Becoming Your Own **BANKER**

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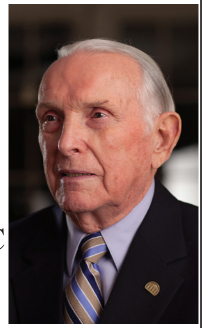

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Happy New Year to all!

I hope you had a joyous holiday season and that you are looking forward to "pushing back the frontiers of ignorance" in the new year. There is a tremendous task in front of us. The world needs to know the message of *Infinite Banking Concepts*[R]. Demonstrating how individuals can free themselves from financial slavery is a very rewarding experience, both spiritually and financially.

One of the most effective methods of getting the message out is through the seminars that I conduct all over the country each year. Last year was a sub-par number of events, only 29, because I am totally dependent on seminar sponsors to request and host them. Two organizations sponsored three events last year and three others sponsored two seminars during the year. I am very appreciative of their efforts.

My goal during 2013 is to conduct a minimum of 40 seminars. At this point 17 have already been scheduled and posted on our website. In your plans for the new year, please consider hosting a seminar and getting it on our calendar ASAP.

Hoping to see you at our annual THINK TANK meeting in Birmingham in February.

- R. Nelson Nash

The 2013 IBC Think Tank— The Next Big Step

L. Carlos Lara
November 28, 2012

Ideas come from intellectuals and tend to filter through a hierarchy. They start in the realm of books and think tanks, and then through conferences, speeches, articles and reports, written specifically for the layperson, the audience expands. Soon the ideas begin to appear in newspaper editorials, and are aired over radio stations and television channels. Special interests may find the ideas to their liking and will help them along. Gradually, more and more people become aware of them. Politicians are the last to climb on board, but this is in essence the classic process of how public opinion is changed. The most important principle behind influencing public opinion is the recognition that ideas take time to produce change. The impact has a lag time. People with a vision who want important public policy changes need to be willing to make long-term investments and commitments. They must be patient. The story behind the Infinite Banking Concept (IBC) is not only one of patience, but one of perseverance.

When we speak of the societal changes IBC has created in the last decade and as it functions today, one man, R. Nelson Nash, has carried the entire hierarchal filtering process along almost singlehandedly. Powered by an evangelical zeal, he has crisscrossed the nation personally delivering his message to audiences, sometimes twice in one week. His famous best-selling book took his ideas from a few devoted followers to the nation. Nelson, at age 81—an age when most dream about retirement—has placed the Infinite Banking Concept on the cusp of a virtual explosion of future intellectual activity in the financial services industry. There is today because of his efforts an enormous potential for IBC to grow exponentially because of the groundwork he has laid and by defining the footsteps we can all follow. The 2013 IBC Think Tank and Symposium this coming

February will pay tribute to his idea and great legacy as it opens a new chapter of the Infinite Banking Concept and the intellectual revolution it has started.

NO ONE SHOULD MISS THIS ONE

This coming year's Symposium in Birmingham, Alabama promises to be a landmark event that will signify a crucial turning point for all future supporter meetings of the Infinite Banking Concept. Never, since the think tank's first gathering in 2005 when only six people were in attendance, has there been so much anticipation and excitement over the new educational direction and impressive changes that will be formally introduced during this year's event. The most obvious of these new changes will be the inauguration of the ***IBC's Practitioner's Program***—*the online school that will educate and endorse IBC financial professionals.*

Consisting of a teaching manual, a series of on-line classes and an exam, the IBC Practitioner's Program is in the stages of being prepared right now and scheduled to be finished for its debut at the February 2013 Think Tank. Enrollment is scheduled to open prior to that date and will be announced soon. Several academics, actuaries and business professionals are assisting IBC in a consulting capacity and will provide recommendations to help assure that the course material of the program is written to meet all life insurance industry regulatory requirements. Further, and more importantly, this group will help ensure that the material is actuarially correct. Although this committee will not actually have veto power over the program itself, their involvement will serve as an important guiding influence to assure the highest possible education standards are achieved. Our own Robert Murphy who holds a PhD in economics from NYU will be the lead author of the teaching Manual, and Nelson Nash and I, contributing authors. The three of us will be the first instructors of the online classes.

The purpose of the school is two-fold. The need to organize IBC's theory into a more structured teaching program stems primarily from the increasing visibility of its concept over the Internet that has spawned both interest and, unfortunately, misunderstandings. Secondly, its increasing demand has created the need for the IBC Practitioner to become accredited and visible, not only as a benefit to the entire mutual life insurance industry, but also for the benefit of the general public. Now it is all being made possible by the academic, business and industry professionals that have come together and will be making it available to the financial services industry this coming February.

AUSTRIAN ECONOMICS

The certification program's most unique and distinguishing educational feature will be Austrian Economics. The reason is quite obvious. IBC's founder, Nelson Nash and the program's authors and educators are themselves Austrians who firmly believe that the only way to properly advise clients is to understand how Austrian economics explains the American financial system as it currently operates. For this reason, *How Privatized Banking* ***Really*** *Works*, which links IBC to Austrian Economics and the groundbreaking, *Becoming Your Own Banker,* will be the two official textbooks of the school's program. This differentiating educational component will not only set the teaching curriculum completely apart from mainstream financial planning programs, but will also eliminate any attempts to compare IBC to a financial product selling system, or selling tool, for financial professionals. As a way to demonstrate the caliber of the curriculum, a sample lesson from the IBC Practitioner's Program will be selected and taught live for the benefit of the audience at this coming event and should not be missed by anyone.

THE INFINITE BANKING INSTITUTE

Another new innovation that will mark its beginning at the 2013 Think Tank is the ***Infinite Banking Institute***, the umbrella organization that will house all these new educational components. The Infinite Banking Institute will actually manage all future IBC Think Tanks events, the new IBC Certification Program, plus other educational programs that are to be developed in the future. Part of the Institute's reach will extend to IBC's sister event, ***The Night of Clarity,*** in Nashville, Tennessee. The overarching goal of the

Institute is to commemorate R. Nelson Nash and the legacy of the Infinite Banking Concept. All this will be explained in detail at the February event along with the unveiling of the new redesigned ***IBC website***.

Obviously, the IBC Think Tank is turning a major corner and we are encouraging all IBC supporters everywhere to be sure to be present for this one.

SOME OF THE OLD, BUT MANY THINGS NEW

Certainly not all things at the 2013 IBC Think Tank will be brand new. By default, much of the old IBC think tank will still be present. The important thing to realize is that this event promises to have the comfortable camaraderie of IBC supporters of previous events combined with a mixture of bold new ideas that will make for an exciting experience for everyone.

For all of us that have attended in the past we can each share a story of our first time at an IBC Think Tank. I recall my own first visit in 2007. The entire experience totally confounded me. I had a vague definition of a think tank in mind, but this is not what I was met with. In that year I heard strange things being said inside those walls that I did not understand, but the IBC Think Tank has undergone a great deal of change since then and I have changed too, or I should say, IBC changed me. Whatever happened, the IBC Think Tank is certainly not anything like that today. David Stearns, CEO of the Infinite Banking Concepts, LLC, explains that the original think tank agenda has been an evolving process from its original form with much of the change brought on by the immense growth and popularity of Nelson's concept. Each year there has been an attempt to formalize its principles and its teaching methodologies to avoid confusion and misrepresentations. Each year it has made progress in those directions.

CREATING A POWERFUL ENGINE FOR SOCIAL CHANGE

The greatest turning point of all occurred to all of us in the fall of 2008 with the financial crisis that rocked the nation and the world. That event set the stage for the giant footprint IBC would inevitably make with Austrian Economics. Five short months after the crash (IBC Think Tank February 2009) at the invitation of Nelson and David, I presented the Austrian's explanation for the crisis to the IBC audience present that year. Up to that point, no one knew what had happened¬—not Washington, DC, not the media and not even the bankers who had caused it. They were all still trying to figure it out. The Austrians, on the other hand, knew exactly what had happened and had been expecting it. By explaining the subject of *money* and *banking* from its origins to the present Federal Reserve's fractional reserve banking system, the final link to IBC's true message was finally made. That footprint has grown wider and deeper in the ensuing years. Today, with the potential of an even larger economic upheaval looming, IBC is poised to meet this challenge head on with a new cadre of qualified IBC Practitioners schooled in Austrian economics.

If you have not made plans to attend this coming year's IBC Think Tank and Symposium, let me encourage you to make your reservation today. This is an experience you cannot afford to miss.

CONCLUSION

Most think tanks are run as nonprofit organizations, but today's IBC Think Tank, and now overarching Infinite Banking Institute, is poised to run like a successful for-profit business and sees itself as a collaboration of intellectual entrepreneurs in the business of marketing ideas. Its main focus will remain grounded in education. Its target audience is the IBC Practitioner and the general public. IBC may have started from a tiny seed of an idea, but there is no stopping its growth now. The future belongs to *Privatized Banking* and the IBC Practitioner.

This Lara-Murphy Report (LMR) article was reprinted with permission. This and many more articles related to IBC and Austrian Economics are published monthly in the LMR. Subscriptions are available at www.usatrustonline.com

IBC Think Tank Symposium Registration Information

There is one attendance price for everyone, regardless of your Think Tank membership status.

Event Pricing Includes:

- Admission to Symposium
- All meals during Symposium
- Complete Symposium DVD Set (Produced and shipped after the event.)

Regular Pricing:

- $600 when you register and pay between January 1st - January 31st.
- Couples* can attend for only $100 more with regular paying attendee. *two persons married, engaged, or otherwise romantically paired

Please click through to the event homepage below to get all the details including the agenda, speakers and times. You can register for the think tank and book your sleeping room at the host hotel, the Sheraton Downtown Birmingham, online and securely pay with credit card or PayPal.

Go to Symposium homepage

Sheraton Downtown Birmingham Link

Nelson will conduct his *Becoming Your Own Banker*© *Seminar* on Tuesday night and all day Wednesday (5-6 February preceding the symposium).

If you have not attended a live Nelson Nash Seminar, it is a prerequisite for Think Tank Attendance! ***Any*** live Nelson-led seminar conducted across the country meets this requirement.

For those that wish to attend the Think Tank, but have not attended the prerequisite seminar, we have scheduled one immediately preceding the Think Tank. Or, check our seminar schedule online at www.infinitebanking.org and coordinate to attend any one of the scheduled seminars.

Thank you for your attention and response, I look forward to seeing you in Birmingham, in February!

Equipment Financing With IBC Part I: The Base Case

Robert P. Murphy, PhD
July 2012

Regular readers of the Lara-Murphy Report know that we are strong advocates of the *Infinite Banking Concept* (IBC) as developed by R. Nelson Nash in his classic book *Becoming Your Own Banker*. In this work, Nash showed how the proper use of dividend-paying whole life insurance could allow someone to finance major purchases through policy loans, rather than seeking out traditional lenders. In our own book, Carlos and I put Nelson's ideas in a broader economic framework and showed how IBC would allow a household to engage in "privatized banking."

In the present article (the first of two parts) I want to walk the reader through one of the most important parts of Nelson's book, namely Part IV on *Equipment Financing*. After extensive study of the theory and practice of whole life insurance, as well as discussion with Nelson himself, I believe I can shed some light on the illustrations on this topic. My goal is to "connect the dots" and make sure the reader of Nelson's book understands exactly how the different numbers fit together.

Before diving into the details, I should offer a general disclaimer: Nelson was quite clear in his book—and with me on the phone—that IBC isn't "about" interest rates. Rather, Nelson is showing his readers how to cut out the middleman of a commercial bank or other institutional lender, through the use of dividend-paying whole life insurance policies. Naturally, if a person can redirect cash flow that otherwise would have gone out of the household and steer it back in, then the person will be wealthier.

However, having said all that, it is still the case that a standard assessment of rates of return and so forth will show—as it must—that a person does better financially by using IBC. The illustrations in Nelson's book show this, and the goal in the present article is to demystify some of the numbers to make the presentation less of a black box.

First, the Control (Baseline Case)

The context of our discussion is a hypothetical person who runs a logging company with four trucks. Initially, the man finances all four trucks through a conventional, outside lender. For each truck, the man must finance $52,600, which he does over a four-year period before turning in the truck and buying a new one. Based on the specific details that existed when Nelson constructed the example, the market rate of interest on this commercial loan was a bit higher than 15%. Since the man (by assumption) turned in the trucks every four years, it worked out that 27 cents of every dollar paid to the finance company was in the form of pure interest.

Eventually Nelson will show the reader the benefits of self-financing the truck purchases through policy loans on well-funded whole life policies. But Nelson doesn't want to overwhelm the reader, so he moves in baby steps.

The first thing to establish is a control, or baseline, case. In order to isolate the pure effect of IBC—becoming your own banker—Nelson wants to lay down a background of a normal whole life policy where the owner does not take out any loans. Once we see the performance in this scenario, we can test what happens when the person begins using this identical whole life policy to start financing logging trucks.

Table 1 below is an abridged version of Nelson's "Equipment Financing Illustration 1," which appears on page 54 of the Fifth Edition:

AGE	NET ANN OUTLAY	TOTAL DIVIDEND	NET CASH VALUE YR END	CUM NET OUTLAY	DEATH BENEFIT
30	$40,000	$0	$24,029	$40,000	$1,342,420
31	$40,000	$0	$65,282	$80,000	$1,448,237
32	$40,000	$2,821	$109,637	$120,000	$1,565,319
33	$40,000	$4,494	$157,363	$160,000	$1,684,787
34	$0	$6,339	$167,182	$160,000	$1,651,077
35	$0	$6,359	$177,803	$160,000	$1,617,227
36	$0	$6,827	$189,303	$160,000	$1,586,373
37	$0	$7,393	$201,772	$160,000	$1,558,701
38	$0	$8,032	$215,294	$160,000	$1,534,303
39	$0	$8,735	$229,940	$160,000	$1,513,222
40	$0	$9,500	$245,790	$160,000	$1,495,466
41	$0	$10,325	$262,987	$160,000	$1,481,114
42	$0	$11,273	$281,585	$160,000	$1,470,253
43	$0	$12,233	$301,720	$160,000	$1,462,786
44	$0	$13,296	$323,507	$160,000	$1,458,790
45	$0	$14,409	$347,078	$160,000	$1,458,250
46	$0	$15,634	$372,555	$160,000	$1,461,233
47	$0	$16,910	$400,109	$160,000	$1,467,729
64	$0	$66,577	$1,408,285	$160,000	$2,284,301
65	$0	$71,942	$1,517,320	$160,000	$2,406,948
66	-$92,000	$76,620	$1,535,083	$68,000	$2,388,186
67	-$92,000	$77,785	$1,553,719	-$24,000	$2,366,852
68	-$92,000	$79,063	$1,573,317	-$116,000	$2,348,032
69	-$92,000	$80,346	$1,593,760	-$208,000	$2,331,513
70	-$92,000	$81,504	$1,615,244	-$300,000	$2,317,164
71	-$92,000	$82,915	$1,637,846	-$392,000	$2,305,388
72	-$92,000	$84,504	$1,661,661	-$484,000	$2,296,355
73	-$92,000	$86,348	$1,686,737	-$576,000	$2,290,342
74	-$92,000	$88,419	$1,713,164	-$668,000	$2,287,491
75	-$92,000	$90,626	$1,740,933	-$760,000	$2,287,799
76	-$92,000	$92,892	$1,769,997	-$852,000	$2,291,093
77	-$92,000	$95,007	$1,800,385	-$944,000	$2,297,030
78	-$92,000	$97,032	$1,832,206	-$1,036,000	$2,305,422
79	-$92,000	$98,942	$1,865,492	-$1,128,000	$2,316,087
80	-$92,000	$100,818	$1,900,340	-$1,220,000	$2,329,013
81	-$92,000	$102,769	$1,936,871	-$1,312,000	$2,344,345
82	-$92,000	$104,913	$1,975,174	-$1,404,000	$2,362,370
83	-$92,000	$107,355	$2,015,361	-$1,496,000	$2,383,436
84	-$92,000	$110,096	$2,057,446	-$1,588,000	$2,407,736

(Note that for ease of comparison, we have shaded the same cells in Table 1, as Nelson shades in his Illustration 1, even though our discussion will not necessarily refer to these same cells.)

The Basics of Reading an Insurance Illustration

For newcomers to IBC, merely interpreting illustrations such as the one shown in Table 1 can be daunting, because there are several moving parts and it's hard to know what is causing what.

First of all, Nelson is assuming that there is a "life paid up at 65" policy with a base premium of $15,000 and an initial death benefit of $1,233,439. (This information appears at the top left of the illustration in Nelson's book.) This means the owner of the policy is contractually obligated to pay $15,000 per year in premiums until age 65, at which point he no longer owes the insurance company any money.

Now, if the owner merely contributed $15,000 per year (through 65), and if the owner took all dividends in the form of cash and spent them on beer and wings, then the face death benefit would never increase. It would still be $1,233,439 at age 84, at the bottom of the illustration. This is because the man would still just have his original base policy, on which he kept paying the $15,000 premium. There would be no additional purchase of insurance, and so the death benefit would remain the same.

Even in this case, where the man maintains the original base policy and death benefit coverage, the net cash value would still increase, year after year, starting a few years into the policy. A standard whole life policy is designed such that the cash value steadily rises until it just equals the face death benefit when the policy matures or completes (which used to happen at age 100, but now might not occur until age 121). So the growth in cash value is a natural feature of a whole life policy, and isn't solely the result of reinvestment of dividends.

However, in Nelson's first illustration he assumes that the man does pump more money into the policy. Nelson does this, because—to repeat the point from before—he wants to have a true apples to apples comparison. When the hypothetical man wants to finance one of his logging trucks with the policy, there will need to be enough cash value in the policy to handle the loan.

Such a large policy loan anytime soon will only be possible if the man has "front-loaded" the policy with large, additional payments above the contractually required $15,000 per year. Since the man is going to need to do this in Illustration 2 (and beyond), Nelson needs to have the man front-load the policy in the control case, Illustration 1, so that we can isolate the pure effects of truck-financing.

Buying Additional Insurance

We can see the front-loading in Table 1, where the first four years show a net outlay of $40,000 per year. What has happened is that in addition to the base $15,000 premium payment, the man has also elected for the option of a Paid Up Additions (PUA) rider, in the amount of $25,000. This allows him to supplement the base premium with an additional amount, so that the total contribution is $40,000.

When someone buys additional insurance, effectively he is buying "mini-policies" modeled after the original, base policy. The special thing about these additional mini-policies is that they are fully funded at inception. In other words, they are a "1-pay" insurance policy. Standard illustrations don't keep these different policies distinct, but instead lump the cash value, dividend payments, and face death benefit of all policies together into single values shown in the various columns for a particular year.

This is why the death benefit appears to grow in an illustration showing the purchase of additional insurance. It's not that the death benefit on the original policy per se has increased, but rather that the owner is buying more insurance policies—which are "1-pay" and are otherwise calibrated to be just like the original policy—that, for convenience, are thrown in a bucket with the original policy where only the totals are reported.

Partial Surrenders

If the purchase of additional insurance causes the death benefit to go up, a partial surrender does the opposite. Here, what's happening is that the owner is surrendering or collapsing some of the "mini-policies" he has accumulated along the way; it is the unwinding of paid-up additional insurance. As with the original policy, with a mini-policy the owner obtains the "surrender cash value" upon surrender. However, this amount might be fairly small, since the 1-shot payment to fully fund the mini-policy was itself relatively small.

Because he didn't want to use any policy loans at all—again, in order to isolate their impact in the next illustration—in this control case Nelson has the hypothetical man make his $15,000 base premium payments from Age 34 onward through the use of dividends and partial surrenders. For example, at Age 34 the dividend is $6,339. That's not enough to cover the full $15,000 contractually due, so the man must partially surrender some of the additional (fully paid up) insurance he has accumulated by this point.

In order to raise the $15,000 - $6,339 = $8,661 necessary, the man must surrender insurance with a face death benefit of $33,710. This is why, in Table 1, we can see the death benefit drop from Age 33 to Age 34, by the amount of $33,710. Note that from Age 30 through 33, the death benefit had been increasing—because of the additional $25,000 plus dividend earnings. Yet this trend reverses at Age 34, because now the owner needs to come up with some of the $15,000 premium payment, and is drawing on the accumulated, fully-paid up insurance to do so.

The pattern flips again at Age 46, where the death benefit ($1,461,233) is higher than it was at Age 45. What is special about this particular time? Why did the death benefit continually go down, year after year, from Age 34 through 45, after which it started rising again?

The answer is that the total dividend finally surpassed the $15,000 mark at Age 46. At this point, the man no longer needed to partially surrender insurance coverage in order to come up with the premium on the original, base policy. In fact, his dividend of $15,634 this year, leaves him with a spare $634 that will be devoted to the purchase of additional paid-up insurance. Thus, rather than surrendering, the man now begins buying more insurance.

Passive Income Stage (aka "Retirement")

Things continue in this fashion for two decades until Age 65. At this point, the original base policy is paid up (by contractual design) and so the man no longer owes $15,000 annual premium payments. Note that the death benefit this year is $2,406,948.

Now, Nelson wanted to show the power of whole life, even without getting into IBC financing per se. So he tinkered with numbers until he found the amount that the man could draw out of the policy, such that after 19 years (i.e. at Age 84) the man would have (roughly) *the same* death benefit available. This magic number happened to be $92,000. Thus, as Table 1 indicates, the man can draw $92,000 in passive income ("retirement income" in popular jargon) every year from Age 66 through 84, while his death benefit at the end is almost the same (actually $788 higher) as it was at the start of the process. What Nelson was trying to convey here is that the standard whole life policy, so long as it has been heavily capitalized on the front end, can provide a very comfortable flow of passive income in later years, and still deliver a sizable bequest to the owner's beneficiaries.

Note, however, that the death benefit doesn't stay constant. What actually happens is that it initially falls for several years, then turns around and begins rising. Nelson has picked the numbers such that the fall and rise virtually offset each other, yielding start and end death benefits that are almost identical. But what's the cause of this fall and then rise?

The answer again lies with the dividend column. Notice that when the death benefit is shrinking from Age 66 forward, the dividend is less than $92,000. That means to get the full $92,000 in passive income during this period, the man needs to partially surrender some of the paid-up insurance to cover the deficit. But eventually, the dividend itself surpasses the $92,000 mark, at which point the death benefit begins rising again. For example, at Age 76 the dividend is $92,892, meaning that $892 is available for the purchase of additional paid-up insurance.[1]

Conclusion

Even at this stage, before we've talked about policy loans, we can see the tremendous power of a whole life insurance policy that has been heavily funded at its inception. To be clear, Nelson isn't recommending that people actually use such a policy in the way he's made his hypothetical man behave. The point is that Nelson was trying to pick a very simple baseline case, which involved no policy loans, so that the benefits of IBC would be apparent in contrast.

[Next month] ...I will complete this discussion. I will cover the tax implications that are applicable even in this Illustration 1, and show why Nelson thinks it would actually be foolish to obtain cash through partial surrenders as his hypothetical logger has done. Following that, I'll dive into the true equipment financing scenario, and show how the logger can improve on an already good situation by "becoming his own banker."

(1) A note to purists: Technically, the death benefit turns around and begins rising at Age 75, when the dividend is only $90,626, i.e. less than $92,000. One would have expected the death benefit to fall in this year as well. I have discussed this anomaly with Nelson, who conjectured that it could be due to rounding or perhaps a subtlety with monthly/annual timing in the way the insurance company's software program generated the illustration.

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Nelson's Favorite Quotes

"All you need is the plan, the road map, and the courage to press on to your destination."
— Earl Nightingale

"Rather go to bed without dinner than to rise in debt."
—Benjamin Franklin

"Business schools make a fortune forcing their students to take in a HUGE amount of information. The majority of it is theoretical. The majority of that is useless."
— Josh Kaufman

Is this America's Joker?

By Paul A. Cleveland, Ph. D.

In an article I published early in the Obama presidency, I posed the question, "Is this America's Dark Knight?" (http://mises.org/daily/3354) I chose the question as the title for the article for several reasons, but chief among them was the fact that candidate Obama had run his campaign for the office by presenting himself to the nation as if he were a superhero come to save us from all of our ills, real and imagined. Since the movie, The Dark Knight, had recently come out and was quite popular it seemed appropriate to ask the question. In that article I quickly dispensed with it by answering it with a resounding no. Indeed, it seemed to me at the time that Obama was to be compared much more closely to the Joker in the movie than to Batman. At that time I offered evidence based upon the expressed plans and initial actions of his administration that supported my assessment of him and his plans. He had already pressed hard for the stimulus bill and it was clear that while George Bush had been a prodigal in office, Obama was going to be much worse. While my article did not receive the national attention that an artist's rendering of Obama as the Joker did, that rendering pointed to the fact that I was not the only one making the comparison.

Given the re-election of Obama to a second term, it seems like a good time to return to this comparison. Was it fair to compare Barack Obama to the Joker? Let's consider the evidence. On top of continuing to operate the federal government with unsustainable deficits that I mentioned in my first essay, the administration and the democrats have added on what will essentially become nationalized health care unless it is ruled unconstitutional by the Supreme Court. Even then, the trend in this direction is clear. In addition, new federal regulations have been imposed on industry after industry. These are crippling the economy. Moreover, the rule of private property law was set aside early on to expropriate two failing automobile companies' assets from the rightful bondholders. Far from any transparency that was promised, the administration has conspired behind the scenes to attempt to control every aspect of our lives. These things in combination with all sorts of other interventions and dictatorial declarations of power seem to support my earlier contention very well. Moreover, all this excess is being paid for by a Federal Reserve willing to monetize all sorts of debt at exorbitant rates that simply boggle the mind. The destabilizing effect of this should be clear to even the casual observer.

Beyond the economic mess that it is has already created with these policies, the administration continues to press for ever more regulation and spending. In the area of energy policy, the administration has sent prices skyward. Witness for example its ban on offshore drilling following the Deepwater Horizon accident and the oil spill in the Gulf. What is depressing most people is that all of this is being done amid an ongoing recession where unemployment continues to hover at high rates and many have simply given up and exited the labor market. Is it possible that the administration and Obama are really so ignorant as to not understand the first principle of all economics that there is an opportunity cost to the choices being made and that all this spending, taxing, regulating, and legislating is hurting and not helping the economy? I don't think so.

Therefore, let's return to my comparison of Obama as the Joker. In my first article I pointed out that it appeared that like the Joker, Obama just wanted to "watch the world burn." Let's think a bit more about the Joker and his practices. First note that the Joker employed a cadre of useful clowns to do his bidding. In this regard, is there anything different about Obama? Consider the evidence. He has surrounded himself with an assortment of political clowns whose own words reveal their utter foolishness. Think of the list that I can offer. There is Joe Biden, Ben Bernanke, Timothy Geithner, Robert Gibbs, Jay Carney, Harry Reid, Nancy Pelosi, Barney Frank, John Kerry, Charlie Rangel, Maxine Waters, Chris Dodd, and many others too numerous to name. Are there two more clownish people than Bob Gibbs or Jay Carney who have served as the president's two public mouthpieces? Consider the following statement he made recently in connection with the passage of the health care bill. Gibbs opined, "I think there's pretty longstanding precedent on the constitutionality of this." Really? Since when has the government ever had the constitutional power to force the citizenry to purchase any particular good as is required by passing this new health care insurance law? Who is this guy trying to kid? Is he really that ignorant of what is in the U.S. Constitution? Or, consider the facial contortions of Jay Carney every time he attempts to defend the administration's position on any particular policy. If that's no clownish, I don't know what is.

I suppose, however, that Nancy Pelosi is more clownish than either of these two, but probably not more clownish than Joe Biden. Consider some of her choice remarks in support of the president's agenda. Regarding fiscal responsibility she stated, "The Democratic Congress and the Obama administration share a strong commitment to fiscal discipline and common sense in our budget, and we must continue to do everything in our power to boost our economic recovery, rein in the deficits we inherited, and remain responsible stewards of the public purse. After President Bush and Republicans in Congress turned record surpluses into record deficits and nearly doubled the national debt, Democrats are returning our nation to a course of fiscal responsibility." I suppose that in her mind running trillion and a half dollar deficits borders on a kind of spending prudence we should all admire when compared to Bush's half-trillion dollar deficits. That is not to say that Bush was blameless in all this, but the Democrats have only made matters worse.

After the passage of health care act she declared, "We see [health care] as an entrepreneurial bill, a bill that says to someone, if you want to be creative and be a musician or whatever, you can leave your work, focus on your talent, your skill, your passion, your aspirations because you will have health care." Of course we should never mind the fact that socialized health care has become the bane of Western social democracies everywhere. Like all socialism, it fails and results in shortages of everything. When first proposed, the health care bill reminded me of an old Romanian joke told during the Soviet era. As the joke goes, a man finally saves enough money to purchase an automobile. He goes to the dealer and tells him he would like to make the purchase. The dealer laughs, and tells the man to come back in twelve years. The man asks whether he should return in the morning or the afternoon twelve years from now. The dealer laughs again, and says, "What does it matter? It's twelve years!" The man responds, "Yes I know. But I have a dental appointment that day as well." Welcome to government run health care.

Finally, in what is probably her most ridiculous statement yet, she offered these words of wisdom with that incessant clownish grin that was ever-present on her face, "A hundred days later from [Obama's] inauguration, we passed the budget, which was a blueprint for economic stabilization for our country. Lower taxes for the middle class, reduce the deficit, create jobs around three pillars: investments in education and innovation; investments in health care really first among equals; and investment in energy and climate change legislation, again, to create good, clean energy jobs for the future." This person cannot be considered sane. Can she?

I could go on with the multitude of political hacks that seem intent on economic destruction, but I think the case is made. What is interesting is that like the movie most of these people are just useful for the moment to Obama in the same way that the Joker's clowns were temporarily useful. Moreover, when they ceased to be useful they were expendable. I suspect the same is true for the political clowns of our day. Come November, many will likely see their political futures fade away and a whole host of other political clowns will take their place.

Beyond the clowns involved, there are other parallels that are worth exploring. In the movie the Joker arranged for the organized crimes families to throw their proverbial lot in the same purse with him, so to speak. Then there is the scene where the Joker calls the heads of the syndicates together for a meeting aboard a cargo ship. Once aboard, they discover that their entire fortunes are heaped together in one large pile of money. Somewhat bewildered, but believing that the Joker was making good on his promises to them, the meeting begins. And then quite surprisingly, after a rambling speech the Joker sets fire to the money. Shocked and dismayed, the bosses of crime watch their fortunes burn.

What's the parallel? Consider the current relationship between Obama and all the special and corporate interests that have bankrolled our political class for ages now. They certainly aimed to secure political favors from the politicians who have been free to pursue all sorts of actions that redistribute money toward the favored few. But does it not appear that the Obama administration is scorning this incestuous relationship? Look at what has been happening to the banks and other financial institutions. These businesses have enjoyed political privilege for many years. They even provided the funding to get Obama elected in the first place and yet the very foundations of their businesses are being ruthlessly attacked. Or consider companies like BP and GE. What are their prospects for the future like? It does indeed seem like our current president just wants to "watch the world burn."

This brings us to the final comparison with the movie. That is, "watching the world burn." Following torching the cash, the Joker set out to create as much societal chaos as possible. As we look upon our current president and his administration is this not what they are doing as well? Like the Joker, it appears to me that Obama is nothing but a self-absorbed, arrogant meddler who is seeking his own aggrandizement at the expense of the American citizenry. He is a self-righteous, pompous know-it-all who could care less about anyone else or anyone else's opinion or understanding about anything. It appears to me that the man is truly dangerous. Will a genuine hero step forward to defeat this joker? And who would that hero be?

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The Mass Society, the Leadership Society, and the Totalitarian Threat

by Michael S. Rozeff

The federal government is becoming more and more totalitarian, and it is spreading this down to states and local governments. Collecting information on everyone is a prominent control mechanism of a police state. It's easier for the government to institute this than supposed. It does it in steps, with each step being rationalized by its supposed benefits to security. Each step is done in the name of protecting society, but each step forcibly ends peaceful social relations and erodes their foundation.

It's harder to escape the police state once it's in place than might be supposed. The government controls people through the currency, settlement of transactions, communications, transportation, licensing, drones, informers, and of course guns, among other means. We can't all run away to fortified farms or live on a big self-sufficient farm on top of a limited access hill.

Alex Jones has been reporting on expanding privacy intrusions since last March and before, as here and here. Add to this the Patriot Act, the excessive claims of power by Presidents, the militarization of police, and the blurring of spy agencies and police and military agencies. Add to this the power to search anyone at almost any time. Add to this the possibility of labeling almost any activity as terrorist or in support of terrorism, and what results? We get totalitarianism.

America has many societies. The great and undistinguished masses of Americans form a society, the mass society. I do not mean this in a pejorative sense. Apart from the mass society is another society. This is the Leadership. It's also been called the Establishment or the Elite. The Leadership is a society open to whoever enters it by dint of desire, fame, power, money, influence, election, or a leadership position over large numbers of people in the mass society. People in the Leadership are either in the government, supporting the government, or controlling the government. Government and Leadership are fused. They permeate one another. Mass society is there for their control and management.

The theory of American government is based upon one American society. That American society is supposed to be separate from government. It is supposed to control government for the good of this society, keeping government from becoming too powerful. The reality is that the social leaders of America break away from mass society. They form the Leadership. Their loyalty is to themselves and to government as their tool, not mass society. They support government as a means of achieving their own aims, be they wealth, influence, advancement, power or whatever. They take over the governments at all levels and control them for their own ends. They manipulate the mass society and control it. Government does not serve the mass society in this system. Mass society serves the government. Social welfare programs don't serve mass society. They control it. They enable the Leadership to maintain and extend control. They generate mass support. The masses pay for their own welfare. In the process, they lose a large chunk of the taxes they pay that is siphoned off to the Leadership.

Whatever mass society is able to get for itself or maintain for itself is done by organizing and resisting the Leadership and its governments. Mass society has to protect itself against the Leadership and government constantly.

At present, such measures as the government's legal capacity to designate American citizens as terrorists, its legal capacity to assassinate, its legal capacity to monitor every aspect of its citizens' lives, its legal capacity to search at airports and other transportation checkpoints, and its legal capacity to set up checkpoints and query travelers -- such things are trenching on freedom and privacy simultaneously. The Leadership wants it this way. Most individuals cannot hide out on a fortified farm and escape this. The American Leadership is taking these measures, not to control terrorism or terrorists, but to control Americans in the mass society.

The calls for gun control arising out of the Newtown tragedy are self-serving for those in the Leadership who want it, and equally self-serving for those in the Leadership who do not want it. The Leadership is not monolithic.

The Leadership's actions are all self-serving. Government people and Leadership people, in many cases identifiably one and the same, serve themselves. They do not aim to serve Americans in the mass society. Every vote, every measure, every speech, every show of emotion, every appeal to the flag or patriotism, every appeal to the American spirit, every invocation of freedom, security and American greatness, every recollection of history and distortion of it, in short, every act of anyone in the Leadership and in Government is self-serving.

The Leadership's self-serving actions act against mass society. The Leadership sends Americans to their deaths in needless wars. The Leadership extracts wealth from Americans and wastes it. The Leadership puts in place social programs that wreck families, neighborhoods, districts, and cities. The Leadership subsidizes enterprises that produce poisonous foods. The Leadership makes drugs into crimes and imprisons millions on that basis. If ever the Leadership's actions happen to raise the welfare of mass society, this is because such actions happen to serve the interests of the Leadership at that time.

Those in the Leadership ally with others in the Leadership if it serves their mutual interests. They both cooperate and compete with others in the Leadership. This too is self-serving. They don't ever enact measures with the interests of mass society as their aim, unless it happens also to serve themselves.

People in mass society are also self-serving. If it serves their ends, they aim for and join the Leadership. They turn their backs on mass society. This is one way in which the Leadership reduces resistance in the masses.

The key element in this war between mass society and Leadership society is the presence of the prize, which is government and its powers. Everyone is self-serving. We can live with this and control it if no one of us gains excessive power. What has to be reduced is the capacity of each of us to serve ourselves through invading the rights of others. Government power enhances that capacity. The Leadership exploits it. If government were strictly limited and controlled by the masses, the Leadership could be rendered inoperative or greatly weakened. The masses have failed at this in America. The Leadership has been winning. It has maintained and extended its control. Government power has grown.

Government does not serve mass society. Anyone who supports government of the kind we have in America, thinking that it's doing some good for some cause, is mistaken. The liberals who think that social welfare programs help the masses are mistaken. The progressives who think that labor laws help workers are mistaken. The populists who think that farm subsidies help small farmers are mistaken. The conservatives who think that military spending protects Americans are mistaken. I realize the enormity of the charge I am making. How can all these people be wrong about government?

One of the Leadership's tools is propaganda. The Leadership constantly propagandizes in order to legitimize existing government powers and expand them. Schools and universities are part of this system of propaganda. People are taught from an early age to think of government as a necessity and as a beneficial institution. They are inundated with this propaganda. There should be rebellion against the injustice of government. What happens instead is that this is channeled into political strife. People separate themselves into political factions like liberals, conservatives, populists and progressives. They then attempt to work within the system. But they are accepting the system when they do this. The Leadership has a divide and conquer strategy in place via this party system. As long as all discontent is through these contending factions and as long as the players and the masses accept voting as the resolution of the struggles, the Leadership remains intact and in control.

The internet at present is beyond the Leadership's control. There's hope there. December 22, 2012

Becoming Your Own BANKER

Number Thirty-Two 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 IV, Lesson 32: Equipment Financing - continuation

Content: Page 59, *Becoming Your Own Banker: The Infinite Banking Concept®* Fifth Edition, Sixth Printing

The young man observes, "That's like my wife shopping at *Winn-Dixie* Grocery when we own a grocery store, too. Can I do business at my store?" His insurance agent replies, "Yes, by all means! The insurance company must lend that cash value out in order to be able to pay the death benefit that it has promised – any you outrank all the possible places where they lend money! How much money do you need?"

"Every time I replace a truck, the dealership allows me a greater trade-in value, but the price of the new one I buy keeps going up, too. I seem to always keep financing about $52,600."

Turn to page 59 and note that, for the first four years of the policy, it is identical with the previous example on page 54. The insurance company has got to lend $157,373 somewhere, so there is no problem in lending him $52,600 since he outranks all possible borrowers. It is a fully secured loan as far as the insurance company is concerned.

The agent explains that he needs to start a repayment schedule and that the policy calls for 8% interest on the loan balance – but "we are not going to play that game – you are going to pay the same thing that you are paying the finance company on those 3 other trucks in your fleet, and that is $1,502 per month!"

You must realize that the policy owner can tell him, "Stick it in your ear – this is my money * and I can pay anything I want to – or maybe I'm not going to pay anything at all." If the owner comes up with that sort of nonsense, the agent needs to take him back to the grocery store example in Part I and explain "the can of peas one more time." If he doesn't understand that story, then the agent needs to take him back to the First National Bank of Midland, TX and explain the error of the directors of that bank one more time. If he still doesn't understand, then the agent needs to draw a line through his name and forget him because he is either a thief or he is un-teachable! Neither is a good business associate.

Let's assume that he is a good student and understands that whatever he pays in interest is going to his policy being managed by the "gophers" at the insurance company. Anything over the 8% loan interest requirement will be going to increase the capital in his policy and provide more money for the insurance company to put to work in his behalf. It is just like the example of the extra 2 cents for the can of peas that the grocer required his captive customers to pay in Part I.

And so, at the beginning of the fifth year he makes a policy loan of $52,600 and trades in an old truck, making sure to make a loan repayment of $18,000 – the same thing he had been paying a finance company for the old one. This transaction shows up on the illustration as (-$34,600) in the Net Annual Outlay column. If it takes you a minute to understand this cash flow, then take all the time you need. It must be understood. At the end of the eighth year he has repaid the loan plus interest back to his policy. He repeats the process every four years.

Now, look at the cash value at age 65 – it is $1,988,254. Compare this with the yield in the previous example where the insurance company managed it all on his behalf ($1,517,320). He has an increase of $470,934 by financing the truck through his own banking system. His cash flow in both examples is the same. It is all a matter of where the interest he is paying goes – to the finance company or to his policy.

Note that his retirement income has increased to $125,000 per year. Assuming death at age 85, he has withdrawn a total dividend income

of $2,034,800 plus everything that he paid into the policy – and still delivered $3,119,289 to the next generation. This is a significant improvement over the illustration on page 55 where the insurance company managed all the cash values on his behalf.

All of this is because the interest that he had been paying the finance company is now going to his policy – not the life insurance company.

Take all the time you need to study these two illustrations because they need to be thoroughly understood before we go any further. You must realize that the improved results are not the results of something that the life insurance company did. It was all because of how the policy owner directed his cash flow in payment for the truck he needs in his business. He has cut the "gate-keeper and toll-taker" out of the pattern.

And so, our policy owner says, "I'm beginning to see a pattern here – can I finance two trucks through this system?" We will look at that in the next lesson.

Nelson's Newly Added Book Recommendations
http://infinitebanking.org/reading-list/

THE RAPE OF JUSTICE – America's Tribunals Exposed by Eustace Mullins

BUREAUCRACY by Ludwig von Mises

Nelson's Live Seminars & Events for January / February 2013
http://infinitebanking.org/seminars/

Our comprehensive *Becoming Your Own Banker®* seminar is organized into a five-part, ten-hour consumer-oriented study of *The Infinite Banking Concept®* and uses our book *Becoming Your Own Banker®* as the guide. Typically, Nelson covers the concept's fundamentals in a two-hour introductory block the first day. He then covers the "how to" over an eight-hour block the final day. These seminars are sponsored therefore attendance is dictated by the seminar sponsor. If you are interested in attending one of these events, please call or email the contact person listed with the seminar information.

Nelson Speaking in Little Rock, AR 12 January, Saturday
contact Neil Denman
501-312 9491
ndenman@denmancpa.com

Nelson Live in Birmingham, AL 5-6 February, Tuesday - Wednesday
contact David Stearns
205-276-2977
david@infinitebanking.org

Nelson Live in Boerne, TX 21-22 February, Thursday-Friday
contact Marcia Neal
830-331-9805
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