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Socialism: The Offspring of Apathy

by Leonard E. Read

He cared not for God or man – John Heywood

The only way I know to get at the roots of the mess we are in is to keep probing in every way until the last sustaining feeder is cut. And one of those feeders, I believe, is apathy.

The impulse to run the lives of others – the little-god syndrome – flourishes to the extent that the others are apathetic. To curb the dictocratic impulse calls for alertness, thinking for self, vigilance, virtuousness, a genuine care for God and man.

Imagine a debate on the subject: “Resolved that there should be no man-concocted restraints against the release of creative energy.” The Affirmative debater is apathetic, listless. He has done no reading or thinking on the matter; indeed, he couldn’t care less – all too typical. Does this not yield the case

to the opposition? The person taking the Negative position can freely assert all the nonsense that plagues mankind, everything from the Divine Right of Kings to out-and-out Marxism. It’s his day. Apathy is the seedbed of socialism!

Now, suppose the Affirmative is taken by one who truly believes in freedom. My late friend, James Rogers, was an excellent example. One evening he debated America’s most celebrated socialist before an audience of 4,000, the socialist having a long winning record as a debater. But not on this occasion! Jim understood the freedom philosophy better than most of us and he was at once articulate, good natured, “quick on the trigger.” He met each socialistic cliché with an incisive question which the socialist could only answer by contradicting himself. On they went for more than an hour, our friend smiling, the audience amused and enlightened, the socialist more and more frustrated, and eventually silent.

What this incident suggests to me is that the impulse to run the lives of others – the social problem plaguing mankind – can be rendered powerless, not through apathy, but through the energetic exercise of freedom.

Those who believe that we can be graced with abundance – material and/or intellectual – without effort are the pitiful victims of apathy and the ensuing dictatorship. Man’s earthly purpose, I am confident, is to harmonize as nearly as possible with Infinite Consciousness: God, Righteousness. It follows that apathy is the hell on earth from which all of us should seek escape.

The passion to domineer, the urge to cast others in one’s image, is a common frailty. The lack of wisdom is its cause and socialism is its social consequence. Wisdom? Yes, the wiser one is the more aware he becomes of his own incapacity to rule others.

Medieval theologians are said to have discoursed on

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how many angels could dance on the head of a pin. Perhaps they were wiser than then knew. Reflect on the amount of information {angels?} in the chromosomes of a single human fertilized egg. It "is equivalent to about a thousand printed volumes of books, each as large as a volume of the *Encyclopedia Britannica*. The amount of coded instructions packed into the size of a *millionth of a pinhead* is the remarkable material which transmits information from parent to offspring to tell the next generation how to make a person."

That passage was a great lesson in humility for me. Cast others in my image? Domineer? Out of the question! As Disraeli phrased the point, "To be conscious that you are ignorant is a great step to knowledge."

Yes, we do need seers, but not see-it-all. For only those who see how miniscule is man's knowledge can see the vital necessity of everyone's acting creatively as he pleases – freedom from domination by see-it-alls. Man requires freedom to progress in awareness, perception, consciousness – his earthly purpose!

Parenthetically, I have reservations about debate as an effective educational tactic. And with reference to the performance of James Rogers, I expect he had no more potentiality than countless others, *he merely did more with what he had!* What distinguishes him from the mill run off citizens was his awareness of the vast unknown and an insatiable urge for excellence. He was not apathetic about freedom.

Were the U.S.A. to be graced with individuals thus oriented, the domineering trait would not necessarily be erased from the souls of men but much of it would be effectively challenged and silenced. The darkness of socialistic error, regardless of its volume, cannot prevail against the overwhelming light of freedom and truth. So, let us overcome apathy with alertness, thinking for self, vigilance, virtuousness, and a genuine care for God and man.

Alertness involves an awakening, an awareness of the hidden potentialities to be discovered in each of us and put to full use.

Thinking for self is the only kind of thinking there is.

It is to understand and absorb and put to use in one's own life all worthy thoughts, from whatever source.

Vigilance is to guard against the domineering trait in self and in others, that creative human energy may freely flow.

Virtuousness means respectful adherence to such guidelines as integrity, humility, justice, charity.

A genuine care for God and man is to seek righteousness in our lives and a reverence toward others, an inter-dependence effectuated through freedom.

Are these wondrous opposites of apathy too much to expect, too difficult to attain? Certainly they are well within the range of any serious aspirant. Think of the rewards to the victors! They are twofold: the downfall of socialism, meaning the reign of liberty, plus each victor's approximation of his or her earthly purpose!

The above article was written by Leonard E. Read in 1975 and included in his book *The Love of Liberty*. This man was my long term friend and mentor – a tremendous blessing to my life. -- R. Nelson Nash

100 Years Ago: Why Bankers Created the Fed

by Christopher Westley

The Democratic Party gained prominence in the first half of the nineteenth century as being the party that opposed the Second Bank of the United States. In the process, it tapped into an anti-state sentiment that proved so strong that we wouldn't see another like it until the next century.

Its adversaries were Whig politicians who defended the bank and its ability to grow the government and their own personal fortunes at the same time. They were, in fact, quite open about these arrangements. It was considered standard-operating procedure for Whig representatives to receive monetary compensation for their support of the Bank when leaving Congress. The Whig Daniel Webster even expected annual payments

while in Congress. Once he complained to the Bank of the United States President Nicholas Biddle, "I believe my retainer has not been renewed or refreshed as usual. If it be wished that my relation to the Bank should be continued, it may be well to send me my usual retainer."

No wonder these people were often pummeled with canes on the House floor.

It is little wonder that early Democrats garnered such popular support and would demand Andrew Jackson end America's experiment with central banking. Jackson called it "dangerous to the liberty of the American people because it represented a fantastic centralization of economic and political power under private control."

It's hard to believe that guy who said that is now on the \$20 bill.

Jackson also warned that the Bank of the United States was "a vast electioneering engine" that could "control the Government and change its character." These sentiments were echoed by Roger Taney, Jackson's Treasury Secretary, who talked of the Bank's "corrupting influence" and ability to "influence elections." (The Whigs would later get revenge on this future chief justice when Abraham Lincoln, in response to a written opinion with which he disagreed, issued his arrest warrant.)

But the courtship between the political classes and their cronies would continue in the decades following Lincoln's assassination. Those politically well-connected groups that benefited from early central banking continued to benefit from government finance, especially off of "internal improvements," which is the nineteenth-century term for pork. National banking would appear during the War Between the States, setting in place a banking system in which individual banks would be chartered by the federal government. The government itself would use regulations backed by a new armed U.S. Treasury police force to encourage the banks' inflation and protect them from the market penalties that inflation would otherwise bring them, such as the loss of specie and the occurrence of bank runs.

The boom and bust cycle, explained by the Austrian School in such detail, became worse and worse in the period leading up to 1913. And with the rise of Progressive Era spending on war and welfare, and with the pressure on banks to inflate to finance this activity, the boom and bust cycles worsened even more. If there was one saving grace about this period it would be that banks were forced to internalize their losses. When banks faced runs on their currencies, private financiers would bail them out. But this arrangement didn't last, so when the losses grew, those financiers would secretly organize to reintroduce central banking to America, thus engineering an urgent need for a new "lender of last resort." The result was the Federal Reserve.

This was the implicit socialization of the banking industry in the United States. People called the Federal Reserve Act the Currency Bill, because it was to create a bureaucracy that would assume the currency-creating duties of member banks.

It was like the Patriot Act, in that both were centralizing bills that were written years in advance by people who were waiting for the appropriate political environment in which to introduce them. It was like our current health care bills, in which cartelized firms in private industry wrote chunks of the legislation behind closed doors long before they were introduced in Congress.

It was unnecessary. If banks were simply held to similar standards as other more efficient industries were held to — the rule of law at the very least — then far fewer fraudulent banks would ever come about. There were market institutions that would penalize those banks that over-issued currencies, brought about bank runs, and financial crises. As Mises would later write:

What is needed to prevent further credit expansion is to place the banking business under the general rules of commercial and civil laws compelling each individual and firm to fulfill all obligations in full compliance with the terms of contract.

The bill was passed fairly easily, in part because the Democrats had a larger majority in both Houses than they do today. There were significant differences that were resolved in conference, with one compromise

resulting in the requirement that only 40 percent of the gold reserve back the new currency. So instead of a 1-to-1 relationship between gold and currency issued — a ratio that defined sound market banking since the time of Renaissance Italy — the new Federal Reserve notes would be inflated, by law, at a ratio of 1-to-2.5.

The bill that was first drawn up at Jekyll Island was signed by Woodrow Wilson in the Oval Office shortly after the Senate approved it. At one point during the signing ceremony, as he reached for a gold pen to finish signing the bill, he jokingly declared "I'm drawing on the gold reserve."

Truer words were never spoken.

Central banks always result in feeding those forces that centralize and expand the nation-state. The Fed's policies in the 1920s, so well documented by Rothbard, would provoke the Great Depression, which, in the end, wrenched political power from cities and state governments to the swampland in Washington. Today people take seriously the claim that there can be a viable federal solution to every problem thanks to the money printed up by the Fed, while each decade has seen a larger proportion of the population become dependent on its inflation.

And yet Andrew Jackson's beliefs about the perniciousness of the Second Bank of the United States are just as applicable to the Federal Reserve today.

Here's to hoping we'll see Jackson's hawkish nose and unkempt hair on a gold-backed, privately issued currency in the not-too-distant future.

Editor's Note: This article is based on a speech delivered at the Mises Institute's Birth and Death of the Fed conference in Jekyll Island, Georgia, on February 26, 2010.

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Note: The views expressed in Daily Articles on Mises.org are not necessarily those of the Mises Institute.

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Comment by R. Nelson Nash – *Have you ever noticed that The Federal Reserve was signed into law on the above date --- and that the "War to end all wars" began in 1914? Since wars cost lots of money, isn't that sequence of events rather convenient?*

Have an interesting article or quote related to IBC? We gladly accept article submissions as long as premission to reprint is provided. Send submissions for review and possible inclusion in BankNotes to david@infinitebanking.org.

The Basement Beneath the Wage Floor

by Jeffrey Tucker

There are certain sounds that tend to make people crazy. Think of nails on a chalkboard. An infant screaming nonstop on a long flight. A piercing whistle that won't go away.

Now we need to add another: a U.S. president who thinks he can legislate high wages into law. For anyone who knows the basics of economics -- not distorted by a bogus central-planning mentality -- hearing this is like torture. It's painful. It makes you crazier and crazier until you finally want to yell, "Make it stop!"

This is how I felt when President Obama said the following:

"Let's declare that in the wealthiest nation on Earth, no one who works full time should have to live in poverty, and raise the federal minimum wage to \$9.00 an hour. This single step would raise the incomes of millions of working families."

Why stop there? Let's also declare that everyone should make \$9,000 or \$9 million per hour. If all that stands between us and total riches is the word of a president and an action by Congress, let's get on with it!

Does Obama really not get what's wrong with this approach? I've long disagreed with him, but I've never really thought he was ignorant. But even from the earliest interviews I've read, he does seem to have a tin ear on economic topics. He doesn't seem to get where wealth comes from. He doesn't seem to understand how prices work. And now we can be certain that if he understands how wages work, he isn't willing to let on.

Of course, he could also be lying. It wouldn't be the first time a politician did that.

Much of the current problem with youth unemployment is due to the high minimum wage increases we've seen over the last five years. When the crisis hit in 2008, the minimum wage was \$5.85. Lots of jobs got shaken up. Low-wage workers hit the road. When things settled down again, they went knocking on doors. The next year, they found that it was illegal to accept a wage less than \$7.25. And we wonder why so many people are unemployed? It's not a mystery. The huge increase in the wage floor is not the whole reason, but it is a contributing factor.

A wage floor of any sort traps people in the basement. The higher the floor, the larger the basement. Today, millions are rattling around down there, unable to find their way out. And now the U.S. president, in the name of creating jobs, wants to make more of the unemployed more permanently unemployed.

I feel a particular frustration with this issue, and it's not because of the economics texts I've read alone.

My first real job was working maintenance at a department store. I was 15 (yes, I lied about my age; you could do that back then). My job was to clean toilets, crush boxes, pick pins out of the dressing room closets, wax the floors in the china shop, vacuum the place, and shine the glass.

It was a great job. I mean, truly great. I loved it because it was a hugely important job. If I didn't clean the bathrooms well and replenish the toilet paper and towels, customers the next day might be grossed out and never come back. I played a big role in ensuring the profitability of this store.

I especially loved my co-worker. His name was Tad. The department store would close, leaving just the two of us to have so much fun doing all this wonderful work. We would sing together, thrill to the danger of the wax machine, gross out at the mucky bathrooms, and just have that wonderful feeling that comes with having a real work partner.

You see, Tad was not a normal kid. He had some physical deformities. His face was oddly shaped and had what looked like a large stain on half of it. He couldn't move around that well, really. I had to help him and assign tasks carefully. He was also mentally retarded. He spoke in a muffled way, and you had to be very clear about instructions.

But I tell you what, when he was happy, it made me happy. To see that big smile come across his face when I would praise the way he shined up a counter just gave me a huge lift.

One day, a poster appeared in the workroom. It was from the Department of Labor. The minimum wage was going up by 50 cents. Tad pointed the sign out to me. He said, "Look, we are getting a raise!" I was a bit suspicious. I was pretty sure that the boss was the one who set the wage, not some weird distant government thing. I didn't quite believe it was true. Still, I was happy that he was happy.

The next day, I showed up at the usual time after school. I was getting the mop ready, running hot water in the pail and prepared to do the thing. Tad wasn't there. I asked the boss, "Where's Tad today?"

Well, he explained that he had hired Tad only because he was a boy he knew from church. He needed work. He knew that he would require a lot of help, which was one reason he was excited that I was able to work with him. In the end, he said, this was charity, because he knew that I could do the job by myself. It worked for us to be together so long as he could afford it, but this new minimum wage changed things. The store's profit margins were very thin, and he had to make a hard decision.

The long and short of it: Tad had to be let go.

I was devastated. I stared at the Department of Labor

sign again. Cursed thing! That sign just ruined a kid's life. It stopped a great act of charity. And look what it did to me. I now had to work alone.

Management left, the lights dimmed, and I heard the familiar click of the doors leading to the outside. I would have to clean alone today. I did all the tasks I had to. But there was no more music, no more laughter, no more clowning around, and no more beautiful smiles. Tad was somewhere else, probably at home, confused and sad.

He died a few years later.

This is what the minimum wage means to me. So you can say that I have a vendetta. When the president announces that he is raising wages to make everyone better off, I can't help but think of the millions of Tads that will lose that opportunity to do wonderful things in this world and with their lives.

Comment by R. Nelson Nash – “*Know-it-all do-gooders*” never learn do they? And, apathy by right-thinking people let them get away with it. Makes one wonder which group is really to blame.



Number Forty-Four and LAST in a monthly series of Nelson's lessons, right out of *Becoming Your Own Banker*®

Content: Page 85, Points to Consider - *Becoming Your Own Banker: The Infinite Banking Concept*®
Fifth Edition, Eighth Printing

POINTS TO CONSIDER by R. Nelson Nash

There are only two sources of income -- people at work and money at work. In the typical American family, through the first forty years or so of the Twentieth Century, the father worked outside the home and the mother managed the home, nurturing the family and instilling spiritual values as the children matured.

There were no 30-year house mortgages during this period. When I bought my first used car in 1952, a down

payment or 1/3 was required and an 18-month payment period was normal.

Credit cards hardly existed. In short, the “banking function” in life was held at the individual level much greater than today.

Now it is widely accepted that “a family can't make it without both spouses working outside the home. It takes two incomes ‘just to make ends meet.’”

Could it be a fact that this modern family has *no money at work*?

This phenomenon developed with the start of WW II. War is the power of the State – and men have always lusted after power. Wars cost money and this resulted in the huge increase of power of bankers.

This has resulted with the “banking function” being almost totally controlled now by the bankers. It doesn't have to be that way. This function can be totally recaptured by individuals through understanding The Infinite Banking Concept and practicing it in everyday life.

If you knew, at passive income time, (my substitute for the commonly accepted word, “retirement”) that you would be getting back every thing that you paid into a system -- tax free -- would you object to putting more money in it?

Examine all the illustrations in *Becoming Your Own Banker* and you will see that the policy owner is receiving passive income at age 65 or 70 and recovers all the cost of the policy in about four years.

Go to my second book, *Building Your Warehouse of Wealth* and find the chapter that tells about the Dividend-paying Whole Life Policy that I bought in 1959. You will see the four checks that I have received, tax-free, from the policy. In these checks I have recovered everything I have paid into the policy.

When you get paid for your work, you put all of it into “someone else's bank” and then write checks from the account to buy the things of life. So, “someone else's bank” gets all of your money. If you owned a banking system, wouldn't you want to run all of your business through your system? If this is so, then life insurance

premiums paid each year should ultimately equal annual income. This can't be done immediately. It will take the average person about twenty years to reach this level. If this message is taught to succeeding generations, then a perpetual banking system can be achieved. For more thoughts on this matter, study the chapter AN EVEN DISTRIBUTION OF AGE CLASSES, pages 71 – 74 in *Becoming Your Own Banker*. Do this as many times as it requires for you to fully understand this chapter.

When government creates a problem (onerous taxation) and then turns around and grants you an exception to the problem they created (any tax-qualified plan) aren't you just a little bit suspicious that you are being manipulated? Additionally, they continually make changes in the IRS code. The number of pages currently in the code is obscene! I don't think anyone really knows how many. Try several search engines on the internet and you will see what I mean.

Tax-qualified retirement plans were all created under the guise of "giving you a tax-break." First, there were pension plans for corporate employees, next came HR-10 plans for partners and sole proprietors, and finally, IRA's for individuals. Now everyone "had an exception" to the IRS Code. If the government really wanted to "give you a break" -- all they had to do is *cut out the taxes!* Do you really think they want to do that?

The object of the IRS code is to control your life and make you think that your blessings in life come from government instead of from God!

Wealth has got to reside somewhere. Where would you prefer to have it reside?

Real Estate? Then take a look around and see what happens when one needs liquidity. Real estate is very much a "frozen asset." Do you need to be reminded about the Real Estate "Bubble" in our recent past? Do you think it can't happen again?

The Stock Market? Then, try reading the *Book List for Those Who Are Interested in the Stock Market* in my book, *Building Your Warehouse of Wealth*, page 129 & 130. Until you have done so, are you qualified to make an intelligent decision about such action? Do you think another think that another huge depression in stock

market values is not forthcoming in the near future?

Or, "free contract" with other free persons (Life Insurance)? From this base of financial operation you can do any of the other things in life that you desire. It is the ultimate residence for your warehouse of wealth. From this residence you can do anything in the financial world that you desire. When you adopt this procedure in your financial dealings then you are automatically obeying the fundamental principal contained in the point listed below.

You finance everything you buy, whether you realize it or not. You either pay interest to someone else or you give up interest you could have earned elsewhere. There are no exceptions. This is just another way of expressing "lost opportunity cost." Richard Cantillon, an Irish economist, expressed this understanding in the early 1700's. Many people today give lip-service to this fact but they don't obey its teaching in their everyday lives. Amazing! How does one explain such behavior?

Your need for finance, during your lifetime, exceeds your need for life insurance protection by a wide margin. If you will solve for your need for finance through loans (and repayments) from life insurance cash values, you will end up with so much life insurance, the insurance company will not underwrite that much on you. You will have to insure every person in which you have an insurable interest. In order to accomplish this, you will have to demonstrate to the company that you will suffer a financial loss from the death of this person -- and this person will have to agree to sign the application giving you permission to do so.

Nelson's Newly Added Book Recommendations

<https://infinitebanking.org/reading-list/>

Fascism versus Capitalism by Llewellyn H. Rockwell, Jr. (This little 161 page book is essential reading for everyone. Get a copy from www.mises.org right away.)

At the Highest Levels: The Inside Story of the End of the Cold War by Michael R. Beschloss and Strobe Talbott

Welcome the newest IBC Practitioners <https://www.infinitebanking.org/finder/>

The following producers completed our *Infinite Banking Concepts Practitioners Program* course of study during the past month, and joined our IBC Practitioner Team:

- [Jon Vavra-Fong, Castle Rock, Colorado](#)
- [Matt Zimmer, Olathe, Kansas](#)
- [Victor Cuevas, Opelika, Alabama](#)
- [Steven Minnich, Newport, Washington](#)

You can view the entire practitioner listing on our website using the Practitioner Finder.

IBC Practitioner's have completed the IBC Practitioner's Program and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our monetary and banking institutions. The IBC Practitioner has a broad base of knowledge to ensure a minimal level of competency in all of the areas a financial professional needs, in order to adequately discuss IBC with his or her clients.

The IBC Practitioner has signed the *IBC Practitioner's Agreement* with the IBI that specifies that he or she is a financial professional who wishes to advertise his status as an IBC Practitioner, and acknowledges possession of the proper licensing and other legal requirements to practice in his industry. The IBC Practitioner agrees for those clients who want an IBC policy, he will design it according to certain characteristics to ensure that these specific clients are getting a "Nelson Nash" policy, as described in his books and seminars. If an IBC Practitioner is dealing with a client who asks for an "IBC," "Nelson Nash," "privatized banking," or "banking" policy, or if the Practitioner recommends such a policy to the client, and/or if the client has come to the Practitioner by referral from his listing at the IBI website, then and only then the Practitioner must be sure to set this particular client up with a *dividend-paying, whole life policy*.

Nelson's Live Seminars & Events for January 2014 <http://infinitebanking.org/seminars/>

[Nelson Live in Vancouver, Canada, 17-18 January](#)

Contact Stephen Devlin

604-671-9556

stephen@macdevfinancial.com

Event Registration link:

<http://becomingyourownbankervancouver.event>

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's Favorite Quotes

"Progress is impossible without change, and those who cannot change their minds, cannot change anything" — George Bernard Shaw

"Life without God is like an unsharpened pencil - it has no point." — Anonymous

"You must form a clear and definite mental picture of what you want; you cannot transmit an idea unless you have it yourself." — Wallace Wattles