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Nelson's favorite articles from the last month's reading

THE FED'S LAST HURRAH

by Peter Schiff

During the 1990s, inflationary Federal Reserve policy fueled a tech stock bubble. When that bubble burst, the Fed inflated a larger one in real estate. Now that the real estate bubble has burst, the Fed is inflating the biggest bubble of them all – a bubble in government. While the earlier booms at least provided the illusion of prosperity and some fun while they lasted, the government bubble will cripple the economy and deliver widespread misery to the vast majority of Americans.

Of course, there will be winners in the government bubble, at least for a while. As was the case with the stock and real estate bubbles, plenty of money will be made by the well-connected and parasitic classes. Government employees will continue to enjoy pay raises at our expense, as will anyone benefiting from the new wave of subsidies, such as Wall Street investment bankers, financial speculators, and those working in health care or education.

These gains will come at the expense of the taxpayers who foot the bill and the consumers who face higher

prices. As government grows, it deprives the private sector of the resources it needs to survive and grow. The result is a lower overall standard of living. Not only are government jobs less productive than private sector jobs, but bureaucratic interference actually makes the remaining private sector jobs less efficient as well.

Our economy is being transformed from a mostly capitalistic one to a mostly socialistic one. More decisions are being made by politicians and lawyers in Washington and fewer by entrepreneurs. The motivation behind this shift is the mistaken belief that the financial crisis of 2008 was caused by too much capitalism and a lack of proper government oversight. This conclusion is self-serving for those in power, and couldn't be more economically misguided. Through corruption or just plain ignorance, Congress and this Administration have embraced an ideology that has failed every time it has been tried.

Take the recent student loan reforms that were slipped into the health care bill. Obama wants to reduce the cost of providing student loans by taking the profits out of the industry. According to Obama, student loans are too expensive because banks profit from making them. If the government nationalizes the function, we would apparently bring down costs by eliminating those pesky profits.

This is a Marxist argument, pure and simple. If true, it would apply to all industries, not just banking. States like Cuba and North Korea would be the envy of the world, as they prohibit profits across the board. The truth is that profits, earned from free-market competition, keep cost down. By taking the profits out and putting the bureaucrats in, any incentive to provide better service or lower costs is eliminated. It's not hard to predict that student loan costs will now rise faster than ever.

That is clearly not the result we want. To solve the problem, people must understand that college tuitions are so expensive specifically because the government has guaranteed student loans (see my video blog on

this topic for a detailed explanation). Guaranteed loans don't mean more access to education, but rather that universities are free to charge more per pupil than if their customers were paying out-of-pocket.

Obama's plan only serves to remove more market forces and creates an even bigger moral hazard. Under the new rules, students will be required to repay a much smaller portion of what they borrow. As a result, students will be willing to borrow even greater amounts of cash to pay inflated tuitions, making it that much easier for colleges and universities to raise them.

Also, since the government will actually be loaning the money directly, rather than simply guaranteeing private-sector loans, the Treasury will actually have to borrow the money itself before it can re-lend it to students. I suppose the irony of going into debt to loan money never registers in Washington. Further, as this bill will cause tuitions to rise even faster, it will necessitate even larger loans that will produce even greater taxpayer losses when the loans end in default or forbearance.

Whether it is in education, housing, health care, automobiles, insurance, or banking, greater government involvement in the economy means higher prices, lower productivity, more bailouts, bigger deficits, increased taxes, diminished industrial capacity, fewer private sector jobs, less freedom, and a falling standard of living.

In the end, when runaway inflation and skyrocketing interest rates burst the government bubble, there will be no more bubbles to replace it – just one hell of a hangover.

April 3, 2010

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*.

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IT'S TIME TO PART COMPANY

By Walter E. Williams

ONE POLITICAL QUESTION we have to answer is whether George W. Bush or Albert Gore shall be president, and just which party will control the House of Representatives and the Senate. But I'd suggest that there's a far more important long-run question we must answer: If one group of people prefers government control and management of people's lives, and another prefers liberty and a desire to be left alone, should they be required to fight, antagonize one another, and risk bloodshed and loss of life in order to impose their preferences, or should they be able to peaceably part company and go their separate ways?

Like a marriage that has gone bad, I believe there are enough irreconcilable differences between those who want to control and those who want to be left alone that divorce is the only peaceable alternative. Just as in a marriage, where vows are broken, our human rights protections guaranteed by the U.S. Constitution have been grossly violated by a government instituted to protect them. Americans who are responsible for and support constitutional abrogation have no intention of mending their ways.

Let's look at just some of the magnitude of the violations. Article 1, Section 8 of our Constitution enumerates the activities for which Congress is authorized to tax and spend. James Madison, the acknowledged father of the Constitution, explained it in *The Federalist Papers*: "The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation and foreign commerce. ... The powers reserved to the several States will extend to all the objects which in the ordinary course of affairs, concern the lives and liberties, and properties of the people, and the internal order, improvement and prosperity of the State."

Nowhere among the enumerated powers of Congress is there authority to tax and spend for: Social Security, public education, farm subsidies, bank bailouts, food

stamps and other activities that represent roughly two-thirds of the federal budget. Neither is there authority for Congress' mandates to the states and people about how they may use their land, the speed at which they can drive, whether a library has wheelchair ramps and the gallons of water used per toilet flush. A list of congressional violations of the letter and spirit of the Constitution is virtually without end.

Americans who wish to live free have two options: We can resist, fight and risk bloodshed to force America's tyrants to respect our liberties and human rights, or we can seek a peaceful resolution of our irreconcilable differences by separating. That can be done by peopling several states, say Texas and Louisiana, controlling their legislatures and then issuing a unilateral declaration of independence just as the Founders did in 1776.

You say, "Williams, nobody has to go that far, just get involved in the political process and vote for the right person." That's nonsense. Liberty shouldn't require a vote. It's a God-given or natural right.

Some independence or secessionists movements, such as our 1776 war with England and our 1861 War Between the States, have been violent, but they need not be. In 1905, Norway seceded from Sweden, Panama seceded from Columbia (1903), and West Virginia from Virginia (1863). Nonetheless, violent secession can lead to great friendships. England is probably our greatest ally and we have fought three major wars together. There is no reason why Texiana (Texas and Louisiana) couldn't peaceably secede, be an ally and have strong economic ties with United States.

The bottom line question for all of us is should we part company or continue trying to forcibly impose our wills on one another?

ECONOMIC THINKING

In-Depth by: L. Carlos Lara | Wednesday, April 14, 2010

(This Article is excerpted from Chapter 2 of *How Privatized Banking Really Works* by L. Carlos Lara and Robert P. Murphy, PhD)

The most important fact behind the "new idea" unveiled in the previous chapter is that our efforts to help ourselves, our families, our businesses, and ultimately our country, rests entirely on our ability to see the nature of our problem with complete clarity. Without this understanding as a primary step, it is impossible to take the needed actions toward correcting the problem. Therefore, the problem must be fully exposed and made comprehensible to as many people as possible, and as quickly as possible.

So let us begin to decipher this mystery and point to some obvious observations. First of all, we must make a rather bold statement which we will set out to prove in the chapters ahead. What we are dealing with is a deeply hidden and cleverly designed scheme crafted by the few in political power, past and present, to systematically defraud the nation of its wealth. It is a direct assault on private property. This is our bottom line. It is the crux of the matter. Absolute power always resides with those who control the money. Over the course of history great families, kingdoms, and institutions have struggled with one another to gain this control. Today, in virtually every major country across our globe, governments lay claim to this centralized this power.

In our own American experience, our federal government has an exclusive and absolute monopoly on our money. Once it was made possible to tap directly into our pocket books with the passing of the 16th Amendment (the Federal Income Tax Law) in 1913 and the establishment of a Central Bank (The Federal Reserve System) in the very same year, the challenges of making a living and accumulating wealth changed forever for all citizens of the United States. The search to find a way of escape from this bondage has become the hard struggle of every individual citizen since then.

Over the past several decades, the results of these two significant laws have led to widespread economic frustration and confusion to society. The need for financial assistance to create strategies for the protection of one's wealth, or just to be able to process the endless forms and filings which are mandated by government, has grown exponentially. Today there are approximately 746,000 licensed financial representatives in this country representing over 7,000 banks, nearly 1,000 brokerage firms, and 2,300 insurance companies. The numbers of public accountants and lawyers are legion. Yet with all the benefits of professional assistance in navigating through a maze of tax laws, the fine print of financial products, and investment prospectuses, the individual person, more than ever before, feels betrayed and vulnerable. Dreams of financial security and prosperity evade U.S. citizens at every turn. The tax and debt burden has become unbearable. Eventually all this takes its toll and causes the individual to lose hope and forces him to succumb to even more dependency and subservience to government.

Clearly, advice offered by many in the financial services industry is not providing the help that is most needed because it merely scratches the surface of the real problem. A person's undisciplined money management or lack of time to expertly research every aspect of money decisions may be the culprit in many cases. However, the real problem stems from a completely different source.--It is Government Intervention and, especially, Current Monetary Policy, which is at the core of this money problem. Every individual, especially the financial advisor, has the responsibility to know specifically why and how the 1913 tax and banking laws are systematically stripping away the value of our dollar, creating boom and bust business cycles, and keeping the individual citizen in bondage.

Only by being armed with this truth is the individual able to properly assess the root of the evil and not fall prey to misinformation touted by leading financial experts, media financial personalities and especially our leaders in Washington. It is in knowing exactly how they do it that solves the riddle. Without this

proper knowledge the individual is left with perpetual confusion.

Obviously this mystery needs to be uncovered and disclosed. More importantly, the problem needs a solution and that will necessarily involve a certain degree of deliberate thinking in order for it to be solved. However, here lays the first huge obstacle. Unbelievable as it may seem, the overwhelming majority of people here in our United States simply do not think. It's true! There are unfortunately numerous statistics that prove this sad point every day. The underlying facts reveal that over half the American population is dependent on some form of government support. Therefore, the power and sway of the voice of government has made real thinking virtually unnecessary for many. For others, thinking is simply inconvenient. It requires time and effort. Of course, we are referencing "sound thinking," independent thinking requiring concentration and contemplation. A person thinking soundly does not easily jump to conclusions about what pours out of the media, and especially out of Capitol Hill. In a society such as ours, sound thinking has become extremely rare, even in the information age when real knowledge has grown more accessible to the layman than ever before in history.

We must, therefore, reverse this trend and take up this discipline in small doses of course; otherwise we will never do it. Like any other discipline, a certain amount of time must be set aside each day for this practice until it becomes habitual and the starting point is reading a book. Yes, you read correctly, reading! In his great book, "Thinking as a Science", Austrian Economist, Henry Hazlitt makes it clear that our thinking is mostly formed by our reading so that we should select and read only the most informative books on the most enlightening subjects. Additionally, he stressed that "the great thinkers of the past improved their innate powers, not by the study of rules for thinking, but by reading the works of other great thinkers, and unconsciously imitating their habitual method and caution." (1.) Likewise we also must read and hone our thinking by selecting the subjects most worth our thinking time. And, since our primary subject matter

is “economic man,” we strongly suggest to the reader that he can do no better than selecting the subject of economics.

Why economics? Unlike any other subject, economics deals with an essential and pressing aspect of life, which is man’s need to make a living. No subject of the 21st century seems to occupy more of the political limelight than economic questions and their answers. The present financial crisis is of course a major incentive for the serious study of economics. A more daunting reason is the understanding that governments and rulers are also very much involved with these same questions; however, their decisions regarding economic policy can be a matter of life and death---liberty or serfdom. For self-preservation, we should be knowledgeable in the basics of this very important subject. The Mises Institute and the Foundation for Economic Education are excellent sources for obtaining a valuable reading list, and both are absolutely free of charge on the internet. There is even a Mises University on iTunes. They are great places to begin this basic discipline.

The reader, however, must understand clearly that an academic approach to economics is not essential in order to understand our current economic turmoil. Nor is scholarly status necessary for learning how we should go about fixing it. It is not necessary to delve into the complexities of economics at the more sophisticated levels of the science. There is no need to become enthralled with statistics, confusing graphs, charts, models or complicated accounting calculations. These all certainly have a place in the study of economics, but not for the requirement we speak of. It is rather to suggest that the study of economics be undertaken in order to gain a firm grasp of certain key “economic principles” that are universal in their application. The subject of economics deals principally with the production and distribution of goods. Questions follow having to do with the motivations to produce those goods, what goes into their production, and even why goods are referred to as “goods.” Additionally, the study of economics answers questions as to who gets what, how prices are determined, and how the market operates. It is a

broad and all encompassing science which by default presents questions and answers pertaining to public policy. This unique characteristic is one of the main reasons why very early in its historical development, economics became entangled with socialists’ ideas. In fact, it can be said that socialist ideas have greatly altered what is often taught today as economics. Our reading, therefore, must be selective and deliberate.

The study and understanding of economic principles is of primary importance, an effort not to be taken lightly. These underlying economic principles can be said to be undisputable regardless of “school” or persuasion because they are derived from fundamental conditions, which are universal. In this respect they can be said to resemble the laws of physics and chemistry. They are foundational concepts and have been made known to all peoples, in all places and at all times. However, given the state of what we may refer to as our “national ignorance,” these economic principles have never been given much thought by our present generation--they either have been forgotten or altogether abandoned.

Message of Hope

“No one can find a safe way out for himself if society is sweeping towards destruction. Therefore, everyone, in his own interests must thrust himself vigorously into the intellectual battle. None can stand aside with unconcern; the interests of everyone hang on the results.”

Ludwig von Mises
(1881-1973)

For this reason, you should mark your calendar for July 16 & 17, and join us in Nashville, Tennessee for “A Night of Clarity.”

Featured Speakers

Thomas E. Woods, PhD, holds a Bachelor’s degree in history from Harvard and a Doctorate from Columbia. He is a resident scholar at the Mises Institute and the author of nine books. His most popular book to date was the 2004 New York Times best seller, *The Politically Incorrect Guide to American History*. He

is also the author of the 2009 New York Times best seller, *Meltdown*. His newest book on Nullification will be released in June.

Richard M. Ebeling, PhD, is professor of economics at Northwood University. Recognized as one of the leading members of the Austrian School of Economics, Dr. Ebeling is a past President of the Foundation for Economic Education and the Ludwig von Mises Professor of Economics at Hillsdale College. He is the author of several books including *Political Economy*, *Public Policy*, and *Monetary Economics: Ludwig von Mises and the Austrian Tradition*, and *Austrian Economics and the political Economy of Freedom*. He is presently finishing an intellectual biography of Ludwig von Mises that will be published autumn 2010.

Paul A. Cleveland, PhD, is adjunct scholar at the Mises Institute, Professor of Economics at Birmingham Southern and author of several books including *Understanding the Modern Culture Wars* and the newly released *Unmasking The Sacred Lies*.

Robert P. Murphy, PhD, Economist and adjunct scholar at the Mises Institute, is the author of several books, including *The Politically Incorrect Guide to Capitalism*. The *Politically Incorrect Guide to the Great Depression and the New Deal*, study guides to Ludwig von Mises' *Human Action* and Murray Rothbard's *Man, Economy and State*, and co-author of the soon to be released *How Privatized Banking Really Works*.

R. Nelson Nash is a Consultant and best selling author of *Becoming Your Own Banker: The Infinite Banking Concept*, one of the most creative financial strategies of this century.

You will not want to miss this exciting two day event in Nashville, Music City U.S.A. The hosts and invited speakers of "A Night of Clarity" are devoted to exploring these economic relationships and providing a path for us toward liberty. In addition to these known Austrian speakers and economists, there will be a book signing, cocktail reception and dinner (with Q & A with all the Economists) all to take place on Friday July 16th. The following day, Saturday July 17th,

features an Austrian Theory Workshop based entirely on the new book *How Privatized Banking Really Works* and covers the famous Hayek-Mises Business Cycle Theory. This event is open to the general public and student discounts are available. Hope to see you this summer at "A Night of Clarity." Finally...all of your unanswerable questions ANSWERED!

L. Carlos Lara, Manages a Consulting firm specializing in trust services, business consulting and debtor-creditor relations. The firm's primary service is working with companies in financial crisis. Lara is the co-author of the soon to be released book *How Privatized Banking Really Works*.

Notes:

1. Henry Hazlitt, *Thinking As A Science*, E.P. Dutton & Co. New York, NY 1916, Re published by The Mises Institute
2. Frank Chodorov, *The Rise and Fall of Society*, 1959 Thomas Nelson & Sons, Toronto, Canada, Re-published by The Mises Institute
3. Ludwig von Mises, *Human Action*, The Liberty Fund Translated from the German by H.E. Batson The Mises Institute

IN DEFENSE OF SEDITION

by Thomas J. DiLorenzo

Time magazine's Joe Klein recently appeared on a Sunday news show where he accused Glenn Beck and Sarah Palin of "sedition" because of their criticisms of the Obama administration's expenditure of trillions of dollars of corporate welfare in the form of bailouts; its Soviet-style nationalization of automobile, banking, student loan, and mortgage industries; its historically wild spending and borrowing binge; its forcing of socialized medicine down our throats in the face of overwhelming public opposition; and its plans to tax American capitalism into bankruptcy. Anyone who criticizes such things should be thrown into the Gulag, says Klein. Another talking head on the same television show as Klein screeched that Rush Limbaugh should also be indicted for "sedition" for the crime of criticizing King Obama.

Sedition, Joe Klein informed us (reading off of a napkin), is a threat to "the authority of the state." But the key question is: authority to do what? Does

the American state have unlimited “authority” to do everything and anything the Marxist in the White House, the former senator from ACORN, can dream up? If they can nationalize automobile companies, banks, and the healthcare industry, do they also have the “authority” to nationalize the grocery industry, home building, steel manufacturing, and everything else? Joe Klein obviously believes so. In so doing, he supports the “authority” of a totalitarian state. Opposing totalitarian government is “sedition” according to Joe Klein and his fellow network “news” show talking heads.

The original design of the American government was that the only “authority” the central government was to have was powers delegated to it by the free, independent, and sovereign states in Article 1, Section 8 of the Constitution. All others are the responsibility of the people, respectively, and the states, according to the Tenth Amendment, which Thomas Jefferson considered to be the cornerstone of the document. These powers were delegated to the central government for the benefit of the sovereign states, who appointed the central government as their agent – mostly for issues regarding war and foreign policy – by adopting the Constitution. That’s why treason is defined by the U.S. Constitution in Article 3, Section 3, as follows: “Treason against the United States, shall consist only in waging War against them, or adhering to their Enemies, and giving them Aid and Comfort . . .” As in all the founding documents, “United States” is in the plural, signifying that the free and independent states were united in delegating certain enumerated powers for their own mutual benefit. Thus, “waging War against them” means the states. Waging war against the free and independent states is what constitutes treason under the U.S. Constitution. That’s why Lincoln’s invasion of the Southern states was the very definition of Treason.

As I wrote in *The Real Lincoln*, the one unequivocal good that came of Lincoln’s war was the abolition of slavery. But the worst thing that came of it – the thing that was the real purpose of the war – was the centralization of virtually all political power in Washington, D.C., and the essential death of the Jeffersonian system of states’ rights or federalism

that was the essence of the pre-war Constitution. After 1865, the federal government became the sole decision maker with regard to the limits of its own powers. It exercised this decision-making power through the federal judiciary and, as the Jeffersonians had always warned, it eventually declared that there were, in fact, no limits to its powers.

It didn’t take long for the federal government to declare the idea of natural rights, the bedrock of the Jeffersonian philosophy of government, to be null and void. It did this by adopting the income tax in 1913, along with the creation of the vast legalized counterfeiting scheme known as the Federal Reserve. The income tax effectively declares that all earned income is the property of the state, and that the state will inform us from time to time how much of our own income we may keep to live on by setting the income tax rates. The Fed and the income tax made it possible for the government to finance a limitless explosion of statism just four years later with American entry into the worldwide disaster of World War I, which led to the most destructively bloody century in all of human history.

The income tax and the Fed finally centralized all political power in Washington, as it became trivially easy for the central state to conscript millions of men for its wars, spend mind-boggling sums on things like a welfare state and the nationalization of education that have no constitutional authority whatsoever, and to easily bribe any state government that voices the least bit of dissent by threatening to withdraw federal grants to the state. More than half of the American population is bribed and manipulated in a similar manner today as recipients of myriad federal subsidies.

By the 1930s the central state was sick and tired of what it considered to be contemptible constitutional arguments that limited the size and scope of government. FDR condemned the Constitution as the irrelevant scribblings of a lost generation, and advocated massive socialistic government intervention whereby the government would magically “guarantee” everyone a high-paying job, high food prices for farmers, a “decent home,” all the medical care you could want, freedom from fear of

old age, sickness, and accidents, and of course, state-funded education. This was the essence of FDR's childish wish list of an "economic bill of rights." Of course, government cannot promise anyone anything without also confiscating the income of someone else to pay for it. Nor can it "guarantee" any of FDR's pie-in-the-sky wish list unless the laws of economics are repealed, which of course they can never be.

Since states' rights had been obliterated by Lincoln's war, there was no longer any effective opposition to totalitarian-minded political hacks like FDR. He appointed enough Supreme Court judges to create a situation that, by 1937, the Court was prepared to reverse generations of prior decisions that attempted to enforce the Constitutional constraints on government. And they succeeded: According to Andrew Napolitano, author of *The Constitution in Exile*, not a single federal law was ruled unconstitutional between 1937 and 1995. The legal scholar Bernard Siegan made the same point in *Economic Liberties and the Constitution*. For more than seventy years, Americans have lived under a judicial dictatorship that rubber-stamps all expansions of federal power, no matter how at odds they may be with the Constitution itself. The body of "constitutional law" that has developed during this time is nothing more than a bundle of tongue-twisting legalese designed to subvert and destroy any lasting vestiges of constitutional limitations on the powers of the central state.

In short, the government in Washington, D.C. has not been a government by consent since 1865. In response to the declaration by American citizens residing in the Southern states in 1860–61 that they no longer consented to being governed by Washington, D.C., the U.S. government waged war on the entire civilian population of the South, killing some 350,000 fellow American citizens, which is more Americans than died in all other wars combined. This number includes at least 50,000 civilians. On top of that, Southern cities and towns were burned to the ground, bombed, and plundered. The plundering continued for a decade after the war during the laughingly named "reconstruction" period.

Americans – especially conservatives – delude themselves when they express the view that it might

be possible to restore constitutional government. How would this happen? Who would enforce the Constitution? Why would the federal government ever give up its monopoly of constitutional interpretation and return to the pre-1865 world where all three branches of government were often given equal weight in constitutional interpretation, as well as the citizens of the free, independent and sovereign states? The central state murdered hundreds of thousands of its own citizens in order to achieve this monopoly status, and it will never just give it up.

It is the Washington establishment, which includes its media lapdogs like Joe Klein, that is guilty of sedition. The legitimate "authority" of the state is spelled out in the U.S. Constitution. It is the Washington establishment that has abandoned that legitimate authority and granted to itself essentially unlimited powers. Therefore, there can be nothing more patriotic and "American" than opposing everything the central state proposes doing that would expand its scope and powers in any way. Without any kind of constitutional constraints or meaningful citizen control, the federal government is nothing more than another criminal gang, as Murray Rothbard often said. The fact that it is a very large gang does not make it any more legitimate. The TEA Party protesters and all others who oppose the oppression of the central state should ignore the puerile rantings of the Joe Kleins of the world and remind themselves of what Thomas Jefferson wrote in the Declaration of Independence when he said that men are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. – That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, – That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government . . . (emphasis added).

"TEA Party" activists claim that they are Taxed Enough Already. That's not good enough. If they took their own rhetoric about constitutional government seriously, they would recognize that what is needed is at least a 90 percent reduction in federal taxes, not merely being satisfied with being taxed "enough

already.”

Since such a tax reduction is not likely to be achieved with the cooperation of the Washington establishment, no matter who is elected president, the only real prospect for success is to take seriously the words of Thomas Jefferson, author of America's Declaration of Secession from the British Empire, and organize numerous peaceful secession movements. Let them have their ACORN/Democratic Socialists of America-inspired, socialist utopia on the Potomac. The rest of us can watch with great amusement as they ruin their small society, impoverish themselves, and turn it into a Third-World swamp, which is what Washington, D.C. started out as several hundred years ago.

April 22, 2010

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OUT OF EGYPT AND ON TO BABYLON – FROM SLAVERY BACK TO SLAVERY PART V

By R. Nelson Nash

(If you missed Part IV, check the April, 2010 BankNotes available on InfiniteBanking.org)

TAXES, TAXES, TAXES!

1 Kings 12:10-11 *The young men who had grown up with him replied, “Tell these people ‘My little finger is thicker than my father’s waist. My father laid on you a heavy yoke; I will make it even heavier. My father scourged you with whips; I will scourge you with scorpions.’”*

So, this was the course of action by Rehoboam -- even heavier taxation. Guess what? This results in the division of the kingdom. Ten tribes become the

Northern Kingdom under the rule of Jereboam, who was one of Solomon's officials many years prior -- thus fulfilling the promise God made earlier. Onerous taxation has been a primary factor in division of nations all throughout history. I'm sure it was so in this case, too.

In 1776 thirteen independent colonies seceded from the mother country, England, and went to war for ten years on account of outrageous taxation. It was two percent in the South and one percent in the North!

In 1 Kings 12: 16–19 *When all Israel saw that the king (Rehoboam) refused to listen to them (because of the outrageous taxation), they answered the king: “What share do we have in David, what part in Jesse’s son? To your tents, O Israel! Look after your own house, O David!” So the Israelites went home. But as for the Israelites who were living in the towns of Judah, Rehoboam still ruled over them. King Rehoboam sent out Adoniram, who was in charge of forced labor, but all Israel stoned him to death. King Rehoboam, however, managed to get into his chariot and escape to Jerusalem. So Israel has been in rebellion against the house of David to this day.*

King Jeroboam had problems with his thought processes almost immediately. Because of his fear that the kingdom would be reunited, he took measures to lead the Northern Kingdom to worshipping idols.

In 1 Kings 14: 7-10 *Go, tell Jeroboam that this is what the Lord, the God of Israel, says: ‘I raised you up from among the people and made you a leader over my people Israel. I tore the kingdom away from the house of David and gave it to you, but you have not been like my servant, David, who kept my commands and followed me with all his heart, doing only what was right in my eyes. You have done more evil than all who lived before you. You have made for yourself other gods, idols made of metal; you have provoked me to anger and thrust me behind*

your back. Because of this, I am going to bring disaster on the house of Jeroboam. I will cut off from Jeroboam every last male in Israel -- slave or free. I will burn up the house of Jeroboam as one burns dung, until it is all gone.'

So, Jeroboam's kingdom only lasted 22 years. Judah, under King Rehoboam was no better -- they did evil in the sight of the Lord -- and his kingdom only lasted 17 years.

There was continual warfare between the two kingdoms during their reigns.

Thereafter, there was a succession of kings and a continuous downward spiral of evil. Every once in a while there was a good guy, like Hezekiah and Josiah, but, generally speaking it was not a very pretty picture that followed for many years. All the things that Samuel had warned them about when they asked for a king had now taken place. But, search the scriptures diligently and you will find no place where they lamented asking for a king except the occasion just after King Saul when they recognized their mistake.

BACK IN SLAVERY

As a result of all the sins of the Northern Kingdom they were first to be taken into exile by a foreign nation. In 2 Kings 17: 5 & 6 we read:

The king of Assyria invaded the entire land, marched against Samaria and laid siege to it for three years. In the ninth year of Hoshea, the king of Assyria captured Samaria and deported the Israelites to Assyria.

A number of years later Judah fell to the same fate as a result of their sins. They were taken to Babylon and their city of Jerusalem and the temple was reduced to rubble. Now they were all back in the slavery they had experienced in Egypt. They had rejected their dependence on God and had adopted the ways of all the other nations.

All of this explanation has been to bring the story to the book of Ezekiel. The Southern Kingdom is in exile and in Chapter 23 Ezekiel is revealing to them the message from God telling them how they came

to this fate. When one ends up in an awful mess, one needs to understand "how you got here."

GOD'S MESSAGE TO EZEKIEL

Following is the entire chapter [23]: *The word of the Lord came to me: "Son of man, there were two women, daughters of the same mother. They became prostitutes in Egypt, engaging in prostitution from their youth. In that land their breasts were fondled and their virgin bosoms caressed. The older was named Oholah and her sister was Oholibah. They were mine and gave birth to sons and daughters. Oholah is Samaria, and Oholibah is Jerusalem. Oholah engaged in prostitution while she was still mine; and she lusted after her lovers, the Assyrians -- warriors clothed in blue, governors and commanders, all of them handsome young men, and mounted horsemen. She gave herself as a prostitute to all the elite of the Assyrians and defiled herself with all the idols of everyone she lusted after. She did not give up the prostitution she began in Egypt, when during her youth men slept with her, caressed her virgin bosom and poured out their lust upon her.*

Therefore I handed her over to her lovers, the Assyrians, for whom she lusted. They stripped her naked, took away her sons and daughters and killed her with the sword. She became a byword among women, and punishment was inflicted on her.

Her sister Oholibah saw this, yet in her lust and prostitution she was more depraved than her sister. She too lusted after the Assyrians -- governors and commanders, warriors in full dress, mounted horsemen, all handsome young men. I saw that she too defiled herself; both of them went the same way.

But she carried her prostitution still further. She saw men portrayed on a wall, figures of Chaldeans portrayed in red, with belts

around their waists and flowing turbans on their heads; all of them looked like Babylonian chariot officers, natives of Chaldea. As soon as she saw them, she lusted after them and sent messengers to them in Chaldea. Then the Babylonians came to her, to the bed of love, and in their lust they defiled her. After she had been defiled by them, she turned away from them in disgust.

When she carried on her prostitution openly and exposed her nakedness, I turned away from her in disgust, just as I had turned away from her sister. Yet she became more and more promiscuous as recalled the days of her youth, when she was a prostitute in Egypt. There she lusted after her lovers, whose genitals were like those of donkeys and whose emission was like that of horses. So you longed for the lewdness of your youth, when in Egypt your bosom was caressed and your young breasts fondled.

Therefore, Oholibah, this is what the Sovereign Lord says; I will stir up your lovers against you, those you turned away from in disgust, and I will bring them against you from every side -- the Babylonians and all the Chaldeans, the men of Pekod and Shoa and Koa, and all the Assyrians with them, handsome young men, all of them governors and commanders, chariot officers and men of high rank, all mounted on horses. They will come against you with weapons, chariots and wagons and with a throng of people; they will take up positions against you on every side with large and small shields and with helmets. I will turn you over to them for punishment, and they will punish you according to their standards.

I will direct my jealous anger against you, and they will deal with you in fury. They will cut off your noses and your ears, and those of you who are left will fall by the

sword. They will take away your sons and daughters, and those of you who are left will be consumed by fire. They will also strip you of your clothes and take your fine jewelry. So I will put a stop to the lewdness and prostitution you began in Egypt. You will not look on these things with longing or remember Egypt anymore.

For this is what the Sovereign Lord says: I am about to hand you over to those you hate, to those you turned away from in disgust. They will deal with you in hatred and take away everything you have worked for. They will leave you naked and bare, and the shame of your prostitution will be exposed. Your lewdness and promiscuity have brought this upon you, because you lusted after the nations and defiled yourself with their idols. You have gone the way of your sister; so I will put her cup into your hand.

This is what the Sovereign Lord says; You will drink your sister's cup, a cup large and deep; it will bring scorn and derision, for it holds so much. You will be filled with drunkenness and sorrow, the cup of ruin and desolation, the cup of your sister Samaria. You will drink it and drain it dry; you will dash it to pieces and tear your breasts. I have spoken, declares the Sovereign Lord.

Therefore this is what the Sovereign Lord says; Since you have forgotten me and thrust me behind your back, you must bear the consequences of your lewdness and prostitution.

The Lord said to me; "Son of man, will you judge Oholah and Oholibah? Then confront them with their detestable practices, for they have committed adultery and blood is on their hands. They committed adultery with their idols; they even sacrifice their children, whom they bore to me, as food for them. They have also done this to me: At

that same time they defiled my sanctuary and desecrated my Sabbaths. On the very day they sacrificed their children to their idols, they entered my sanctuary and desecrated it. That is what they did in my house.

They even sent messengers for men who came from far away, and when they arrived you bathed yourself for them, painted your eyes and put on your jewelry. You sat on an elegant couch, with a table spread before it on which you had placed the incense an oil that belonged to me.

The noise of a carefree crowd was around her; Sabeans were brought from the desert along with men from the rabble, and they put bracelets on the arms of the woman and her sister and beautiful crowns on their heads. Then I said about the one worn out by adultery, 'Now let them use her as a prostitute, for that is all she is.' And they slept with her. As men sleep with a prostitute, so they slept with those lewd women, Oholah and Oholibah. But righteous men will sentence them to punishment of women who commit adultery and shed blood, because they are adulterous and blood is on their hands.

"This is what the Sovereign Lord says: Bring a mob against them and give them over to terror and plunder. The mob will stone them and cut them down with their swords; they will kill their sons and daughters and burn down their houses. So I will put an end to lewdness in the land, that all women may take warning and not imitate you. You will suffer the penalty for your lewdness and bear the consequences of your sins of idolatry. Then you will know that I am the Sovereign God."

So, out of the slavery of Egypt -- and back to slavery in Babylon. They put their dependence on earthly kings instead of God.

CONCLUSION

When the Israelite nation left Egypt, God explained right away that he was their King. They did not need an earthly king. They were to put their dependence in Him, not earthly leaders. Mankind's eternal problem is that he wants to be god. To observe the ultimate manifestation of the malady, watch what he tries to do with his government.

God further explained that he was a Jealous God -- He won't put up with that nonsense! As a result, mankind is always destined to fail in such attempts. There has never been a Socialist, Fascist, Communist, Statist, etc. society that has lasted very long. They are all doomed to failure because of this faulty premise.

But, as a result of his arrogance, mankind keeps doing the same stupid thing. Now that you see my thesis, you can translate Egypt, Babylon, Rome, Washington, DC! If you have seen one, you have seen them all!

Today, United States citizens are totally dependent on Washington! If you don't believe it, try to take away a government program of some kind. Americans cannot conceive of life without government programs. Yet, Christians claim that they worship God. Based on their behavior, I don't believe it. They are back in slavery and can't even recognize their situation.

SOLUTION

Turn back to God. Focus our relationships on Him. Worship the Almighty daily in all that we do; in our homes, our work, our friendships. Recognize that He is our sustainer, Creator, the "Alpha and Omega." Make a Joyful noise unto the Lord. Serve the Lord with gladness. Know that it is He that has made us and not we ourselves. Come before His presence with Thanksgiving. Be thankful unto Him and bless His name (Psalms 100). Change our mindset to Him. This will take a lot of work and effort. It will change us. Do you want to undergo this? It is a conscious decision. God has given us the tools to do this. We have fallen woefully short. It starts with me, it starts with you. It can spread. It is God centered, God directed.

It will not start with government directed programs

(i.e. "Faith Based Initiatives," Social Security, War on Poverty, Social Restructuring, Equal Opportunity, OSHA, rise of the proletariat, Government/Business collaboration, Welfare, Warfare, "My country right or wrong," Patriotism, "Remember Pearl Harbor," "Remember the Maine," "Remember 9/11," et al.

Our strongest position will be on our knees, seeking His face, His will, and constantly seeking His guidance in all that we do. This is a tremendous challenge, given our past performance. Thanks be to God for His plan for our salvation, that He outlined from the beginning. That plan was Jesus ... not democracy, not statism, not Kings, not fascism, not communism, not popery, not sharia. We struggle on like sheep with our futile schemes of self government, ignoring the Way our Father in Heaven has provided. When will we learn?

www.infinitebanking.org/news

"NIGHT OF CLARITY" AND THE PRIVATIZED BANKING WORKSHOP

ANNOUNCEMENT: *Nelson and I have decided to postpone our IBC SUMMER THINK TANK SYMPOSIUM because we think that the "Night of Clarity" and Privatized Banking Workshop are critically important for our membership, and believe that all should make an effort to attend this event. We had originally scheduled the next Think Tank Symposium for the week of 9 August, 2010, but, because of the closeness of this event with the "Night of Clarity," we have decided to postpone the think tank until the regularly scheduled WINTER meeting in the January - February time-frame.*

Please join us in Nashville, Music City, U.S.A., July 16 and 17 for this exceptional event.

*David Stearns
Infinite Banking Concepts*

You may register for the Night of Clarity, the Follow-Up Cocktail Reception and Dinner and the Privatized Banking Workshop or just the segments

you wish to attend. Read below for more information about each.

Questions? Call Carlos Lara at 615-665-2433 or e-mail usatrust@comcast.net

Friday, July 16, 2010 - "A Night of Clarity"

Absolute power always resides with those who control the money. In our American experience, our federal government has seized and centralized this power. Once it was made possible to tap directly into our pocket books with the passing of the 16th Amendment in 1913 and the establishment of the Federal Reserve System in the very same year, the problems of making a living and accumulating wealth changed forever for all citizens of the United States. Now we find ourselves on the verge of losing the most precious thing in the world...our freedom!

We cannot hope to think clearly about money, or what to do about it, until we realize that our current Federal Reserve policy of money inflation extracts wealth without recourse to taxation, leads to gutting savings, punishes investments, launches economic cycles and causes soaring prices along with bank failures. Only when this is fully exposed and understood can real change can take place. Today it is only the Austrian School of Economics that has been able to explain with complete accuracy the boom-bust cycle of the markets, their cause and effects. Ignoring the Austrians got us in this mess, heeding what they say can lead us out of it.

The long-term Austrian solution is to return money and banking to the competitive private sector, out of the grasp of politicians and bailed-out big bankers. In the meantime, Nelson Nash's revolutionary "Infinite Banking Concept" provides a way for the individual to protect his household during the coming storm.

The hosts and invited speakers of "A Night of Clarity" are devoted to exploring these economic relationships and providing the path toward Liberty.

-----**Admission is \$65, Students \$35**-----

1:00 p.m. Bookstore Opens and Registration Begins

2:00 p.m. Welcome

2:30 p.m. Paul A. Cleveland, Ph.D.: *"An Economist Slowly Learns Nelson Nash's Infinite Banking Concept"*

3:15 p.m. Robert Wenzel: *"Austrian Business Cycle Theory, the '87 Crash, and Other Adventures"*

4:00 p.m. Robert P. Murphy, Ph.D.: *"How Austrian Theory Predicted the Housing Bust"*

4:30 p.m. Discussion and Refreshments

4:45 p.m. Nelson Nash: *"The Feds Are Coming for Your 401(k)"*

5:30 p.m. Thomas Woods, Ph.D.: *"How I Taught Austrian Theory to the Country"*

6:00 p.m. Book Signing, Discussion and Refreshments

6:30 p.m. (Optional) Cocktail Reception, Dinner and Q&A with all Invited Speakers. **Admission is an additional \$85**-----

9:30 p.m. - Midnight (Optional, Free) Late Night Murphy VIP Reception at Lonnie's Western Room Karaoke Bar

Saturday, July 17, 2010 - "How Privatized Banking Really Works - Integrating Austrian Economics with the Infinite Banking Concept" An Austrian Theory Work Shop

This Work Shop is an in-depth explanation of the new book by L. Carlos Lara and Robert P. Murphy.

This 3 hour presentation is devoted to explaining why our social, political and economic problem is so serious. It explains clearly how Fractional Reserve Banking works. How government, using this system, expands and contracts money and credit through the machinations of the Federal Reserve Bank and the Commercial Banking System setting off Boom and Bust Business Cycles. The thorough explanation of the Mises-Hayek Business Cycle Theory allows entrepreneurs to foresee these unsustainable bubbles developing in the market and helps guard against them. Then, in clear and easy to understand steps, this workshop will present the one and only solution that can possibly see us through these difficulties.

In what appears as an impossible and hopeless economic situation, there is Nelson Nash's Infinite Banking Concept. The solution is bold, refreshing and extraordinary, but more importantly, it works!

Work Shop Admission is \$395.00 and includes Lunch -----

8:30 a.m. Book Store Opens and Registration Begins

9:30 a.m. Welcome

10:00 a.m. L. Carlos Lara: *"The Machinations of Fractional Reserve Banking, Its Origins, How It Works, and How It Destroys"*

11:00 a.m. Robert P. Murphy: *"Learn the Warning Signs of a Coming Crash: The Mises-Hayek Business Cycle Theory"*

12:00 p.m. Lunch

1:00 p.m. R. Nelson Nash: *"How the Infinite Banking Concept Can Protect Your Wealth and Neutralize the Fed"*

2:00 p.m. Closing Remarks: L. Carlos Lara

Questions? Call Carlos Lara at 615-665-2433 or e-mail usatrust@comcast.net

**THE INFINITE BANKING CONCEPTS
AGENT TRAINING PROGRAM**

ANNOUNCEMENT: *IBC will host the August Agent Training Sessions in Birmingham, AL. Level 1 and Level 2 Sessions will be presented over the course of three days by Rocky Nystrom. Please join us in Birmingham, August 10-12 for this comprehensive, must have training.*

*David Stearns
Infinite Banking Concepts*

ALPHA & OMEGA FINANCIAL SERVICES, arguably, the premier leader in implementing the Infinite Banking Concept, is offering exclusive training for life-insurance agents.

This is the *only* widely offered life insurance agent-oriented IBC training that Nelson and I recommend.

We believe that Ray Poteet and Rocky Nystrom have put together a comprehensive training program designed to ensure that attendees fully understand the nuances of IBC, and more importantly, that they *are capable of teaching IBC* to their clients.

Due to an overwhelming demand to know how to “do what we do” Alpha & Omega is offering a standardized IBC training syllabus. This training features three levels of Infinite Banking Concept training tailored specifically for life agents:

Level 1 - The Essentials

Level 2 - The Professional

Level 3 - The Masters

The goal of these courses is to help agents successfully design IBC-related policies and provide the best follow-on support for their clients available.

Level 1 - The Essentials is a 1½ day class where agents will learn the why, what, fundamentals, and how-to's of the Infinite Banking Concept. The cost is \$1,495 per agent. The course dates are: May 10-11, June 14-15, July 12-13 & (Aug 10 in Birmingham, AL).

Level 2 - The Professional is a 2 day class where agents will learn how to make presentations, design an IBC-customized solution and follow through with clients. The course includes presentation materials and spread-sheet templates. The cost is \$2,495 per agent. The course dates are: May 13-14, June 17-18, July 14-15 & (Aug 11-12 in Birmingham, AL).

Level 3 - The Masters is a 2½ day class where agents will learn advanced Infinite Banking topics. *The Masters* is for participants who have completed *The Essentials* and *The Professional* levels. The cost is \$3,595 per agent. Course dates are: June 21-23.

Tuition discounts are available. All training will take place at Alpha & Omega classrooms in Lawrence, KS, unless otherwise noted. For more information, please contact Rocky Nystrom, Course Trainer, Alpha & Omega Financial Service. (785) 842-8333, or e-mail Rocky at rocky@alphaomega-fs.com.

THE FEBRUARY 2010 INFINITE BANKING CONCEPTS THINK TANK

SYMPOSIUM was a huge success. Thanks to all the presenters that made it the best yet. The Symposium DVD set is now available on our website for \$179.95 plus \$5 shipping. The featured speakers and their topics presented on the DVD set are:

Dwayne Burnell, MBA - “*Guiding Your Clients on A Path to Financial Peace of Mind*”

Scott Bretl - “*Intro to Personal Finance Companies*”

Joe Kane - “*Why Banking is Better than the Alternative*”

Neil Denman, CPA - “*Follow Some Basics to Stay Out of Trouble - A CPA's Perspective*”

Rocky Nystrom - “*A Comprehensive IBC Training Program for Agents*”

Mark Creighton - “*IBC-related strengths of MTL products*”

George Kozol - “*A Perfect Personal Liquidity Product*”

Robert Murphy - “*Using Austrian Economics and IBC to Achieve Sound Money*”

Dr. Kevin Lasko - “*IBC Client Testimonial*”

Todd Langford - “*Whole Life Insurance - Measuring Its True Value*”

Charles Griffin - “*Client Interview Process and Tools*”

Joe Pantozzi - “*Qualified Plans: Disastrous to Your Health?*”

Ray Poteet - “*Regular Car Financing vs. IBC Financing*”

*Nelson Nash's live BYOB - IBC
seminars for the next two months*

*Thursday-Friday, 6-7 May, Bismarck, ND,
John Dwyer, 701-516-3963 john@dwyerlinquist.com*

*Thursday-Friday, 13-14 May, Boerne, TX,
Janet Sims, 830-331-9805
janet_sims@financialprocessgroup.com*

*Friday-Saturday, 21-22 May, Austin, TX, Teresa
Kuhn, 512-301-7702 tbkuhn@safeharborboy.com*

*Thursday-Friday, 27-28 May, Lancaster County, PA,
Charles Griffin, 717-626-4072
heather@familywealthandwisdom.com*

*Wednesday-Thursday, 9-10 June, Miami, FL,
Erin.Hetrick@CambridgeFP.com 714-361-7413*

*Friday, 11 June, Orlando, FL, Bryan Repple,
bryan@garepple.com, 407-339-9090*

*Tuesday-Wednesday, 15-16 June, Dallas, TX
Joe Kane, jkanesat@aol.com 512-659-5658*

*Thursday-Friday, 17-18 June, Austin, TX,
Tom Eckols, tom_eckols@glic.com 512-343-7947*

*Tuesday-Wednesday, 22-23 June, Nacogdoches, TX
Ricky Heard, rickyh@cbhins.com 936-564-1735*

*Friday-Saturday, 25-26 June, Cincinnati, OH,
Rich Villers, rich@msfai.com 513-891-7019*

*Nelson's newly added Book
Recommendations*

The Foundations of Morality by Henry Hazlitt

*The Sky's Not Falling: Why It's OK To Chill About
Global Warming by Holly L. Fretwell*