there is to do! And what might have begun as drudgery becomes increasingly joyous.

Nelson's Favorite Quotes

"It takes the average North American nine unique exposures to your ideas and name to understand what you are talking about and what you do about it" —Melchinger (A Marketer)

Nelson's Newly Added Book Recommendations https://infinitebanking.org/books/

Bonhoeffer: Pastor, Martyr, Prophet, Spy by Eric Metaxas

The Rothbard Reader by Murray N Rothbard edited by Joseph T. Salerno and Matthew McCaffrey

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

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

- Jorge Herrera - Katy, Texas
- Paul Horsley - Ellsworth, Wisconsin
- Larry McLean - St Augustine, Florida
- Kevin Dottenwhy - Wausau, Wisconsin
- Doug Marshall - Seattle, Washington

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.