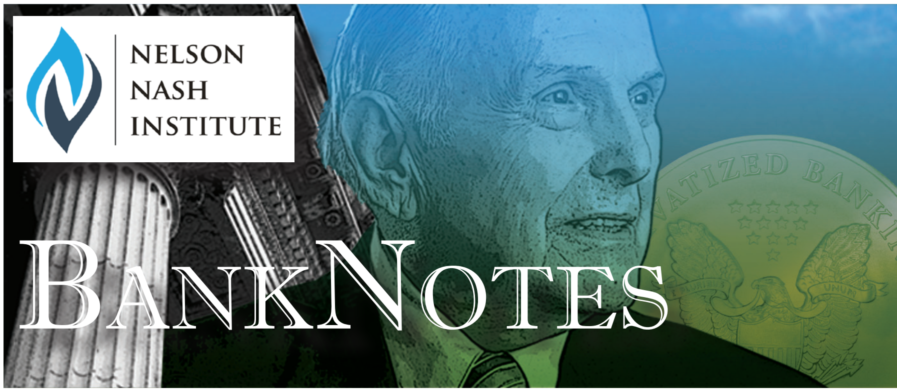

NELSON NASH INSTITUTE

BankNotes

2957 Old Rocky Ridge Road
Birmingham, Alabama 35243
BankNotes archives:
infinitebanking.org/banknotes
Nelson Nash, Founder
nelson31@charter.net
David Stearns, Editor
david@infinitebanking.org

The Continuing Demonization of Cash

FEBRUARY 3, 2016 — Paul-Martin Foss

The insidious nature of the war on cash derives not just from the hurdles governments place in the way of those who use cash, but also from the aura of suspicion that has begun to pervade private cash transactions. In a normal market economy, businesses would welcome taking cash. After all, what business would willingly turn down customers? But in the war on cash that has developed in the thirty years since money laundering was declared a federal crime, businesses have had to walk a fine line between serving customers and serving the government. And since only one of those two parties has the power to shut down a business and throw business owners and employees into prison, guess whose wishes the business owner is going to follow more often?

The assumption on the part of government today is that possession of large amounts of cash is indicative of involvement in illegal activity. If you're traveling with thousands of dollars in cash and get pulled over by the police, don't be surprised when your money gets seized as "suspicious." And if you want your money back, prepare to get into a long, drawn-out court case requiring you to prove that you came by that money legitimately, just because the courts have decided that carrying or using large amounts of cash is reasonable suspicion that you are engaging in illegal activity. Because of that risk of confiscation, businesses want to have less and less to do with cash, as even their legitimately-earned cash is subject to seizure by the government.

Restrictions on the use of cash are just some of the many laws that pervert the actions of a market economy. Rather than serving consumers, businesses are forced to serve the government first and consumers last. Businesses act as unpaid tax agents, collecting sales taxes for state governments and paying excise taxes to the federal government, the costs of which they pass on to their customers. Businesses act as enforcers of vice laws, refusing tobacco sales to those under eighteen or alcohol to those under twenty-one. Financial institutions, which includes coin dealers, jewelers, and casinos, are required to report cash transactions above $10,000 as well as any activity the government might deem "suspicious." Cash becomes such a hassle that it is almost radioactive, and many businesses would rather not deal with the burden. Using cash to buy a house is becoming impossible and it is probably only a matter of time before purchasing a car with cash will become incredibly difficult also.

Centuries-old legal protections have been turned on their head in the war on cash. Guilt is assumed, while the victims of the government's depredations have to prove their innocence. Governments having far more time and money to devote to asset forfeiture cases than the citizenry, most victims of cash seizures decide to capitulate rather than attempt a Pyrrhic victory. Those fortunate enough to keep their cash away from the prying hands of government officials find it increasingly difficult to use for both business and personal purposes, as wads of cash always arouse suspicion of drug dealing or other black market activity. And so cash continues to be marginalized and pushed to the fringes. Stemming the anti-cash tide will require a societal attitudinal adjustment that views cash not as something associated with crime, but as a bastion of consumer freedom and a bulwark against overzealous governments.

Comment by R. Nelson Nash -- This is the result of a society that has been willing to turn over the control of their lives to government via the idea of the State.

The Market Doesn't Solve Problems; People Do

JANUARY 28, 2016 — Louis Rouanet

It is wrongly accepted by many liberals (i.e., libertarians) that most, if not all, social problems can be "solved by the market." But clearly, the "market" cannot magically solve our problems. Let it be clear that there is no doubt that the best way to have social progress is to have a free market economy. However, free markets are not solutions to problems, per se, but are rather what gives us the opportunity to find our own solutions to our own problems by finding the most valuable way to serve one another. For example, Frédéric Bastiat famously wrote in *The Law* that: "At whatever point of the scientific horizon I start from, I invariably come to the same thing — the solution of the social problem is in liberty."

By speaking about the virtues of the market, we tend to forget that markets do not have virtues, only people do. As Murray Rothbard once wrote, "it is overlooked that the 'market' is not some sort of living entity making good or bad decisions, but simply a label for individual persons and their voluntary interactions. … The 'market' is individual acting."

The "What Should Government Do?" Bias

During each crisis, politicians and intellectuals systematically presume that "we should do something." Thus, when liberals emphasize the importance of not violently intervening in the free market order because of the harmful, but yet unseen, consequences of state intervention, they are often accused of favoring inaction. This is a misconception of the liberal argument.

The free market is not superior because it offers solutions. It is superior because its basis is freedom, a freedom that is used by individuals to find new ways for them that are in harmony with the interests of their fellow men. Of course, there are many problems and abuses with the market, but entrepreneurs — if not prevented from entering the marketplace by governments — seek to solve these problems in the pursuit of profits. Through these entrepreneurs, the market is a process that tends to satisfy the most urgent, not-yet-satisfied, needs of the consumers.

To be clear, liberalism — used here to denote the philosophy of *laissez-faire* — should not be considered as being the utopian opposite of socialism. It is not a magic recipe that guarantees perfect solutions at all times and for all things. Socialists like to imagine that liberals believe the market can cure every ill. In other words, they think liberalism is a mirror reflection of socialism. It is not. True liberalism does not promise perfection, it does not even promise a solution. There will always be problems. Our goal should be to find the best way to improve the situation, not to achieve an ideal world of fantasy.

When a social problem arises and somebody asks a liberal what must be done, he instinctively argues that "we" should free the markets, that "we" should liberalize, or that "we" should commit to deregulation.

But those proposals are not solutions to our problems at all, they are just a necessary step in the process of setting people free to solve problems. By pretending that "the market" is the solution that "we" should adopt, many liberals are victims of the top-down fallacy and deny the polycentric nature of markets. By calling "the market" a solution, we create the illusion that the free market is just another kind of government policy where the rulers offer us a solution. But the real solutions are offered by free individuals, by the free innovator, the free worker, the free capitalist, and the free entrepreneur.

Solutions to problems are not offered *by* the market, they are offered *on* the market. As development economist William Easterly brilliantly writes:

The "what should we do?" industry does not show any signs of going out of business soon. It gives us public intellectuals something to do and it gives politicians something to recommend. Much more positively, it does engage the very welcome idealism of altruists who want to make the world a better place. But the Sustainable Development Goals may be the best demonstration yet that action plans don't necessarily lead to action, "we" are not necessarily the right ones to act, and that there are alternative routes to progress. Global progress has a lot more to do with the advocacy of the ideal of human freedom than with action plans.

Thus, free markets are a sort of meta-solution. They are the solution to the problem of finding solutions. And it is striking that liberalism might be the only political philosophy that does not have a blueprint for an ideal society.

The "Market Provides Incentives" Myth

As the market is not a solution, the market does not give incentives. Leading institutional economists Acemoglu and Robinson, in their celebrated 2012 book *Why Nations Fail*, focused mainly on "incentives." Whereas they — moderately — praise capitalism as an "inclusive institution," they criticize "extractive institutions" because they "fail to protect property rights or provide incentives for economic activity." They also write:

As institutions influence behavior and incentives in real life, they forge the success or failure of nations. … Bill Gates, like other legendary figures in the information technology industry … had immense talent and ambition. But ultimately responded to incentives.

There is no doubt that *Why Nations Fail* is, for the most part, a good book. However, Robinson and Acemoglu's appraisal of incentives seems to be problematic. First of all, they assume that institutions should give "incentives." But this is a constructivist fallacy, to use Hayek's concept. It implicitly supposes that some external force should direct human actions.

Furthermore, it gives too much importance to top-down approaches. Acemoglu, like many other economists, seems to think something — e.g., the government — should incentivize. But what does it mean to say that government, property rights, or institutions give you an incentive? In fact, when wrongly used, the term "incentive" seems to invoke determinism. This is why Acemoglu writes that people "ultimately responded to incentives," as if a mysterious force called incentives was influencing the choices each one of us make.

Incentives are not something that can be understood as being independent of individuals, they are purely subjective. An incentive can only be understood as the correct discovery of an individual's own subjective preferences in order to lead him to act as you wish. Therefore incentives are not something you can "give," it is something you have to *discover*.

The free market does not "provide" an incentive to work, it lets you work freely. The free market does not "provide" an incentive to invest, it lets you use your savings in order to make a profit by serving the consumer. There is no such thing as a god called "market" that will furnish you some incentive to be productive. However, the market is the best institutional framework to create harmony between the plans of a vast number of individuals — hence the title of Frédéric Bastiat's *magnus opus Economic Harmonies.*

Because they are free, different individuals can understand each other's preferences and exchange. Only in this way do people "give an incentive" to each other in order to commit to exchange and enhance their situation. Therefore, institutions do not provide incentives, people do. The sentence "the market provides incentives" contains the same problem as the sentence "the market is the solution." It is just not so. The market is merely an institutional framework in which people can make plans freely. As Hayek says in a famous rap song "the question I wonder is who plans for who, do I plan for myself, or I leave it to you? I want plans by the many, not by the few."

Conclusion

The modern state can be defined as the institution that pretends to have the monopoly of solutions to social problems. But since the state operates like a monopoly, it behaves like a monopoly and therefore exploits the very people it is supposed to serve. In fact, proponents of government action imply that the members of the civil society are not able to find their own solutions nor able to identify what the problems are. But the most competent men do not need the state to answer our problems, they just need freedom. When a problem arises, the right question is not "what can the government or the market do," the right question is "what can *I* do."

Comment by R. Nelson Nash – Please go back and read the first two paragraphs of this essay. We need to understand the wisdom of Bastiat and of Rothbard and implement their teachings.

Central Banker Warns of Coming Financial Collapse

January 22, 2016 Joseph T. Salerno

On the eve of the World Economic Forum in Davos Switzerland, William White, chairman of the Economic Development and Review Committee of OECD and former chief economist of the Bank for International Settlements, delivered a dire warning concerning an impending meltdown of the global financial system:

The situation is worse than it was in 2007. . . . Debts have continued to build up over the last eight years and they have reached such levels in every part of the world that they have become a potent cause for mischief. It will become obvious in the next recession that many of these debts will never be serviced or repaid, and this will be uncomfortable for a lot of people who think they own assets that are worth something.

White, whose clear and vigorous forewarnings from 2005 to 2008 of the last financial crises went unheeded, now points out that European banks are heavily exposed to emerging market debt, especially China's, and have already disclosed at least $1 trillion worth of "non-performing" loans on their books. They are still hiding additional bad debts by continuing to roll them over. The next financial crisis, according to White, is likely to require a massive recapitalization of these banks, which will be partly paid for by the "bail-in" of depositors holding balances in excess of the deposit guarantee of €100,000.

White blames quantitative easing and zero-rate policies for creating assets bubbles and over-indebtedness around the globe. White traces what he calls "the inflationary bias in monetary policy" back to 1987 when the Fed tried to prevent the recessionary purging of bad investments after the October stock market crash. With each successive business cycle, interest rates were reduced further and further below the "Wicksellian natural rate," which is the rate that brings saving and investment into sustainable equilibrium in a dynamic economy. The inflationary bias was intensified during the 1990s when the Fed and other central banks attempted to stifle the "benign deflation" that was the natural effect of globalization and other market forces that greatly accelerated economic growth.

If all this sounds familiar, it is. For White's diagnosis of the current monetary and financial scene incorporates central elements of the Austrian theory of the business cycle, with which he has shown a heart-warming familiarity in his recent publications.

Comment by R. Nelson Nash – See, even some central bankers know their ideas can't work!

Brazil's Easy-Money Problem

JANUARY 26, 2016 — Lucas Vaz

Brazil is undergoing what is considered its worst economic crisis in seventy years, and there is usually no agreement when it comes to the causes of this situation. President Rousseff and the Labor Party say that it was the corollary of the "International Crisis," a ghost of the 2008 depression created in their minds. The reality, however, is different. Since ex-president Lula Da Silva of the Labor Party entered office in 2003, the government has clung to the typical Keynesian project of growth-by-government-spending. Interest rates were lowered constantly, the amount of loans grew to an unprecedented level, savings per capita dropped, and government spending continued to grow.

For the advocates of government intervention, the country's economy was heaven on earth. It should be of no surprise that Paul Krugman, the defender of

America's Quantitative Easing, said that Brazil was not a vulnerable country. However, those policies so strongly defended by some economists and by bureaucrats led the country toward the terrible situation in which it is now.

From the Brazilian government's point of view, it could hardly get any worse: the country is facing an economic depression that is likely to last at least two more years, the country's rating was downgraded to junk by Standard & Poor's, and a corruption scandal may lead to the impeachment of the country's president, Dilma Rousseff. We must recognize, however, that even though this was the result of the government's action, it simply put in practice the most prevalent ideologies of the country, which is a mixture of Marxism in politics and in the universities with Keynesianism in economics. This national ideology praises, in general, a complete dependence of the people on the government. The fact that "Brazil's tax burden already amounts to 36 per cent of GDP" is held with pride by professors and economists throughout the country, who spread the word that public policies will create jobs and contribute to people's welfare.

Brazil and the Austrian Business Cycle Theory

In order to grasp what is happening to Brazil, and to understand why some economists have long ago predicted the current disaster, it is crucial to understand Austrian business cycle theory, since it yields a concrete critique of government's involvement with currency and credit expansion — two factors that the Brazilian government used as tools for economic growth — and its misuse is what generated the crisis.

As Mises pointed out, "the cyclical fluctuations of business are not an occurrence originating in the sphere of the unhampered market, but a product of government interference with business."

Indeed, those "boom-bust" cycles, as the one that happened in Brazil, are generated by monetary intervention in the market in the form of bank credit expansion. Thus, they are an outcome of central planning and government intervention, the very opposite of a free market.

It is, however, important to make the distinction between bank credit expansion in the form of loans to business and other forms of credit expansion. The former is usually a method that government uses to boost the economy of the country, lowering the interest rates "below the height at which the free market would have fixed it," and this is why it is so important in our analysis.

On the graph below we can see the absurd rise in the amount of loans (given in millions of reais, the Brazilian currency) made to businesses, especially since 2006 (and reinforced from 2008 on, as a way to "fight" the international crisis) when the government tried to generate an unsustainable boom. (The red line represents the loans given by public banks and the blue line the loans given by private banks.)

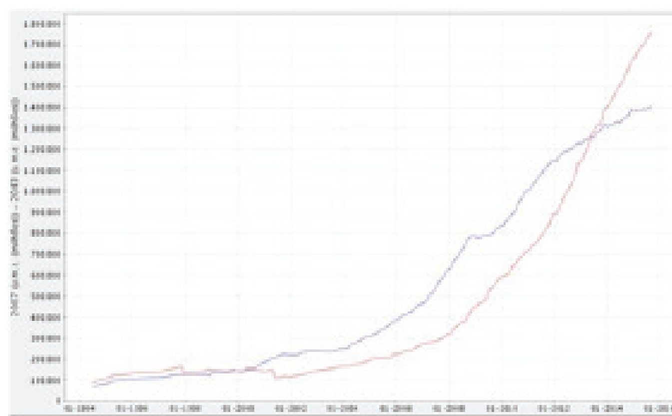

Figure 1. Amount of Credit Lent to Business in Brazil Over Time

This new type of credit that would not be available without the interference of the government generating the so-called "boom." This boom caused businessmen to, as described by Rothbard in *America's Great Depression*, "take their newly acquired funds and bid up the prices of capital and other producers' goods, and this stimulate[d] a shift of investment from the 'lower' (near the consumer) to the 'higher' orders of production (furthest from the consumer) — from consumer goods to capital goods industries."

This shift of investment from consumer to capital goods is a characteristic mark of the boom and explains, as opposed to other theories, why capital goods' industries are affected first in the beginning of the depression. We can see on the next graph how those industries were affected in the Brazilian scenario. The green line represents the capital goods industries, and the slump that we see happened during the very early stages of the depression, in the end of 2013.

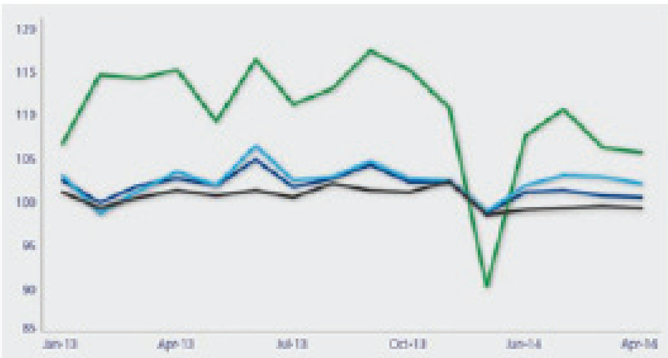

Figure 2. Index of Industrial Production and Key Components

It is also worth noticing that this slump happened right after the government started to raise the interest rates again, which occurred after a period of an all-time low in the interest rates of the country. As we can see below the Brazilian government lowered the interest rates to an unprecedented low level, and when the government tried to raise interest rates to curb the inflation generated by its "easy money" policies, the boom came to an end.

Figure 3. Brazil's Interest Rates Over Time Source: Financial Times.

As Murray Rothbard observed (again from *America's Great Depression*), businessmen were misled by bank credit inflation to invest too much in higher-order capital goods, which could only be prosperously sustained through lower time preferences and greater savings and investment; as soon as the inflation permeates to the mass of the people, the old consumption — investment proportion is reestablished, and business investments in the higher orders are seen to have been wasteful. Businessmen were led to this error by the credit expansion and its tampering with the free-market rate of interest.

As observed by Mises in his essay "Middle-of-the-Road Policy Leads to Socialism," we must pay attention to the fact that "the attempts to lower interest rates by credit expansion generate, it is true, a period of booming business," which in Brazil's case occurred mostly between 2006 and 2013. "But the prosperity thus created is only an artificial hot-house product and must inexorably lead to the slump and to the depression. People must pay heavily for the easy-money orgy of a few years of credit expansion and inflation." The depression that is currently happening in the country is, therefore, not an evil that should be fought against with more and more government policies. The depression is the cure.

As we have seen, most of what the Austrian business cycle theory described can be well applied to Brazil. It is important to admit that other factors also played important roles, such as the price of the dollar relative to the real and the slowdown of China's demand on Brazilian commodities, but most of them were usually, and to some extent, only a consequence of the policies that we have already analyzed. The bottom line is that the country went through a major credit and money supply expansion, together with years of low interest rates. It is crucial to note that, contrary to other explanations, "Mises's theory of the trade cycle … meshes closely with a general theory of the economic system. The Mises theory is, in fact, the economic analysis of the necessary consequences of *intervention* in the free market by bank credit expansion."

Consequently, we can see how Brazil's current crisis is nothing but an outcome of government's meddling with the market. The scenario of the country's economy is indeed scary, but we have reason to believe that Brazil's intellectual situation is going through a new and promising change. It may be true, as Lord Keynes said, that "in the long run we are all dead," but if we are to get out of this terrible crisis, to prosper and to enjoy a constant improvement in our standard of living, "it is high time to transform the country's state capitalism into a free market system."

Comment by R. Nelson Nash – Central banking causes this problem everywhere. The solution is to get control of the banking function established at the individual level. Thousands have already done so through the teachings of The Nelson Nash Institute. Learn what it is all about.

Why Negative Interest Rates Will Fail

FEBRUARY 16, 2016 — Frank Hollenbeck

It is now just a matter of time before the US central bank follows the central banks of Japan, the EU, Denmark, Sweden and Switzerland in setting negative rates on reserve deposits.

The goal of such rates is to force banks to lend their excess reserves. The assumption is that such lending will boost aggregate demand and help struggling economies recover. Using the same central bank logic as in 2008, the solution to a debt problem is to add on more debt. Yet, there is an old adage: you can bring a horse to water but you cannot make him drink! With the world economy sinking into recession, few banks have credit-worthy customers and many banks are having difficulties collecting on existing loans.

Italy's non-performing loans have gone from about 5 percent in 2010 to over 15 percent today. The shale oil bust has left many US banks with over a trillion dollars of highly risky energy loans on their books. The very low interest rate environment in Japan and the EU has done little to spur demand in an environment full of malinvestments and growing government constraints.

Central bank policies have also driven government bond yields into negative territory. Nearly $7 trillion of government bonds are currently trading at negative rates.

But, economic theory presupposes that negative rates are an impossibility. After all, why would you buy a one-year treasury bill for $1,005 that will get you $1,000 in a year, when you can stuff your mattress with the $1,005 and still have $1,005 in a year? Some would say that storing money is costly and risky, but that is also true for most assets.

The reason is actually quite simple and shows how distortive monetary policy has become worldwide: It makes sense to purchase a bill for $1,005 if you intend to sell it before it matures to the central bank for more than $1,005. In today's world, the central bank is often ultimately expected to purchase the bill and lose money on it. It's just another type of debt monetization.

(And it is, by the way, something the Germans emphatically wanted to avoid when the ECB was initially created.)

We Just Need to Print More Money!

The real problem is the way monetary policy is taught in almost every undergraduate and graduate program in the world. Pick up any macroeconomics textbook and it will explain how interest rates are determined by the demand and supply of liquidity. The economy is treated as a car, and interest rates are viewed as the gas pedal. When reality does not match up with the model, today's economist, instead of questioning the model and theory, assumes that more of the same will ultimately force reality into the model.

The problem arises from a fundamental misunderstanding about the role of interest rates. Mises in 1912 had this to say about our current enlightened view on money:

[This view of money] regards interest as a compensation of the temporary relinquishing of money in the broader sense — a view, indeed, of unsurpassable naiveté. Scientific critics have been perfectly justified in treating it with contempt; it is scarcely worth even cursory mention. But it is impossible to refrain from pointing out that these very views on the nature of interest holds an important place in popular opinion, and that they are continually being propounded afresh and recommended as a basis for measures of banking policy.

In fact, interest rates reflect the ratio of the value assigned to current consumption relative to the value assigned to future consumption. That is, money isn't just some commodity that can solve our problems if we just create more of it. Money serves a key function of coordinating output with demand across time.

So, the more you interfere with interest rates, the more you create a misalignment between demand and supply across time, and the greater will be the adjustment to realign output with demand to return the economy to sustainable economic growth with rising standards of living. Negative rates will only ensure an ever greater misalignment between output and demand.

As with Japan, Western economies that pursue a long-term policy of low or negative interest rates can expect decades of low growth unless these "unorthodox" monetary policies are rapidly abandoned. Recessions are not a problem of insufficient demand. They are a problem of supply being misaligned with demand.

The War on Cash

Meanwhile, a goal of some of the attendees at Davos and others has been to push the world toward a cashless society since an increase in cash holdings would limit the effectiveness of negative rates. They know that if they eliminate cash, central banks will have greater control over the money supply and the ability to guide the economy toward their macroeconomic goals.

As long as there is physical cash, people will hold cash in times of uncertainty. It is a wise alternative when all other options seem unproductive or irrational — and keeping cash in a bank at a time of negative rates is, all things being equal, irrational. Central banks, not surprisingly, would therefore like to take away the ability to hold cash outside the banking system. Worst of all, people who hold cash outside the system might be saving it instead of spending it. Naturally, from the Keynesian perspective, this must be stopped.

This is just the latest frontier in the radical monetary policy we've been increasingly witnessing since the 2008 financial crisis. The best monetary policy, however, is no monetary policy at all, and central bankers should take an extended holiday so that the world economy can finally heal itself.

Comment by R. Nelson Nash—These "leaders" never learn, do they? Yet, everyday citizens look to these same people to solve the problems that they created!

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 9

THE GUARANTEED LIFE IS A HOAX

The guaranteed life turns out to
be not only not free – it's not safe
– Maxwell Anderson

A way of life neither free nor safe is to be shunned; a way of life, as free and safe as reality permits, is to the sought!

Few there are who will disagree with these obvious truisms as to what should be shunned and what sought. Agreement with the obvious is within nearly everyone's range, yet, only one in thousands is aware of the fakery implicit in the promises of a guaranteed life – a political hoax rapidly on the increase. And the citizens who are making helpful contributions to a reversal – or even thinking about it – are still fewer in number. Indeed, most people in all walks of life are quite unconsciously working not only against their own but against everyone's self-interest. So, Maxwell Anderson's theme of several decades ago would seem to warrant some renewed observations.

Perhaps the "guaranteed life" here at issue can best be introduced by a brief commentary on the promises men do and do not – can and cannot – live by.

Whether or ot a promise is constructive or destructive depends on what is promised. Those who promise to pay their debts, keep their contracts, and exchange their goods and services as represented – assuming fulfillment – are constructive. In the absence of such honesty, life could be diminished and reduced to misery – if indeed it could continue at all.

What I call destructive promises are those that cannot and should not be kept. They make certain, if continued on a large scale, that life will be diminished and miserable. Who are those who make such promises? They are the millions, in and out of office, who propose ideas impossible of fulfillment. The lie at the root of the guaranteed life, a way of life that is not only free – it is not safe!

There is no way to explain the extent to which the guaranteed life has grown. A 1000-page book, *Encyclopedia of U.S. Government Benefits*[1] – at least hints at this political rampage, and favorably. There are over too headings from Arial Photographs to Zoological Pare, from Social Security to Venereal Disease and so on. Further, there are many subheadings, particularly under Business Aids, Education, Farming – depressingly lengthy in all.

The above, however, relates only to the Federal handouts of "benefits." Bear in mind that there are 78,000 state and local governments, nearly all of them offering variations of the guaranteed life.

What are the destructive promises, the ones that cannot and should not be kept; promises that are a sham, a hoax and a sin? The *Bhagavadgita* states what I believe to be a truthful answer:

> Sin is not the violation of a law…or convention …but ignorance…*which seeks its own gain at the expense of others.*

This truth poses two questions that require answers; (1) What is the nature of this "sinful" ignorance? And (2) What is the gain and at whose expense?

[1] Wm. H. Wise & Co., Inc, Union City New Jersey. Under title in frontispiece. "A Complete, practical and convenient guide to United States Government Benefits available to people of America. Written by a group of Government Experts. Edited by Roy a Grisham, Jr. and Paul D. McConaughy."

All of us are ignorant in more ways than we can count, but the unawareness of this very fact is the ignorance here at issue. Those who suffer this blight – not knowing that they know not – innocently believe that they can run our lives better than we can – an all-too-common naivete! Nor can the victims of this sinful ignorance be persuaded that they are wrong. Might as well try to enlighten robots!

In any event, these millions comprise the guaranteed life tribe. Their promises, while a hoax, a sham and a sin, are believed by them to be the guidelines of heaven on earth. What if their promises could be kept? All of us, in that event, including these victims of false expectations, would be no more than shadows of a sinful ignorance. Indeed, in all probability we would not be here.

What is the gain these poor souls expect for themselves? They find their greatest glory not in wealth – monetary gain but in casting others in their images; the do-as-I-say syndrome. Thousands times thousands of them have "solutions" to every conceivable problem"

All "solutions" vary except in one respect: these know-it-alls get laws passed coercively to enforce this and that brain storm. So much for the "gain."

The energy problem	the safety problem
The pollution problem	the old age problem
The over-population problem	the transportation problem
The unemployment problem	the urban problem
The poverty problem	the rural problem
The health problem	the problem of the South
The banking problem	the problem of the North
The farm problem	the education problem
The housing problem	the immigration problem
The balance of payments problem	problems ad infinitum!

The above-mentioned "gain" is in the form of power – having one's way over others. As to expense, however, that is monetary in the sense that the goods and services by which we live and prosper are measured monetarily, that is, in dollars. As the guaranteed life increases, the costs of government rise beyond what can be collected by direct tax levies. What is the "solution" by those who sponsor this way of life? Inflation, that is, a dilution of the medium of exchange. As the government creates additional dollars to bid goods out of the market place, each dollar buys less and less.

Back in California in 1927, my wife spent one dollar each day of food for ourselves and two sons. Lettuce, for instance, 5 cents. Today? Fifty cents. Let the guaranteed way of life go its ridiculous way and eventually we'll wind up as did Germany in 1923 when 5 billion marks wouldn't buy a loaf of bread!

There is yet another expense – the most costly of all – for which there is no yardstick. This cost is in terms of life's greatest value; the freedom to act creatively in whatever way one chooses. Freedom of choice is thus diminished and lost. It should be obvious that these expenses are destructive not only of the good life but of lie itself, the perpetrators being as mush the victims of this depravity as are others.

Finally, those of us who condemn this greatest of all social evils and believe in freedom, should make certain that our actions do not contradict our beliefs. If they do, we are contributors to the mess we deplore.

For one of countless examples, observe in the *Encyclopedia* mentioned earlier, the many subheadings under "Aids to Business." Most of these are special privileges sought by avowed believers in the free market way of life. These businessmen, no less than educators or farmers or others who seek special privileges are a part of the problem – seekers of the guaranteed life!

When one understands the fallacy, the evil and the consequences of the guaranteed life and its many underpinnings, such as power and special privileges, complete rejection will follow. So, the challenge before us is to gain and share this understanding.

The guaranteed life not only is not free—*it is as far from being safe as man can get!*

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

Alexander Hamilton by Ron Chernow

Memoirs of a Superfluous Man by Albert J. Nock

Nelson's Favorite Quotes

I'm not poor – it's just that I don't have any money. – Birmingham Realtor

"To be ignorant of one's ignorance is the malady of the ignorant" – Amos Bronson Alcott

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:

- Kaye Lynn Peterson - Rancho Cordova, CA
- Aurael Christall - Santa Fe, NM
- Steve Perrmann - St. Louis, MO
- Kyle Davis - Orlando, FL
- Dwight Mitchell - Johnson City, TN
- Scott Chapman - Sandersville, GA

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.

Nelson's Live Seminars & Events for March & April 2016
http://infinitebanking.org/seminars/

Fort Worth, TX - Live Nelson Nash Seminar
March 12, 2016
Contact James C. Neathery and Associates, Inc.
817-790-0405
julee@bankingwithlife.com
http://jamesneathery.com/

Logan, UT - Nelson Nash Live Seminar
March 18&19, 2016
Contact Jim Kindred or Dan Rust for attendance information: jim@yourfamilybank.com or dan@yourfamilybank.com

Toronto, Canada - Nelson Nash Live Seminar
April 22&23, 2016
Contact David Ashworth for attendance information: (416)803-2966 or ibcwealthmanagement@gmail.com