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**BANK NOTES** is a quarterly newsletter published by Infinite Banking Concepts

**R. Nelson Nash, Editor**

[rnnash@mindspring.com](mailto:rnnash@mindspring.com)

**WELCOME** to membership in the Infinite Banking Concept “think tank” to **Jay Culotta of Metarie, LA**. Jay recently attended a two-day IBC Seminar in Metarie and says, “I will do whatever I have to do to thoroughly learn your system because it is the ultimate win-win situation.” He is a member of The Producer’s Group, Inc. And thanks to **Gene Lemoine** for taking the initiative in putting the seminar participants together.

**ANOTHER COMMENT:** I truly enjoyed your seminar this past week in New Orleans. Your methods are so easy to understand, and so inspiring, we could not wait to share the process with our clients and prospects, as well as jump in head first for ourselves! I really appreciate your knowledge and insight to what can be possible in the future.

\_\_\_\_\_ **Kay Regimbal, Metarie, LA**

Later on that week I did the same seminar in Nashville, TN where **Tony Walker** was responsible for getting a great group of agents together. There were 24 participants – some coming from rather distant cities. **Trent Fortner** hosted the event. Thanks to all for your help.

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Here are a couple of e-mail messages about the effects of the book, **BECOMING YOUR OWN BANKER**:

Thank you once again. I gave your book to 2 business owners that I have been working with. After a thorough reading, both called me back to tell me that the grocery store story will become part of their employee training to show how the business world really works, oh, and by the way, they both doubled their premium that they are putting into their programs. Seems equipment acquisition finally sunk in.

Sincerely, **Mike Schubach**

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LAST SEPTEMBER OR THEREABOUTS I HAD LUNCH WITH MY CPA AND HIS WIFE WHO ARE GOOD FRIENDS. I GAVE HIM A COPY OF YOUR BOOK AND TOLD HIM, “PLEASE GIVE ME YOUR OPINION OF THIS BOOK. IT IS EASY TO READ AND IT IS ONLY 84 PAGES.”

4-6 WEEKS LATER WHEN WE WERE TALKING ON THE PHONE ABOUT SOME OTHER MATTER, I CASUALLY ASKED: "HAVE YOU READ THE BOOK '**BECOMING YOUR OWN BANKER**' YET?"

HE SAID: "NO"

"READ IT!" I COMMANDED.

TWO MONTHS LATER HE CALLED EXCITED: "I HAVE READ THE BOOK TWICE AND I WANT TO BUY SOME WHOLE LIFE".

HE BOUGHT \$ 1,000 PER MONTH PREMIUM.

--- ERLAND REUTER

(One must understand that Erland is a Marine -- I used to refer to people like him as a "Retired Marine" or an "Ex-Marine" -- but I was hastily corrected by one of them that "there is no such thing -- once you are a Marine, you are always a Marine! Now you know why Erland "commanded the CPA to read the book).

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**July 6, Tax-Freedom Day! Hallelujah! We finally made it – the balance of the year we can work for ourselves!**

Some thoughts come to mind as I contemplate this situation. On Sunday before July 4<sup>th</sup> the men's chorus of our church choir (I have had the privilege of participating in singing since high school) performed Randall Thompson's *Testament of Freedom*. The words were written by Thomas Jefferson shortly before the secession of the Colonies from England. Carefully read these words written in 1774 from Part II of the piece:

*We have counted the cost of this contest, and find nothing so dreadful as voluntary slavery. Honor, justice, and humanity forbid us tamely to surrender that freedom which we received from our gallant ancestors, and which our innocent posterity have a right to receive from us. We cannot endure the infamy and guilt of resigning generations to that wretchedness which inevitably awaits them if we basely entail hereditary bondage upon them.*

*Our cause is just. Our union is perfect. Our internal resources are great .... We gratefully acknowledge as signal instances of the Divine favor towards us, that His Providence would not permit us to be called into this severe controversy until we were grown up to our present strength, had been previously exercised in warlike operation, and possessed of the means of defending ourselves. With hearts fortified with these animating reflections, we most solemnly, before God and the world, declare that, exerting the utmost energy of those powers which our beneficent Creator hath graciously bestowed upon us, the arms we have been compelled by our enemies to assume we will, in defiance of every hazard, with unabating firmness and perseverance, employ for the preservation of our liberties; being with one mind resolved to die freemen rather than to live slaves.*

**Our forefathers went to war because of taxes! And now read the following piece by Gary North to see the level of taxation that Jefferson considered *slavery* and provoked this war of secession.**

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## **Independence Day Celebration For A New Millennium**

**By Gary North**

**Technically, this is the first American Independence Day celebration for the new millennium.**

**It's a good day to think back on the world we have lost. We were handed a great legacy by 56 brave men who put their lives on the line when they put their names on the paper. The Declaration of Independence was passed by the Continental Congress on July 2, but signed on July 4. They prudently kept their signatures secret for several months.**

**The issue was not merely money; it was a matter of sovereignty. The minority of colonists who followed Sam Adams and Patrick Henry were convinced that Parliament did not lawfully possess sovereignty in America, which English constitutional theory The split with England had been developing for over a decade. It became a reality in Massachusetts in the spring of 1775, with the famous ride of Paul Revere and the assembling of what became known in retrospect as the minute men. British troops were coming to confiscate the guns and ammunition of the local militia. The militia had other ideas. These ideas later resulted in the Second Amendment of the Constitution.**

**The war had begun over a dispute about taxation. The colonists wanted to have control over taxation through their legislatures and local assemblies. They did not want to submit to England's taxation from London. They also were unhappy with the Empire's restrictions on trade. John Hancock was a smuggler, not an insurance salesman.**

**Not many Americans know what the level of taxation was in 1775. I did a graduate school paper on this topic over 30 years ago. English taxes were in the range of 1% of income in most colonies, and possibly as high as 2.5% in the plantation colonies. For this, they went to war.**

**asserted. These men were breaking with the idea of the British empire.**

**There was a religious issue, too: the threat of the Church of England's sending a bishop to the colonies. A bishop had to ordain priests. The bishop who possessed this authority over colonial churches was the bishop of London. It took a long and expensive trip to London for a man to be ordained. Congregationalists, Baptists, and Presbyterians preferred it this way – not to mention Maryland's Catholics. They regarded the Church of England – correctly – as an extension of British rule in America. The king was the head of the church. (See the 1962 book by Carl Bridenbaugh, *Miltre and Sceptre*.)**

**The war was fought over sovereignty: taxation, religion, and the proper distribution of powers within civil government. The colonists who went to war with England did not trust central government. They regarded the lawful authority of civil**

government as one government among many, sharing authority with self-government, family government, and church government. They regarded with hostility Parliament's claim of total sovereignty over the affairs of British citizens.

Today, most Americans regard such theoretical and theological issues as quaint, or curious, or naïve. The central government does not officially claim the absolute sovereignty that British legal theory claimed for Parliament in 1776, but in fact the invasion of our liberties is far worse than anything conceived by the most traditional of Tory political theorists in 1776.

A slogan in the era of the American Revolution was "No taxation without representation." Today, we have representation, and our taxes reflect a level of confiscation that would have been regarded as tyrannical by citizens of every nation in 1776.

In ancient Israel, when the people came to the prophet Samuel to request that he ordain a king, he warned them against this

*And he will take the tenth of your seed, and of your vineyards, and give to his officers, and to his servants. And he will take your menservants, and your maidservants, and your goodliest young men, and your asses, and put them to his work. He will take the tenth of your sheep: and ye shall be his servants (1 Samuel 8:15-17).*

The Hebrews had been enslaved in Egypt. Their deliverance by God had established them as a nation. Under Joseph, God had placed Egypt into a form of bondage. The Pharaoh had collected grain as taxes for seven years, storing it for a coming famine. Then the central government sold it back to the people when the famine hit. By the second year, they were ready to sell their land to Pharaoh.

*Wherefore shall we die before thine eyes, both we and our land? Buy us and our land for bread, and we and our land will be servants unto Pharaoh: and give us seed, that we may live, and not die, that the land be not desolate. And Joseph bought all the land of Egypt for Pharaoh; for the Egyptians sold everyman his field, because the famine prevailed over them: so the land became Pharaoh's (Genesis 47: 19-20).*

Then they accepted forced relocation into the cities of Egypt (v.21). "only the land of the priests bought he not; for the priests had a portion assigned them of Pharaoh, and did eat their portion which Pharaoh gave them: wherefore they sold not their lands" (v.22).

*Then Joseph said unto the people, Behold I have bought you this day and your land for Pharaoh: lo, here is seed for you, and ye shall sow the land. And it shall come to pass in the increase, that ye shall give the fifth part unto Pharaoh, and four parts shall be your own, for seed of the field, and for your food, and for them of your households, and for food for your little ones. And they said,*

*Thou hast saved our lives: let us find grace in the sight of my lord, and we will be Pharaoh's servants (vv.23-25).*

**Egypt was the most bureaucratic tyranny in the ancient world. But for today's residents of the Western democracies to return to the level of tax tyranny of Egypt, it would require tax cuts of at least 50%. To return to the authoritarian rule of the Hebrew kings, it would take a tax cut of 75%.**

**A century ago, no Western nation had a level of taxation greater than the burden of the Hebrews under the kings.**

**What the west has surrendered to the central government since World War I has been its liberty. We are not free men by the prevailing standards of 1913.**

**Americans like to think of themselves as a free people. We occasionally even sing the phrase, "land of the free and the home of the brave." But we sing it ever less frequently. I have not been to a patriotic Fourth of July parade as an adult. I have never heard a single Fourth of July political speech. Few Americans under age 55 have.**

**We shoot off a few firecrackers. We drive to some location and watch an hour of tax-funded fireworks. But that's about all that remains of the Fourth of July.**

**How many Americans have ever read all of the Declaration of Independence? Not many. Few students in high school ever spend as much as one class period studying its accusations against the king.**

**"They Don't Know the Difference"**

**My first full-time job was with the Foundation for Economic Education (FEE), in Irvington-on-Hudson, New York. Its founder, Leonard E. Read, used to give a speech in which he surveyed the history of American taxation. He showed how the rates had grown higher until the state was extracting 40% or more of our wealth. Step by step, American voters had adapted the politics of plunder. Read then concluded: "They don't know the difference between freedom and slavery."**

**He was right. Most people don't know the difference. The number of free societies is declining today. Communism was a terrible evil, but the governments that replaced Communist rule are not free societies by 1913 standards.**

**There is comparative freedom, of course, just as there are comparatively strong fiat currencies – compared to each other today. But World War I destroyed the international gold standard, the free movement of individuals (there were no mandatory passports in the West in 1913), and single-digit taxation.**

**The voters do not know the difference. They think there was an eleventh commandment: "Thou shalt not steal, except by majority vote." They have adopted**

the politics of plunder, best described by Frederic Bastiat a century and a half ago in his great little book, *The Law*.

He presents three choices:

1. The few plunder the many.
2. Everybody plunders everybody.
3. Nobody plunders anybody.

We are clearly living under system two. To regain our freedom – to return to system three – will take more than a declaration of independence. It will take a revolution in our thinking as Americans.

I can think of no better booklet to read on Independence Day than Bastiat's *The Law*.

When British taxation in 1776 looks like a utopian restoration of liberty, we have a lot of educational work ahead of us.

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Gary North is the author of an eleven-volume series, **An Economic Commentary on the Bible**. The latest volume is **Cooperation and Dominion: An Economic Commentary on Romans**. The series can be downloaded free of charge at [www.freebooks.com](http://www.freebooks.com).

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**A TRAFFIC JAM** is what happens when cars produced by the private sector meet roads provided by the government sector. . The supply of roads is determined not by consumer demand, but by politicians and bureaucrats. These people are not guided by a desire to serve their fellow man, but by a desire to maintain and increase their power over other people.

~ Lew Rockwell

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*There is all the difference in the world between treating people equally and attempting to make them equal.* ~ F.A. Hayek

The marvel of all history is the patience with which men and women submit to burdens unnecessarily laid upon them by their governments.

~ William H. Borah

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**LEASING**—rather than financing or paying cash—has become a popular method of acquiring a new car or truck. Jerry Duffy, president of the National Vehicle Leasing Association, told CarPoint, "We analyzed a number of different research sources and found that in 1999, 34 to 38 percent of vehicle sales to consumers were paid for with lease financing."

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## WHEN WISHES BECOME RIGHTS – by Leonard E. Read

**Federal deficits** mount as the consequences of increasing claims against welfare programs of all kinds. This growth of government spending and intervention in 1983 leads me to review and repeat some ideas I offered on the subject in *The Freeman* of November 1964.

Reflect on the “backward” countries in the world; the “distressed areas” in the U.S.A.; the many individuals who are poverty stricken, lame, blind. Then add all the unfulfilled desires and yearnings of the 235 million Americans, ranging from better food, housing, clothing, medicine, hospitals, mink coats, and automobiles to colonizing outer space. What a field for the would-be philanthropist if all these wants were within his power to fulfill.

Let us imagine that you have been offered a magic power to satisfy everyone’s material wishes with no effort on your part. Suppose, for instance, that you had Aladdin’s lamp and could call up a genie that would confer any good or service on anyone you might choose to help. If you could thus satisfy desires for material things with neither cost nor effort on the part of anyone, would you be willing to assume the role of Aladdin and bestow benefactions like manna from heaven?

Perhaps you are among the very few whose answer would be an emphatic “No!” There are those few who would immediately sense the consequences of such reckless “humanitarianism”: no more farming; the closing of factories and stores; trains and planes coming to a stop; students no longer studying; a heaven on earth – a veritable Shangri-La” No more problems; all obstacles overcome for mankind! These few know that when there is no exercise and flexing of the faculties, atrophy follows as a matter of course and our species disappears – all because everyone is granted riches for nothing more than the wishing!

If this sort of magic were only half practiced, would the result still be bad? “Yes!” answered Benjamin Franklin. “If man could have Half his Wishes, he would double his Troubles.” We may infer from this that if a man’s objectives could be achieved for nothing more than wishes, no good would be served, deterioration would ensue. Struggle, earning one’s spurs, conscious effort, calling on one’s potentialities and bringing them into use are essential to survival – to say nothing of progress. This is crystal clear to a few. But not to the many!

**A majority** of Americans, today, would accept the magic lamp. For it is obvious that most persons who would gratify a wish *at the expense of others* would more readily do so *at no expense to others*. Such wishers are among us by the millions, all in pursuit of something for nothing – effortless wish gratification.

These many Americans have found their magic lamp in the Federal political apparatus, and what a genie! Aladdin’s lamp evoked a genie of supernatural powers; but this modern genie is a composite of quite ordinary human beings and, as a consequence, it

relies on the earthly ways of humans. Even so, we must never sell it short; it is unbelievably clever.

Aladdin's genie performed only on call; it responded to wishes when requested. This modern American version, on the other hand, displays zealous initiative in that it:

1. invents wishes for people.
2. persuades people that these wishes are their own and, then, actively solicits their gratification.
3. convinces people that these wishes are among their natural rights, and
4. casts itself in the role of "helper."

Mythology in its heyday never came up with a genie equal to this.

Golden goals for people to adopt? It was this genie, not the people of the Tennessee Valley, that initiated TVA with its below-cost pricing. It was this genie that conceived "social security," the Peace Corps, and so on.

Further, the genie insinuates its golden goals into the minds of people as wishes capable of fulfillment. The genie appears in nearly every community of the nation and in many countries of the world selling its wishing wares. Federal urban renewal projects are promoted far more by the bureaucracy in Washington than by local citizens. Federal largess is urged upon the citizenry. Of course, the reason is clear enough: urban renewal is an integral part of the numerous Federal "full employment" projects required as cover-ups of the unemployment caused by other Federal policies.

But it would hardly do for this genie to gratify wishes were the performance attended by any sense of guilt on the people's part. So, how does the genie dispose of this hazard? Simple! It transmutes wishes into "rights," and remains above suspicion in this legerdemain. Do you wish a restoration of your decaying downtown? Very well; that wish is a right. Do you wish lower rates for power and light? Presto! The wish is a right. Do you wish a better price for your tobacco, a better job, a better education than can be had by your own efforts in willing exchange? These wishes are now your rights.

Labor unions with their right-to-a-job concept and businessmen with their right-to-a-market idea (outlawing competition) are dealing in the same category of false rights. Indeed, this can be said for all of socialism – without exception.

**When people** say they have a right to a job or to lower power and light rates or to an education or to a decent standard of living, they are staking out a claim to the fruits of the labor of others. Where rests the sanction for this claim? It simply comes from the notion that a wish is a right.

The absurdity of this wish-is-a-right sanction comes clear if we reduce the problem to manageable proportions: a you-and-me situation. Do I have a just or rational or moral or ethical claim to use your income to provide a "living wage" for me? Do I have a valid

claim to use your income to erect my school and staff it with teacher, or finance my church and supply clergymen?

Most people victimized by the magic transmutation of wishes into rights will, in this you-and-me situation, answer the above question in the negative. What escapes them is that the problem is not altered one whit by adding one person or a hundred or a million of them. And, if it be contended that numbers do matter, then, pray tell, what is the magic number? A majority? Must we not infer from this majoritarian cliché the indefensible proposition that might makes right?

In any community in the land may be found people pointing with pride to some “necessity” the local citizens could not or would not finance, explaining that it was made possible “with the help of the Federal government.”

The modern American genie, lacking supernatural powers, cannot bring down manna from heaven. Being earthly, its manna is earthly in origin. Having nothing whatsoever of its own, its “gifts” must, perforce, stem from what is taken by coercion from others. It cannot be otherwise.

**The questions** posed are: Do these “gifts” qualify as help? Is this genie, in fact, a helper? Are the “beneficiaries” really helped? If we can answer these questions in the negative, we come out from under the genie’s spell.

Help is a social term. At least two persons—the helper and the helped – are implicit in its meaning. There cannot be one without the other. The extent to which one is helped is measured precisely by the nature and amount of the helper’s contribution. What is received by the one is what comes from the other.

Property taken without consent is correctly branded as ill-gotten. If passed on to another, the other receives ill-gotten property. Nothing is altered by the transfer. According to moral law, as well as the law of the land, on who takes property without the owner’s consent commits a crime. When such property is passed on to and accepted by another, the other is adjudged an accomplice to the crime.

Property taken without consent cannot be given, for to give is conditioned on and presupposes ownership by the giver. I cannot give that which is not mine. Thus, the genie’s largesse cannot qualify as gifts but only as loot.

Loot is not help, one who loots is not a helper, and one who accepts the loot is not really helped.

Power to tamper with the volitional faculties of others is, in fact, a dangerous possession. Nor does it matter whether this power be used to restrain these faculties, as in private or political dictatorship, or exerted to relieve the need for the exercise of these faculties, as in private or political welfarism. However strong the compulsion in most of us to modify or improve the lot of other people, if we would avoid causing more harm than good, we

must confine ourselves to those aids that stimulate the renewed exercise of the volitional faculties in others. This suggests a rejection of all power to impose, leaving instead a reliance upon ingathering or drawing power – that magnetic, attracting, emulating force, the power that derives from such self-perfection as one may achieve.

**I must not**, in picking to pieces the notion that wishes become rights, leave the impression that wishes, of and by themselves, are proper objects of scorn. On the contrary, wishes, hopes, aspirations are among the most important forces motivating human progress, evolution, emergence. At issue here is only the means of their gratification.

We who reject illusory schemes are not denying the good life to others but merely pointing out that these political nostrums can lead only to desolatory dead ends. No good end can be reached by choosing a wrong way.

As we uncover more and more wrong ways, the right way begins to take form. It is the greatest gratifier of human wishes ever come upon – when allowed to operate. It is as morally sound as the Golden Rule. It is the way of willing exchange, of common consent, of self-responsibility, of open opportunity. It respects the right of each to the product of his own labor. It limits the police force to keeping the peace. It is the way of the free market, private property, limited government. On its banner is emblazoned *Individual Liberty*.

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Please go back to the first paragraph and notice that Leonard Read first wrote about this in 1964 and was lamenting the growth of this phenomenon when he wrote this piece. Now, think of how much it has grown since 1983. There is no way that this can continue. This writing was from the May 1983 issue of *Notes from FEE*. That was the month the Leonard died and is probably the last published article that he ever wrote. This fact kind of gives it special meaning to me.

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**GOD GRANT ME** the senility to forget the people I never liked, The good fortune to remember those I do, --- and the eyesight to tell the difference.

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**VISION** – Effort and courage are not enough without purpose and direction.

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## Intended Consequences

by William Anderson

As Congress and the pundits continue to debate the so-called Patients' Bill of Rights, it becomes clear that much of the discussion reflects both cynicism and naiveté. Conservatives who oppose the bill on both matters of principle and practicality say that it will invoke the "law of unintended consequences," in that it will open the doors for health insurance companies to face massive lawsuits, which are now prohibited by federal law. Those lawsuits, they contend, will only drive up medical costs, making it even more difficult for Americans to receive decent health care.



(Calling a system that will enrich trial lawyers a "Bill of Rights" does violence to any historical sense of what rights mean, and especially to the meaning of the Bill of Rights in the U.S. Constitution. However, that is something to be argued in a different paper.)

A way of rephrasing their argument is to declare "everyone wants quality health care for all Americans" or something like that, but the consequences of this latest bill, unfortunately, would simply transfer wealth to attorneys, an "unintended" result. On the other hand, the supporters of this latest monstrosity from Congress declare that the only way to force insurers to give "proper" care is to "hit them where it hurts," in their wallets. Inflamed jurors, they believe, upon hearing horror stories of people being denied care by a health maintenance organization (HMO) "bean counter" will award huge judgments to sympathetic plaintiffs, thus creating negative—but effective—incentives for HMOs to take better care of their clients.

The standard conservative arguments against this latest bill—which the Democrats have passed and which President Bush has threatened to veto—are that, while this is a bad bill, those who support it have good intentions and are just trying to ensure that people receive good and fair health coverage. Furthermore, conservatives seem to believe that if they present logical arguments against this bill, then perhaps public opinion will come to their side and Congress will then pass something that is more "fair and equitable."

Unfortunately, the conservative critics are simply wrong. There is no "law of unintended consequences" here, only intended consequences. While Tom Daschle and his colleagues in the Senate, both Democrat and Republican, who support this bill state only that they are trying to bring "fairness" to the system, this is nothing more than a naked attempt to end private medical care as we have known it and to substitute a Canadian-style system of government-run medicine. This takes place, of course, only after a major Democratic Party constituency—the trial lawyers—have been made even wealthier than they are now.

What we need to remember is a simple lesson in modern political history. Democrats lost

control of the U.S. Senate to Republicans in the 1994 elections on the heels of the massive failure of "Hillary-care," which was nothing more than an attempt by the government to nationalize health care. What especially galled the Democratic supporters of government medicine were the "Harry and Louise" advertisements that the insurance companies ran after details of the plan came trickling out of Hillary Clinton's secret committees.

These ads were hardly radical, but they did point out just how costly the proposals would be, not to mention that the new rules would have made private payment for medical services a criminal offense punishable by prison terms, which is the situation that currently exists in Canada. Following the election debacle, Democrats rightly or wrongly blamed "Harry and Louise," and now they have their opportunity for revenge.

As we have seen with the fiasco over asbestos—in which eight previously healthy companies have declared bankruptcy in the last eighteen months as the blizzard of legal claims mounts against them—it would not take much to drive many of the HMOs into the same condition. Despite their size, a few multi-billion-dollar decisions would spell doom for private insurance. We could then expect the government to step into this vacuum and create its own Canadian-style system to "bail out" U.S. medical care.

While most Americans are ignorant of the horrors of Canadian care—having been propagandized by the U.S. media, which for years has painted a false but rosy picture of medicine in Canada—it is a potential boon for politicians. Because medical care is basic to our well-being, the political party that controls health care would wield huge amounts of power over individuals and their choices. Furthermore, even though Americans would receive miserable care, they could easily be propagandized and manipulated into not wanting to give it up for fear of the unknown, just as has been the case in Canada. Furthermore, the Canadian government has found that the patronage involved in controlling health care has created huge political benefits for those in power.

Therefore, my contention is that this current drive to open HMOs to all kinds of lawsuits is not driven out of sympathy for needy patients or any kind of belief in social justice. Rather, it is an important step toward the total destruction of private medical care. This is not to say that all supporters of the recent bill that passed Congress want socialized medicine. Instead, they are the "useful idiots" who always seem to accompany the worst of leftist schemes to end all economic freedom.

Of course, after whatever small amounts of freedom we still enjoy are eliminated, the left would then discard these folks, since they no longer would be useful. As George Santyana wrote, "Those who fail to learn from the past are condemned to repeat it." Such will be the case with this bogus "Patients' Bill of Rights."

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William Anderson, adjunct scholar of the Mises Institute, teaches economics at Frostburg State University. [anderwl@prodigy.net](mailto:anderwl@prodigy.net)

