

BANKNOTES

SEPTEMBER 2010

NELSON NASH'S MONTHLY NEWSLETTER

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

NOBODY SELLS 'MILLIONS OF COPIES'

by Thomas E. Woods, Jr.

Before I became an author myself, I held an inflated estimate of the number of copies the typical book (bestselling or otherwise) sold. I also thought the author earned more per book than he really does. In my experience, the general public shares the misconceptions I once held.

Now for the terrible truth.

Books, says one of my publishers, are some of the hardest things in the world to sell. Nonfiction books, which I'm discussing here, are especially difficult – next to no one, relatively speaking, reads nonfiction. (Fiction carries its own challenges; competition is particularly fierce, given that half the world claims to be working on a novel.) It doesn't help that there were 195,000 distinct titles published in 2005 alone (the latest statistic of which I am aware). I happen to know of a major publisher all readers of this site have heard of, which, at the time I heard the statistic, had published 3000 different books in one year. How many of those sold more than 2000 copies? About 200.

Books do not sell.

I know of people who expected to write a book and live off the royalties. They were deluded.

Then there's the question of how much an author earns. Many people assume the author receives 50 percent of the cover price. That is impossible, since the bookstore is already getting a 50 percent discount (and book clubs get at least 70 percent off). If the author receives the other 50 percent, where would the publisher's earnings come from?

An author with a trade publisher typically earns 15 percent of the cover price of a hardcover. Common

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Nelson's Favorite Quotes of the Month

Don't argue with an idiot; people watching may not be able to tell the difference. -- Anonymous

Generally, you are better off not reading the paper. It causes you to think like everyone else, which is to say, not to think at all. Instead, you spend your time getting worked up about things too remote and too complex to understand... things that you can't do anything about anyway.

The issues are complex... but the motives are simple. The NYT and the FT want to sell papers. So they come up with stories that confirm readers' prejudices, flatter their vanities, and distract them from their own concerns and challenges. Readers are encouraged to ignore their own problems and meddle in the affairs of other people.
-- Bill Bonner - from his newsletter of Aug 19, 2010

It is incumbent on every generation to pay its own debts as it goes. A principle which if acted on would save one-half the wars of the world.

-- Thomas Jefferson

contractual terms run as follows: 10 percent for the first 5000 copies, 12.5 percent for the next 5000, and 15 percent for all copies thereafter. Paperback editions earn the author 7.5 percent of the hardcover price. That's before taxes, though one small consolation is that royalty income is not subject to self-employment tax. It's also before any agency fees – your literary agent, if you have one, will typically earn 15 percent. Mine, who has helped me with several of my titles, earned every penny, but it's still a deduction from your income.

University and academic presses are typically less generous. Sometimes you are actually expected to prepare your own index, if you don't want to be docked to have one of their in-house people perform that service. I did the indexes for a couple of my early titles. It is an unspeakable task. Royalties, moreover, typically don't exceed 10 percent, and usually operate on a sliding scale beginning with 5 percent.

It's embarrassing to recall, but I remember thinking *The Church Confronts Modernity*, my book with Columbia University Press, would sell around 10,000–20,000 copies! After all, I thought, at least that many people would be interested in the subject matter it deals with, so of course it'll sell that many. Ahem.

My most successful book, *The Politically Incorrect Guide to American History* (2004), has sold about 170,000 copies so far. That is a veritable miracle for an unknown author with little access to mass media. But it's well below what most people assume I have sold.

Not long ago, someone referred matter-of-factly to the “millions of copies” of *Meltdown* I must have sold. Would that it were so. No one sells millions of copies of a nonfiction title, with a few exceedingly rare exceptions: (1) people with television or radio talk shows, who can promote their books before a huge audience every day; (2) authors whose books are featured on Oprah; and (3) the occasional outlier with a clever or quirky idea that attracts a lot of media.

Even with all the attention *Meltdown* got, it sold about 55,000 copies. This is astonishingly low to most people, particularly given the ten weeks it spent on the New York Times bestseller list. But the publishing world, which knows the dreary nonfiction sales figures all too well, was envious of my publisher for having such a big hit during a depressed period for publishing.

Having done this for a number of years now, I've come to expect sales to be at about this level. I realize it's extremely difficult to sell in excess of 50,000 copies of a nonfiction title, which I have so far managed to do three times (my book on the Catholic Church and Western civilization being the third). But when you tell people the real figures, they are (understandably) stunned and disappointed. It's like telling a relative at a family cookout that you were just accepted at the University of Pennsylvania or the University of Chicago. Someone in the know realizes you've just reached a great milestone. Many average people, on the other hand, figure you just got accepted at a run-of-the-mill school.

Even though nonfiction titles sell fewer copies than you may have thought, they are not for that reason a waste of time, particularly if you derive intellectual pleasure, as I do, from the challenge that comes with writing them. Writing a book (with a major publisher) can open major print, radio, and television outlets to you and your ideas, thereby giving you a chance to spread your message to a wider audience than just the reading public. Authors receive speaking invitations that give them the opportunity to reach a broader audience still, while adding to their (erratic) income. And so on.

If you want to write a book, then, just be sure to go into it with your eyes open. Understand that the chances you will become rich as a nonfiction author are slim to none. But writing a book brings satisfactions other than money, and if those are worth the expenditure of time that your project will demand, then by all means get to work.

August 27, 2010

Thomas E. Woods, Jr. holds a bachelor's degree

in history from Harvard and his master's, M.Phil., and Ph.D. from Columbia University. He is the author of ten books, including the just-released *Nullification: How to Resist Federal Tyranny in the 21st Century*, and the New York Times bestsellers *Meltdown: A Free-Market Look at Why the Stock Market Collapsed, the Economy Tanked, and Government Bailouts Will Make Things Worse*, and *The Politically Incorrect Guide to American History*. Visit his website and blog, follow him on Twitter and Facebook, and subscribe to his YouTube Channel.

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BAILOUT BLAME GAME

by Christopher Westley

[October 9, 2008]

When the bailout passed last week, no one was surprised. In fact, what looked like a principled opposition to massive legal theft on Monday was transformed into a done backroom deal by Friday once the bill ballooned from three to 400-plus pages, filled with crumbs that congressmen could throw to their districts. It may be that, 25 years from now, economic historians will note socialized credit markets came to America in exchange for production credits for "marine renewables" and new regulations for "residential top-load clothes washers," which were among many of the riders added to the bailout legislation as the infamous week wore on.

Personally, I am still a long-term optimist, but as a student of the Depression I know that Congress and the executive can do much damage before the long term gets here, and indeed, they can delay its arrival indefinitely. Will the conservatives who supported this legislation lay into a President Obama two or three years hence, in the event that the economy devolves into a repeat of the 1970s, thanks in large part to government's attempt to forestall market forces over the last two weeks? This seems likely. Our current problems resulted from the infusion of credit in the past. To think that infusion today will

not have the same effect in the future is to challenge pesky things like natural and economic laws.

Since societies that challenge them risk peril, I thought it may be helpful to at least identify some of the people whose actions and ideas helped turn the tide last week. Their numbers are many, and any list will by necessity be abridged. Still, if the health of a society and culture is related to the quality of the theories that are accepted, then knowing some of the sources of bad theories is key for turning the tide back again.

Besides, blame games can be fun. My own version involves taking a swig of Victory Gin whenever the following names pop up in bailout analyses.

Karl Marx

He predicted this, sort of, in the fifth plank of the Communist Manifesto, which discusses the inevitability of socialized capital markets in the capitalist countries. The problem is that he believed this would happen because of inherent characteristics in the market system, whereas in truth there is nothing within capitalism per se that motivated Messrs. Bush, Paulson, and Bernanke. In terms of understanding capital, Marx fails in comparison to the Austrian Eugen von Böhm-Bawerk, while those who want to understand the underlying forces explaining government growth would best avoid Marx and read Böhm-Bawerk's student, Ludwig von Mises, on economic interventionism. Nonetheless, there is great irony in the fact that, 17 years after the fall of the Soviet Union, the United States decided that market forces fail when it comes to capital. Somewhere, this slovenly German malcontent must be smiling.

Lawrence Halprin

You may not know this name or how it relates to our current mess, but rest assured, it is closely tied to it. This is because Halprin designed the pretentious and misleading memorial to Franklin Roosevelt that is on the National Mall in Washington, DC. Passersby learn how fear is a great justification for government expansion, which helps inform

how the promulgation of unfounded fear was key to the bailout's success last week. They also learn how Roosevelt's "bold" actions, in the midst of the Depression helped combat it. This is also a myth. As my Mises Institute colleague Bob Murphy noted in an email last week, the facts are that Roosevelt's bold interventions prolonged the Depression, turning it into the only market correction that is associated with an entire decade. (The Depression actually lasted 16 years.) Yet somehow, today, questioning the Roosevelt Myth is like pointing out that the emperor has no clothes. Halprin's contribution in promoting this myth was poignant last week. Are there similar shrines dedicated to Stalin (to whom FDR referred warmly as his Uncle Joe) somewhere on the outskirts of Moscow, replete with the man in grandfatherly pose and pet dog nearby?

Joseph Bristow

One cannot discuss the centralization of power in the 20th century without noting the contribution of this senator from Kansas who spearheaded the 17th Amendment into the Constitution. Before Bristow, senators were selected by state legislators, but after him, senators were selected through popular election. The result has been the nationalization of senate elections, irrelevance of state legislatures, weakening of states' constitutional check on the executive branch, and diminution of states' rights. Given the bailout's overwhelming political opposition, it is hard to believe that a senate that had to answer to state legislatures would have supported this bill. Murray Rothbard once wrote about repealing the 20th century. If this isn't possible, then we should settle for repealing the Progressive Era instead.

George W. Bush

He ran as a compassionate conservative and promised a humble foreign policy, but governed as the reincarnation of Woodrow Wilson, Franklin Roosevelt, and Lyndon Johnson all tied into one. (One could argue, along with Bill Kauffman in his highly recommended book, *Ain't My America*, that the Johnson and Bush presidencies illustrate what a bad deal Texas's annexation has turned out to be for

republican government.) Although Bush inherited a recession, this more severe one can be explained by his expansions of bureaucracy and debt, which have occurred at such record levels that his likely successors, though men of the Left, are welcomed because they could be viewed as being to Bush's right. Furthermore, the doubling of the national debt in seven years (and increasing it by a half trillion dollars in the last two weeks alone) is one of the primary unstated reasons for credit problems today, which explains the political desire to blame Wall Street.

Wall Street

This does not refer to a single person, of course, but rather to people like Hank Paulson, John Mack, Chuck Prince, Stan O'Neal, and others who fed the housing bubble in the 2000s and have been successful in forcing taxpayers – the poor and working classes especially – to assume risks investment banks could have assumed with their own resources (according to financial analyst Peter Boockvar). Will anyone view Arturo di Modica's Charging Bull bronze statue on Wall Street, which once symbolized "the strength and power of the American people," to mean anything else than, well, bull? It should be melted down, and used as a competing commodity money to the dollar.

My Congressman

My guy may be much like your guy, in that he is of his district's dominant political party and faces weak opposition in next month's election. He emphasizes the social issues that are important to his constituency, and this allows him the freedom to vote against its wishes when he can thereby accrue political and economic rents in Washington. My guy claimed that his calls against the bailout ran at 300 to 1, but since he is strongly pro-life, he knows he can deviate from his district's wishes. Hence, he is an arch-redistributionist and logroller extraordinaire. Congress never was an institution that protected human freedom, but this was less relevant in a constitutional republic. But it isn't today, and for that we can thank (in part) ...

Herb Stein

By demeanor, Herb Stein was a lovable and funny man, and very smart. (I worked a few steps from his office once, as a college intern.) But in terms of his professional contribution as Richard Nixon's chief economic advisor, Stein played the role of buffer between Nixon's desire to socialize and the market's desire to correct, and in the process he set the standard for many DC-based economists who advocated the bailout last week. The early 1970s were similar to today in that they followed years of political manipulation of the economy, leading to a major correction, which led to a crisis for the political class and the need to socialize in order to avoid it. In Stein's case, it was his reputation as an economist working behind the scenes that enabled Nixon to close the gold window and establish the dollar as a fiat currency and therefore enable the largest wealth redistributions in history. Stein's example reminds one of the full cost of public financing of intellectual activity. Let's add the bailout to this cost.

Milton Friedman

Since we are discussing intellectuals, why not this important contributor to the free society who nonetheless argued that noncommodity money could exist? However faulty the institutions were that contributed to the crisis and the ensuing bailout, their damage was surely exacerbated by the endless supply of liquidity that is justified when money is misdefined.

Franklin Raines

He came from a working-class family in Seattle and through political connections he became chairman of Fannie Mae in the 1990s. His expansion of the political misuse of his GSE greatly contributed to the housing bubble and the consequent downward pressure on housing prices today. Though he left Fannie in disgrace, he was given a compensation package worth tens of millions of dollars. Should we take solace in the fact that this money will be worth much less in upcoming years, in inflation-adjusted terms, thanks to the bailout?

Barney Frank

Frank is the Massachusetts congressman who muscled this bailout through the House, first when it failed and later when it passed. In his public statements last week, his message, over and over again, was that the economy is sick and dying, and needs the life support that only looting the taxpayers can provide. As Sheldon Richman noted in his excellent economics blog, Frank (and his confederates) "were choking the American people and while doing so, they picked the people's pockets and handed their money to Wall Street."

So that's my list, incomplete as it is. There are others who deserve mention. I'd be interested in hearing readers' additions to it, either through email or the link to this article at the Mises Institute's blog.

October 9, 2008

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*Fourth in a monthly series of Nelson's lessons, right out of **Becoming Your Own Banker**. we will continue until we have gone through the entire book.*

PART I LESSON 4: **BECOMING YOUR**

OWN BANKER Content: Page 14, *Becoming Your Own Banker – The Infinite Banking Concept™*, Fifth Edition, Third Printing.

Albert Einstein said, "Imagination is more important than knowledge." Coming from such a knowledgeable mind as his, this observation should have a lot of meaning to us.

The Infinite Banking Concept is an exercise in imagination, reason, logic and prophecy. We will

re-visit this thought many times during this course. To help stimulate your imagination let's go back in time to 1785 – the German schoolmaster was having trouble with his boys that day – they were rowdy. He wanted to quiet them down and to punish them, so he gave them a problem. “Add up all the numbers – one through one hundred.”

The boys got their slates down and started to work on the problem. The schoolmaster's plan seemed to be working! But one little boy was not participating – he just sat there staring out the window. Shortly he picked up his slate, wrote down a number and turned it in. Would you believe, he was the only boy with the right answer? All the rest had wrong answers. The schoolmaster took note of this fact and asked the boy how he did it.

The boy said, “I visualized a line with the figure 1 on the left side and the number 100 on the right. In the middle was the number 50. I cut the line at that point and folded the right end of the scale over to where it was parallel to the other line. Now, I had 1 lined up with 100 and 50 was lined up with 51. Adding 1 and 100 produced the answer 101. I noticed that adding 50 and 51 produced the same answer. Further, when I imagined all the series of numbers between these extremes I always got the same answer, 101. Then, I saw that I had 50 sets of 101's. Multiplying 50 times 101 produced the answer 5,050.

Thereafter the boy received special tutoring and he became one of the three greatest mathematicians of all time – his name was Karl Gauss. Look his name up on the internet.

Young Gauss did not invent that fact. He discovered what God had done already. He discovered a relationship between numbers that is fixed and nothing can be done to change it.

Now that we understand this fact we can take a shortcut in getting the answer. Whenever we are adding anything beginning with 1 and ending with a multiple such as ten, one hundred, one thousand, etc. you simply pick the mid-point and put that same figure beside it. In the case we just cited the

midpoint was 50, so putting 50 beside it we get the answer 5,050.

So, to add up the numbers 1 through 1,000 you simply pick the midpoint, 500, and put 500 alongside it -- 500,500; ridiculously simple -- and absolutely accurate. It is fixed! Try to pass some law to change that fact and you are engaging in an exercise in futility.

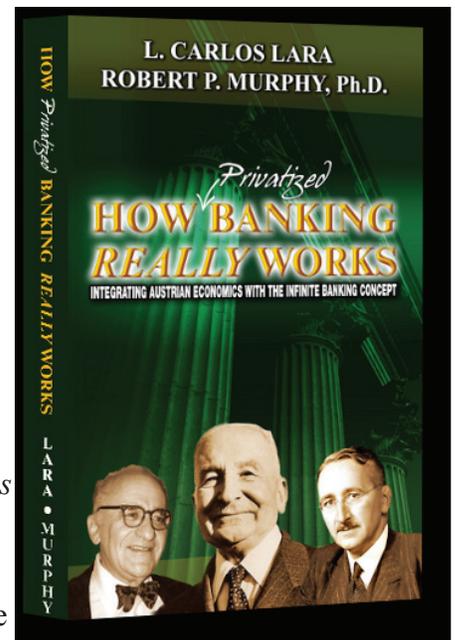
Nevertheless, somewhere in the past I have heard that a legislature in some state tried to get the mathematical term, “Pi” changed from 3.1416 to 3.00 because it was too complicated and cumbersome! These demigods could not conceive that they were dealing with a fixed relationship that they could not change and had no authority over. But, therein lays the story of mankind since time began.

Karl Gauss was able to see what others could not see because he used his imagination. In the next lesson we will continue to use our imagination in a very practical way. I'll see you then!

Sales of *How Privatized Banking Really Works - Integrating Austrian Economics with the Infinite Banking Concept* are brisk. Why? Because this is an absolute must read.

The powerful combination of Austrian Economics, The Sound Money Solution and Privatized Banking, as described by R. Nelson Nash's Infinite Banking Concept, is the "new" idea in this book.

The book is available in single book or bulk



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More from L. Carlos Lara:

<http://www.usatrustonline.com>

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"Fantastic!" "Excellent! 10 and 1/2 on a scale of 1 to 10." That's the kind of response we're having with our 3 levels of Infinite Banking Concept (IBC) Training for Agents. - Rocky Nystrom, Course Trainer, Alpha & Omega Financial Services

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<http://ibctraining.com/contactus.html>

All classes to be held in Lawrence, KS.

Level 1 - Sept 13-14 (Noon-4pm, 9am-4pm)

Level 2 - Sept 15-16 (9am-4pm)

Level 3 - Sept 22-24 (9am-4pm, 9am-4pm, 9am-noon)

Level 1 - Oct 11-12 (Noon-4pm, 9am-4pm)

Level 2 - Oct 13-14 (9am-4pm, 9am-4pm)

The Alpha & Omega Financial Services Infinite Banking Concept training 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.

Alpha & Omega's standardized IBC training syllabus 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.

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.

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.

For more information, and tuition costs please contact Rocky Nystrom, Course Trainer, Alpha & Omega Financial Services. (785) 842-8333, or e-mail Rocky at rocky@alphaomega-fs.com.

***Nelson Nash's live Events
for the next two months***

Nelson live in Hillsboro, TX, Fri, Sep 10 - Sat, Sep 11, contact Charlie Jackson, nancy@bcbstexas.com, 254-582-3565

Nelson live in Wilkes Barre, PA, Wed, Sep 15 -Thurs, Sep 16, contact Tim Yurek, timothy.yurek@lpl.com, 570-826-1801

Nelson live in Pittsburgh, PA, Fri, Sep 17 - Sat, Sep 18, contact Donn George, donn@georgefinancial.net, 724-452-0481

Nelson live in Las Vegas, Sat, Sep 25, contact Joe Pantozzi, info@alphaomegawest.com, 702-430-4400

Nelson live in Nacogdoches, TX, Wed, Sep 29 - Thu, Sep 30, contact Ricky Heard, rickyh@cbhins.com, 936-564-1735

Nelson live in Austin, TX, Fri, Oct 1 - Sat, Oct 2, contact Teresa Kuhn tkuhn@safeharborboy.com, 512-301-7702

Nelson live in Las Vegas Tue, Oct 5 - Wed, Oct 6, contact Bob Gaston, bob@bobgaston.com, 801-834-1990

Nelson live in Boerne, TX, Fri, Oct 15 - Sat, Oct 16, contact Janet Sims, janet_sims@financialprocessgroup.com, 830-331-9805

Nelson live in Ft Worth, TX, Tue, Oct 19 - Wed, Oct 20, contact James Neathery, jcneat@gmail.com, 817-790-0405

Nelson live in Austin, TX, Thu, Oct 21 - Fri, Oct 22, contact Paul McDonald, paul@econwbs.com, 512-459-5966

Nelson live in Dallas, TX, Fri, Oct 29 - Sat, Oct 30, contact Teresa Kuhn, tkuhn@safeharborboy.com, 512-301-7702

***Nelson's newly added Book
Recommendations***

Pearl Harbor - by Percy L. Graves, Jr.

Nullifying Tyranny - by James Ronald Kennedy and Walter Donald Kennedy

How An Economy Grows and Why It Crashes - by Peter D. Schiff