BANKNOTES NELSON NASH'S MONTHLY NEWSLETTER

June 2009

Nelson Nash, Founder
2957 Old Rocky Ridge Rd, Birmingham, AL 35243

David Stearns, Editor
205-276-2977
david.stearns@charter.net
1233 Branchwater Ln, Birmingham, AL 35216

Nelson Nash's live seminars for the next two months (The seminar sponsor or contact person is listed with phone and e-mail address in case you want to attend)

Wednesday -Thursday, June 3-4, Santa Ana, CA - Bert Salazar, or Robert Hinkle, 714-361-7401, bert.salazar@cambridgefp.com, Robert.Hinkel@cambridgefp.com

Thursday-Friday, June 25-26, Salem, OR - Tom McFie, 503-363-5433, 866-502-2777, Michele@Life-Benefits.com

Our semi-annual *Becoming Your Own Banker - Infinite Banking Concepts* Think Tank Symposium is 5-6 August, 2009 in Birmingham, AL.

What is the BYOB-IBC Think Tank Symposium? It's a venue that promotes the sharing of IBC success stories, case studies, and advanced infinite banking ideas. New materials and products are introduced - there are presentations from producers, clients, marketers, CPAs and noted published economic educators. What will you learn by attending this symposium? *How America got into this economic mess (Dr Paul Cleveland and Carlos Lara presentations), and more importantly, how you can get out of it, or how you can help your clients get out of it (the balance of the symposium presentations, panel discussions, etc).*

The location is the Sheraton Birmingham - downtown just minutes from the airport.

Registration fee is $550. Spouses are welcome for an additional $100. IBC Think Tank Members (you know who you are!) receive a $200 discount off the registration fee.

If you wish to attend the symposium but have never attended a live Nelson Nash-led *Becoming Your Own Banker* seminar, you are required to attend one prior to this event. To fulfill this requirement, Nelson will conduct a seminar immediately preceding the Think Tank in the same location. The seminar starts at 6 PM the evening of 3 August, and finishes at 4 PM on 4 August. IBC Think Tank Members can attend this seminar free of charge; others will be charged an additional $200 seminar registration fee.

We will start the symposium at 10AM on 5 August, 2009 (Wednesday) to conclude no later than 8PM; we continue the morning of 6 August (Thursday) with a 730AM breakfast, to conclude around 1PM.

First day lunch, reception and dinner will be provided; second day breakfast will be provided. Other meals, accommodations, and travel expenses are your responsibility. No registration at the door, you must pre-register online.

Check our website for a detailed agenda, to include speakers; on-line conference registration and payment links; and hotel registration link.

Seats are limited and will be filled on a first come basis – so please register as soon as possible.

To view past IBC Think Tanks, you can purchase Think Tank DVD sets, to learn more check our website store: http://www.infinitebanking.org/store.php

Here is a listing of Nelson's newly added Book Recommendations

Men of Wealth by John T. Flynn

Boundaries of Order by Butler Shaffer

MENCKEN, The American Iconoclast by Marion Elizabeth Rodgers

Nelson's Favorite Quotes of the Month

"The more the state plans, the more diffcult planning becomes for the individual."
- Friedrich A. von Hayek

A fine is a tax for doing something wrong. A tax is a fine for doing something right. - Anonymous

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary." - Adam Smith

The following articles are Nelson's favorite finds from the last month's reading

Stop throwing your money away!

by Dr. Tomas McFie

Stop throwing your money away and find out what one in a million DCs will never know.

What I'm about to share with you makes so much sense you'll probably get mad that nobody ever mentioned it to you before.

Maybe Sam Walton said it best: "Capital isn't scarce… vision is."

Banks are holding onto more money now than at any time in the nation's history. According to the Federal Reserve: "Banks' excess reserves -- banks' base-money holdings minus required reserves -- rose from $1.9 billion to $798.2 billion from August 2008 to January 2009" ("Mises Daily," by Thorsten Polleit, posted on 4/2/2009 -- see chart [*ed. chart omitted*).

John Q. Adams wrote in 1829 that, "All the perplexities, confusion and distress in America arise from downright ignorance of the nature of coin, credit and circulation."

Today, chiropractors are perplexed by the same state of affairs that John Adams wrote about back in 1829! That's because chiropractors have never been exposed to the truth about how banking really works. But you needn't be traumatized about this. The dis-ease of "money and banking" is an endemic disease in the United States.

Besides, John Maynard Keynes once wrote: "There is no subtler or surer means of overturning the existing basis of society than to debase the currency. The process engages all the hidden forces of economic law on the side of destruction and does it in a manner which only one man in a million is able to diagnose."

So, if the most famous economist of our time said that "only one in a million" would be able to diagnose this disease, don't throw a pity party about not picking up on it. But please do take a moment and sharpen up on your diagnostic skills so you'll stop throwing your money away!

Think about it like this. You consistently throw away 30-40% of every dollar you make (after taxes) because you finance everything you purchase. That's right! Either you throw your money away by paying interest to someone else for the use of their money or you throw away the interest you could've earned on the money you spend. A lose-lose proposition. Welcome to the banking equation!

Yet, it doesn't have to be that way. In the spring 2008 issue of the Western Orthopaedic Association News, David Mandell JD, MBA and Robert Wassel CPA, MBA wrote: "Under realistic assumptions, a $500,000 mutual fund portfolio may generate an annual tax liability of $10,000-$25,000. Similar investments within a cash value life insurance policy will generate NO income taxes -- because the growth of policy cash balances is not taxable. Also… every state protects the cash values from creditors" (woa-assn.org, Volume 10 Number 2, emphasis added)

What Mandell and Wassel don't mention in this WOA article, but has been proven time and again, is the method of using life insurance cash values as a personal "banking system." That's what we specialize in at Life Benefit$, Inc.

It really is time to get serious about your own money!

Consider...

If banks have more money in "excess reserves" than ever before --even in today's economy -- then, mightn't they know something about money that you need to know about, too?

If what you've been taught about money isn't true, when do you want to find out? Today or tomorrow?

If you'd been using your money like banks are using your money, you'd have "excessive reserves" right now as well. Does that make sense?

If you could recover just 20-25% of the money you're presently throwing away, how long would it take to enjoy that nest egg you've always wanted?

As chiropractors, we all understand that health comes from within. Well, the same is true about wealth. Real and lasting wealth is just like real and lasting health, they both come from within. And it all starts with the idea of you learning how to use your own money -- the same way banks are using your money right now!

(To learn more, contact Dr. Tomas or Michele McFie at 1-866-502-2777, team@life-benefits.com or www.life-benefits.com.

Don't Be Fooled by Inflation

by Peter Schiff

Strike up the band, boys, happy days are here again! Recently released short-term economic data, including unemployment claims, non-farm payrolls, home sales, and business spending, which had been so unambiguously horrific in February and March, are now just garden-variety awful. With the Wicked Witch of Depression now apparently crushed under the house of Obamanomics, the Munchkins of Wall Street have sounded the all clear, pushing the Dow Jones up 25% from its lows. But the premature conclusion of their Lollipop Guild economists, that the crash of 2008/2009 is now a fading memory, is just as delusional as their failure to see it coming in the first place.

Once again, the facts do not support the euphoria. Over the past few months, the government has literally blasted the economy with trillions of new dollars conjured from the ether. The fact that this "stimulus" has blown some air back into our deflating consumer-based bubble economy, and given a boost to an oversold stock market, is hardly evidence that the problems have been solved. It is simply an illusion, and not a very good one at that. By throwing money at the problem, all the government is creating is inflation. Although this can often look like growth, it is no more capable of creating wealth than a hall of mirrors is capable of creating people.

We are currently suffering from an overdose of past stimulus. A larger dose now will only worsen the condition. The Greenspan/Bush stimulus of 2001 prevented a much-needed recession and bought us seven years of artificial growth. The multi-trillion dollar tab for that episode of federally-engineered economic bullet-dodging came due in 2008. The 2001 stimulus had kicked off a debt-fueled consumption binge that resulted in economic weakness, not strength. So now, even though the recent stimulus administered a much larger dose, we will likely experience a much smaller bounce. One can only speculate as to how much time this stimulus will buy and what it will cost when the bill arrives.

My guess is that, at most, the Bernanke/Obama stimulus will buy two years before the hangover sets in. However, since this dose is so massive, the comedown will be equally horrific. My fear is that when the drug wears off, we will reach for that monetary syringe one last time. At that point, the dosage may be lethal, and the economy will die of hyperinflation.

As always, the bulls fail to understand that investors can lose wealth even as nominal stock prices rise. As a corollary, the bearish case is not discredited by rising stock prices. While there are some bears that mistakenly cling to the idea that deflation will cause the dollar to rise, those of us in the inflation camp understand that the opposite will occur.

In the meantime, stocks are not rising because the long-term fundamentals of our economy are improving. If anything, the rise in global stock prices is due to investors realizing that cash is even riskier then stocks. The massive inflation that is the source of the stimulus is essentially punishment for those holding cash. To preserve purchasing power, investors must seek alternative stores of value, such as common stock.

It is important to point out that despite an impressive rally, U.S. stocks have substantially underperformed foreign stocks. In the past two months, while the Dow Jones has risen 30%, the Hang Seng and the German DAX have risen by over 50% in U.S. dollars. Commodity prices are also rising, with oil hitting a five-month high. And gold is shining as well, with the HUI index of gold stocks up 30% during the past two months, and 2/3 of those gains occurring in the past month. If this rally really were about improving economic fundamentals, gold stocks would not be among the leaders. Further, during those two months, the U.S. dollar index fell by 7%, with commodity-sensitive currencies such as the Australian and New Zealand dollars surging 20%.

To me, the relative strength of foreign stocks and currencies indicates that perhaps the global economy is not as impaired as many have feared. It has been my view all along that after the initial shock wears off, the world will be better off – once it no longer subsidizes the American economy. The shrinking U.S. current account deficit is evidence of this trend in action. Renewed strength in foreign stocks and weakness in the dollar may indicate that not only is the world decoupling from the U.S., but benefitting as a result.

So let the Munchkins dance for now. But remember, the Witch is not dead; only temporarily stunned by an avalanche of fake money.

May 10, 2009

Peter Schiff is president of Euro Pacific Capital and author of The Little Book of Bull Moves in Bear Markets and Crash Proof: How to Profit from the Coming Economic Collapse.

I'll Never Retire

by William Diehl

Before the mid 1950s, there was no "retirement" as we use the term today. A 1950 poll showed most workers aspired to work for as long as possible. Quitting was for the disabled. Life did not offer "twilight years," two decades of uninterrupted leisure courtesy of the U.S. taxpayer.

Just since 1960, the percentage of men over 65 still working has dropped by half. And the average retirement age keeps falling. It's down to 62, which gives the average man 18 years to be retired in its current meaning. It is not unusual to see people ending their careers in their mid-fifties.

This is one of the monumental changes in the fabric of society wrought by the government, that has so altered the integrity of the people.

As someone on a payroll until the age of 79, and now employed on a non-compensated basis, I came to see that I was regarded as something of a freak. Was I trying to set some sort of record? Had I failed to accumulate a large enough estate?

There seemed to be some feelings too that I was somehow un-American, and a poor reflection on a generation that is supposed to be enjoying the good life.

Observing my generation opt for leisure, I see all sorts of adaptations. One described his life in Florida as meeting the same three golfers on the first tee at the same time each day for nine holes, then lunch in the club house, nine holes after lunch, shower, gin and tonic, and then back to the condo to dress for dinner. When asked if this was the routine for every day, he said, "No, I help my wife clean on Tuesday."

This is what I'm supposed to aspire to?

Another friend, in answer, said "I sleep as late as I can because I don't know what to do when I get up."

The remark heard most frequently is "I've been so busy since I retired, I don't know how I ever had time for my job" or "Retirement is so wonderful, I should have retired sooner."

At this point it might be in order to ask--"Busy doing what?"

Many of those who retire at 55, 60, 65, or 70 are some of the most experienced, knowledgeable, and capable people in the workforce. Rather than occupying positions that might be available to younger people, they could be creating and expanding job opportunities for others.

There is a sense of self-worth that comes from working to a purpose that is essential to well-being, whether the task involves major responsibility or physical exertion, as both require diligence and daily attendance.

How did we come to this slough of despondency? Like so many of our present disorders, it was the siren call of the great white father in Washington: "Come unto me all ye who labor and are heavy laden and I will give you rest."

With Social Security, Medicare, and public pensions, the government has created a large new class of dependents who see no necessity to save or to accept responsibility for themselves, their offspring, or their parents.

As this fatally flawed scheme proceeds toward disaster, the beneficiaries are so insistent that their benefits be maintained and are such a strong political force, that few congressmen have the temerity to say publicly what everyone knows: payments cannot be sustained. Those who are working are paying benefits that will not be available to themselves.

Buddha on his deathbed admonished his followers to, above all, observe strenuousness. How strange that sounds in today's world. Our culture denies this essential virtue to our seniors, who have become dilettantes.

As we observe able-bodied citizens hiking the malls or sampling the midnight buffets on the cruise ships, we are struck by their purposelessness, and the overwhelming boredom they manifest. There is no need to arise in the morning, or any necessity to go to bed on time. Their reason for existence has ceased. They have lost the respect of those who support them, and lost their self-respect in the process.

A story is told of one who had led a long and eventful life. When the time came to cross the deep lake, he was pleased with the skiff and the oarsman as well as his welcome and the accommodations furnished him. The surroundings were beautiful, the weather pleasant, and the food more than adequate. After a few weeks, he wanted to try his hand at gardening again, but that could not be arranged. After repeated requests to work in the dining hall or on the grounds, he cried in exasperation, "This is no better than Hell." The reply came from above, "Where did you think you were?"

Irving Babbitt reflected on the nature of work, how it was seen in the past as a God-given calling, and indeed served to define a person. With the loss of vocation has come a loss of identification.

To remedy this loss does not require legislation or public awareness. The solution is within the grasp of everyone who has decided to continue to be productive. It often means a change in occupation. It may mean giving up benefits and accepting a lower wage, or no wage at all. But a reason for living, and a retention of identity, are surely sufficient remuneration.

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William Diehl lives and works in Defiance, Ohio

The Social Security Scam

Mises Daily by Mark Brandly | Posted on 5/26/2009 12:00:00 AM

The release of the 2009 Social Security Trustees Report indicates that the current economic crisis has negatively impacted the Social Security budget. It's now projected that by 2016 Social Security spending will exceed revenues. According to the report, the financial condition of the Social Security program "remains challenging" and "need(s) to be addressed soon." A look at the numbers shows us the severity of the Social Security budget problem.

Social Security is a "pay-as-you-go" system. This means that when you work, the government takes your money and gives it to Social Security recipients. In order to get workers to accept this system, the government promises to take other people's money and give it to you when you retire. Think of it as an exponentially larger version of Bernie Madoff's Ponzi scheme.

As long as a lot of people die before collecting any benefits, or die without collecting many benefits, the system is financially sound. In 1950, the worker-to-beneficiary ratio was 16.5-to-1. With people living longer, the worker to beneficiary ratio has fallen to 3.1-to-1 and within 20 years it's expected to drop to 2.1-to-1. Due to this falling ratio, over the years the feds have raised tax rates and now must consider further adjustments.

Let's look at the revenue side of things. Each worker's income below about $106,800 is taxed at a 12.4 percent rate. There are no deductions for this tax. All income is taxable income. Even those in the lowest income brackets have roughly one-eighth of their income taken from them to fund the Social Security system.

Few workers, however, understand the tax burden of the Social Security system. On their paychecks, they see that 6.2 percent of their gross pay goes to pay for Social Security. What they don't see is that employers match this tax payment with an equal 6.2 percent payment. It may seem that employers are paying half of the Social Security taxes, but that's not the case. Even though the employers are legally liable for one-half of the tax, they shift the tax onto workers in the form of lower gross wages. Therefore, the Social Security tax burden, 12.4 percent of each worker's gross pay, falls on workers. Half of this burden is hidden from the workers.

Currently, the Social Security Administration is running a budget surplus. For 2008, Social Security revenues totaled $805 billion and benefit payments and administrative costs were $625 billion, resulting in a surplus of $180 billion. Over the years, the system has run up an overall surplus totaling $2.4 trillion.

What has happened to this surplus? The SSA took in $180 billion more than it spent in 2008. However, the federal government spent this $180 billion on other programs. Since the funds were spent on something other than Social Security, the government declares that it loaned itself the $180 billion, calling such "lending" intragovernmental debt. For all Social Security revenues that are spent on non-Social Security programs, the Treasury department issues bonds to the SSA and those bonds are held in the Trust Fund. Surely we can have confidence in anything called a Trust Fund.

Think of this type of lending for a moment. The federal government is in debt to itself. Compare this to debt in the private sector. No business declares that it's deep in debt because it loaned itself money. It's the same with families. Parents don't lay awake at night trying to figure out how to repay the money they loaned themselves. The government, however, thinks that it makes perfect sense to collect $100 of tax revenue, spend the $100, and then declare that it now owes itself $100. This scheme is not limited to Social Security. Currently, federal intragovernment debt for all programs totals $4.3 trillion.

How should we think about this intragovernment debt? The Treasury department collects $100 in Social Security taxes, the SSA spends $70 on Social Security benefits, and the other $30 goes to, let's say, military spending. Since $30 was collected for Social Security, but spent on the military, the Trust Fund now has $30 of bonds. The bonds are simply promises of future taxes. The feds collected the money for Social Security and now they are going to collect taxes again for Social Security spending. The $2.4 trillion of bonds in the Trust fund represent Social Security revenues that need to be collected a second time, since the tax revenues did not go towards Social Security spending when they were initially collected. In fact, all of the intragovernmental debt represents future higher taxes.

The interest on the bonds in the Trust Fund is another issue. In 2008, the SSA racked up $116 billion of interest payments on its $2.4 trillion of bonds, interest payments that were made in the form of more Treasury bonds for the Trust Fund. The government loans itself money and then issues bonds (read, higher taxes) to pay itself interest on that lending. This is not an insignificant amount. In the last ten years, the SSA has collected $754 billion of interest on its share of the intragovernmental debt.

Though the SSA is currently running a budget surplus, its financial position is rapidly deteriorating. With the glut of upcoming retirements, the worker-to-beneficiary ratio is falling and Social Security spending is rising much fast than its revenue source. A year ago, the SSA estimated that the system would be solvent until 2017. Falling revenues due to the recession have resulted in a new estimate of 2016. At that point, the system will need additional tax revenues to be able to pay the promised benefits.

The Trustees Report declares that, starting in 2016, the "deficits will be made up by redeeming trust fund assets until reserves are exhausted in 2037." This is sleight of hand. The actual day of reckoning is 2016, not 2037. By 2037, the Trust Fund will be depleted. But the Trust Fund is irrelevant. Regardless of the status of the Trust Fund, if the current estimates are correct, beginning in 2016, the system will need significant additional tax revenues.

The shortfall starts in 2016, but increases rapidly. According to the report, Social Security–tax income will only be able to finance 76 percent of scheduled annual benefits in 2037.

The report calls for "an immediate 16 percent increase in the payroll tax (from a rate of 12.4 percent to 14.4 percent) or an immediate reduction in benefits of 13 percent or some combination of the two" to bring the system into actuarial balance.

Social Security: another legacy of FDR

Making the system sustainable will require higher taxes or benefits reductions. These reductions could be achieved by either reducing the benefits per recipient or reducing the number of beneficiaries — say, by raising the minimum age requirements. The solution is to give workers a negative rate of return on the money that is taken from them. It would also help if some workers collected no benefits at all. Workers who are taxed and then die before collecting any benefits are a boon to the system. Maybe the federal government should rethink its war on tobacco.

This system is a massive income-redistribution scheme, taking one-eighth of most workers' incomes. The total tax burden is hidden from the workers. The tax revenues have been used to cover the deficits in the rest of the government's budgets, and the only way to make the system sustainable is to give the participants a negative rate of return on their money.

The Social Security system has run its course. It's unfair and it's economically destructive. It's time for the program to be abolished.

Mark Brandly is a professor of economics at Ferris State University and an adjunct scholar of the Ludwig von Mises Institute.

Obama to Government Motors: "Let's Roll"

Mises Daily by Karen De Coster | Posted on 5/22/2009

The last remnants of the American free-market system are experiencing a quick death by strangulation. Perhaps the most disturbing casualties of government intervention are General Motors and Chrysler, two disgraced automakers that have gone from private ownership to the public trough virtually overnight. The U.S. government has effectively grabbed a financial stake in each company while attempting to control the reorganization process without any constitutional authority to commence such actions.

The takeovers, which have occurred at breakneck speed, are alarming. A defining characteristic of economic fascism is the control of private property and business through a government-business "partnership." This public-private alliance, while permitting private business ownership, is an arrangement that allows government to control and plan private industry. What we are experiencing from the schemers in Washington, DC is a planned capitalism, or soft fascism, that is being rolled out at an unprecedented pace.

One of the more disturbing actions on the part of the Washington establishment has been the blatant disregard for property and contract rights. First, consider the case of Chrysler. The government, while coming to the aid of a dying Chrysler, lobbed offers to its lenders, the bondholders. A group of dissident bondholders spurned the government's offer that would have given them a minuscule stake in the company while the UAW received a majority ownership position.

In response, the president denounced the bondholders, publicly proclaiming their obligation to sacrifice and referring to them as "vultures" because they insisted on maintaining their rights as senior creditors. Chrysler's bondholders, by law, are secured creditors, and they hold a senior ranking above unsecured creditors or shareholders in a bankruptcy or reorganization. Yet they were vilified and bullied for refusing to agree to a shoddy deal. Some of the holdout bondholders finally did buckle under; they dropped their legal challenge and agreed to the government's lowball offer, but only because they were strong-armed by Washington's bully tactics. Thomas Lauria, the attorney representing the group, stated that his clients weren't able to "withstand the enormous pressure and machinery of the US government." Thus the senior creditors were plundered while ownership was redistributed to the UAW, whose members are junior creditors. This makes a mockery of US securities law.

The bailout and ensuing appropriation of General Motors is no less tragic. The current restructuring plan calls for the US Treasury Department to have controlling interest in General Motors, which amounts to absolute nationalization. In GM's headquarters in Detroit there is a cluster of bureaucrats from the government's task force telling GM how to run its business. The task force, assembled by the White House, has the power to exercise significant control over product decisions. According to a GM news release, the Treasury Department will have the power to elect all of GM's directors and control the vote on matters brought before the stockholders. Additionally, the bondholders who have funded the company are being offered a paltry piece of the equity of the reorganized company — another major blow against the sanctity of contract.

Furthermore, the White House fired General Motors Chairman and CEO Rick Wagoner. When the executive branch intervenes in a private business and ousts management, bailout or not, it is a staggering violation of the American ideal of free enterprise. This sets a precedent for unlimited government trampling over the private sector. On March 30th, Obama said, "Let me be clear. The United States government has no interest in running GM. We have no intention of running GM." If that's the case — and we know it's not — then why scoop up majority ownership?

The revolving door between Wall Street and the bowels of Washington are getting a workout. It's the guys from Wall Street who run the government and the guys from government who run Wall Street. Only the guys from Wall Street - especially Goldman Sachs - who have taken over the Treasury Department are now taking over control of the domestic auto industry. You know what happened when they tried to run their own company, Goldman Sachs. How in the heck did I miss the part in the Constitution where powers were granted to the Treasury Department and its hired hacks?

Another notable abomination is the use of taxpayer dollars, on the part of the political establishment, to grant preferential treatment to one group of constituents — the unions — at the expense of each company's creditors, the bondholders. Not only is this an illicit use of the executive office for political pandering, it's a deliberate redistribution of wealth. It's also a handsome payoff to the loyal unions, who have long been big supporters of the Democratic Party.

The GM and Chrysler takeovers are orchestrated political restructurings aimed at serving the larger interests of the US government. The apparatchiks on the Potomac have the authority to coordinate production in a manner that compliments their political and social agenda. The White House has not been shy about its ambitions for green policy and the future of American-made automobiles. This coup paves the way for big government to get its tentacles into an industry that will allow the feds to ram their socialist-totalitarian, green agenda down all of our throats.

Moreover, the Obama regime already announced that it is buying 17,600 green vehicles (hybrid sedans) from Detroit's Big Three by June 1, using $285 million from the $787 billion stimulus bill. Representative Sander Levin, a Democrat from Michigan, stated, "The federal government's purchase of thousands of hybrids and other fuel-efficient vehicles from the Big Three shows that our domestic auto industry will weather this current crisis and build the cars of the future." But certainly, it shows nothing. If the car companies were capable of building the cars of the future that consumers want to buy, no bailout would have been needed, and the government would not have to place an enormous, personal order for automobiles in order to keep the assembly lines moving and inventory lots turning over. The only thing the mega-purchase "shows" is Detroit's inability to sell its automobiles at bloated prices in the free market, thereby leaving the government to spend taxpayers' money on goods they refused to buy on their own.

In fact, giving the kiss of life to two dead horses, GM and Chrysler, illustrates the futility at work here, considering that both companies have just announced there will be a considerable number of dealership closings all over the country. Chrysler plans to close about 800 dealerships while GM will trim back 2,600 dealers by 2010. The fact that GM is cutting back its dealerships to the tune of 42 percent speaks volumes about its bloated, bubble-fueled predicament. The government has been pouring billions into each company's bailout bin in order to keep these inefficient, surplus dealerships around so that they could continue on their path of chasing invisible customers and not selling cars. The misallocation of resources has been staggering. Half-baked investment decisions, like these, are what we can expect from a politically anointed task force that will centrally plan the manufacture of automobiles.

As the Chrysler resuscitation continues and GM morphs into Government Motors, we can expect that the government will prepare to churn out its environmentally correct greenmobiles that the market has rejected over and over again. Freedom, choice, and capitalism will pay a dear price because a group of government bureaucrats, on the receiving end of political favors, will run a major sector of the US economy and foist a prescribed lifestyle upon American consumers.

The funeral bell is ringing a reminder of capitalism's mortality. And I won't dare touch on what happens when government-run automobile manufacturers perform like the post office or the DMV.

Karen DeCoster, CPA, has an MA in economics and works in the financial services industry. She has written for an assortment of publications and organizations, including LewRockwell.com, Ludwig von Mises Institute, Mackinac Center for Public Policy, Taki's Magazine, Euro Pacific Capital, and, most recently, the Claire Booth Luce Policy Institute. Her website is karendecoster.com. Send her mail. See his article archives. Comment on the blog.

Check our website store for the NEW *Becoming Your Own Banker Client Workbook* by Joseph Quijano.

- "Joe Quijano has put together a very good workbook to accompany *Becoming Your Own Banker*. It will help participants to become more involved in the process and thus personalize the concept."

- R. Nelson Nash

T*he Becoming Your Own Banker Client Workbook* is not intended to replace *Becoming Your Own Banker® - The Infinite Banking Concept*. Instead, it is meant to be actively used as a supplement to the book. The workbook is optimized for use for a financial planner / insurance agent with their client. But can be used by a consumer individually. The workbook is also a great training tool for a novice IBC insurance agent, to help isolate important aspects of IBC. As a matter of fact, the Client Workbook should cause you and your client to read BYOB several times to really understand its principles.

The spiral bound, 32-page workbook will help isolate critical lessons of *The Infinite Banking Concept* as you develop a concise plan of action that will help you *Become Your Own Banker*.

The author, Joseph J. Quijano started his financial services career in 1974. In 1990 he received his Certified Financial Planner CFP® designation, and later attained the designation of Certified Divorce Financial Analyst CDFA®. Throughout all of Joe's formal financial training, he was taught that the consumer's need for life insurance was greater than their need for financing; therefore, he promoted the highest death benefit for the least amount of premium.

Joe was also taught that qualified plans such as a 401K, IRA, etc. were an ideal place to save money for retirement without any regard to the ravishing effects of taxation. It wasn't until he read and studied *Becoming Your Own Banker*® that he became convinced that one's need for financing is greater than the need for protection and that becoming financially successful was not a matter of investment yields as much as it was the power of controlling the flow of money, by recapturing loan principle and loan interest payments while eliminating the destructive effects of taxation.

Joe owns an insurance and financial services school, Larry Larsen's Eagle Education Systems, LLC which is approved by the Divisions of Insurance and the CFP Board to teach continuing education and pre-licensing courses to the financial services industry, with the mission to help educate the financial services professionals in the core principles of *Becoming Your Own Banker* so that ultimately the consumer will benefit.