Building the 10%
IBC and Austrian Economics

By L. Carlos Lara

C.S. Lewis is perhaps one of the world's most recognized British authors. He is also known as one of the great defenders of the Christian faith. However, he was not always a Christian. At one time, C.S. Lewis was an avowed atheist.

In the introduction to one of his most popular books, *The Problem of Pain*, Lewis says that when people would ask him why he did not believe in God, this is what he would say:

> *"Look at the universe we live in. By far the greatest part of it consists of empty space. It is mostly dark and unimaginably cold. Scientists tell us that of all the heavenly bodies in this dark, cold space, only the planet Earth sustains life. And what is life like on Earth?*
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> *It is so arranged that all of the forms of it can only live by preying upon one another. In the lower forms, this process entails only death. In the higher forms, there appears a new quality called consciousness, which enables these creatures to experience pain. The creatures cause pain by being born, and live by inflicting pain, and in pain they mostly die.*
>
> *Now, man, the most complex of earth's creatures, has yet another quality which we call reason. This enables man to foresee his own pain. Consequently, acute mental suffering continually plagues him. He can foresee his own death, while at the same time desiring to remain permanent.*
>
> *This special quality of reason enables man, by a thousand ingenious ways, to inflict a great deal more pain to one another. This power they have exploited to the fullest! The history of man is largely a record of crime, war, disease and terror, with just enough happiness thrown in to later agonize over losing it. And when that happiness is lost, the misery of remembering.*
>
> *Every now and then the creatures improve their condition and*

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what we call civilization appears. But, all civilizations pass away and if they shouldn't—then what?

The race is doomed anyway; for the universe, they tell us is running down. All stories will come to nothing. In the end, all of life will turn out to have been a senseless contortion upon the idiotic face of infinite matter." [1]

Mises and Austrian Economics

That is indeed a grim picture of the world, which Lewis portrays. It seems reasonable to say that if you viewed the world in this way, your individual conduct would be one in which you would want to grab all you could get, while you can get it, (preferably at the expense of someone else), for after all, ***in the end, we are all dead anyway***.

Incredibly, this was very near the view John Maynard Keynes had in promoting his brand of economics; in particular, this was his rationale for deficit spending. Why worry about passing on the debt to future generations when we can get what we need now "in the long run we are all dead,"[2] Keynes was famously known for quoting. As immoral as this statement may sound to us, Keynes convinced the world of not only this error in the 1930's, but also literally turned classical economics upside down by preaching that saving was bad and that inflation cures unemployment. He openly spoke and wrote about consumers as being fools whose interests should be ignored and that all investment should be socialized. It makes me wonder sometimes if we are fully aware that most major universities today, from Harvard on down, and most of this nation's leaders are vested in this sort of economic thinking!

There are three other themes in Lewis' extremely pessimistic outlook that got my attention when I first read it. Each one of them made me think of Ludwig von Mises and Austrian Economics.

1. Pain: The first of these has to do with this emphasis on pain. Now, of course, it's true that man is the being that lives under this condition. It is a condition that is with him throughout this earthly journey. We Christians would explain this as part of the nature of our fallen world. As for man's exploitation of others, history does bear the undisputable record of all that man has done; the bad certainly far outweighs the good. Man is imperfect and fallible. It is a fact of life.

And yet, in almost positive terms, Mises tells us in the opening pages of his most renowned book, *Human Action*, that **the incentive that impels a man to act is always some kind of pain**. *"A man that is perfectly content with the state of his affairs would have no incentive to change things."* [3] Human beings who, for some reason or another, cannot act are practically not human, Mises tells us.

> *"Acting man is eager to substitute a more satisfactory state of affairs for a less satisfactory. His mind imagines conditions which suit him better, and his action aims at bringing about this desired state."* [4]

This statement is quite a contrast in point of view and led me to the second theme within Lewis' message.

2. An Evil Idea: The war we fight is actually against an evil idea. So, in effect, our battle is over the minds of men. It is important to mention that Mises was an economist of special caliber in the classical tradition. But what you will never find in his writings are specifics in the area of the spiritual, or things eternal, for example, man's ultimate salvation beyond this earthly life. From his point of view, as an economist, there may well have been a Garden of Eden at one time in our distant past where man simply plucked his food from trees and did not have to work, but that is not what Mises observed we have today. Of course, none of us would disagree with him on that. His concern with acting man was always with the earthly, not the eternal, and yet, he was well aware of the evil thinking that permeates the world. His famous dictum is evidence of where he stood: ***"do not give in to evil—move boldly against it."*** [4]And then again, his admonishment: ***"Everyone, in his***

own interests, must thrust himself vigorously into the intellectual battle. None can stand aside with unconcern while civilization is sweeping towards destruction." [5]

You see, Mises believed that each one of us has a moral responsibility to society to be involved in this intellectual battle. If we were to take this belief to heart, then we could easily see that we all have some serious decisions to consider. And this brings me to my third point.

3. Choice: Mises was about individual choice. Austrian Economics is about individual choice. This, I believe, aligns with the type of thinking of this audience. In this world, choice is essential! Here is what I mean.

Further along in his book, C.S. Lewis makes an interesting point about morality. Morality, he says, is a mysterious element we find in all developed religions. The fact that all human beings acknowledge some kind of morality is widespread. *"Humans feel a certain way towards certain actions that are best described by the words 'I ought', or 'I ought not.'"* [6] These feelings invariably put us in a position to have to make a choice, or we could stick our heads in the sand and ignore each of these options, which is a choice itself.

We do not know how far back in humanity these feelings go, Lewis explains, but somehow morality has come into existence, yet it cannot be logically deduced from the universe we live in. Therefore, morality, he says, is a jump that could not have possibly been learned from religion.

Above all, he says, morality has one characteristic that is too remarkable to be ignored. All men alike stand condemned by their own codes and ethics. In other words, it is a moral law, which is unanimously approved, and at once disobeyed, leaving man conscious of guilt. This consciousness is neither logical nor illogical, he says. It is either some strange twist of the mind, an inexplicable illusion, or else it is what we Christians call revelation, the intervention of the supernatural. In other words, there is a God, and He is not indifferent to good and evil.[7]

I conclude from all of which I have read and studied that Mises would not argue with Lewis' facts any more than we would. He clearly states in his own writings that there are phenomena that cannot be analyzed and traced back to other phenomena. They are the ultimate given. What he does say is that *"...what distinguishes man from beasts is precisely that he can adjust his behavior, deliberately by deciding to do so. He is not a puppet. Man must adjust his actions if he wishes to succeed; therefore, human action and social cooperation have laws, and these laws must be studied as a science."* [8]

Consequently, you see, Austrian Economics is much more than economic theory, but rather *"It is the science of every kind of human action. Choosing determines all decisions. The person who only wishes, the person who only hopes, does not interfere actively with the course of events, nor is that person able to shape his own destiny. Acting man chooses, determines, and tries to reach an end."* [9] Now this is a science that should be embraced by everyone in society, especially the Christians, because it gives us two powerful, harmonious messages to spread to the world.

My main point to this audience is this. Mises' predictions are coming true; our society is sweeping towards destruction. In order to change the course of events, we must do all we can to change the economic thinking of this country, and we must do it soon.

Nelson Nash and IBC

There is no greater idea to come along than the one proposed by Austrian Nelson Nash and his Infinite Banking Concept. Mises once stated that the individuals with the ability to change the world had three distinct qualities: 1: common sense, 2: sincere conviction, 3: the courage to tell the truth without fear.

Nelson Nash fits that description perfectly.

Nelson discovered and showed what no one else prior to him has been able to see: that a very traditional, centuries-old financial instrument can allow Americans to personally secede from the current corrupt monetary regime. Amidst this debt-ridden society of ours, Nelson's outstanding contribution comes just at the right time. As we all know, his work has already influenced thousands, and his idea is destined to spread to the entire country simply because it truly works.

Austrians have always believed that if enough people can learn the basic principles of Austrian economics, and in particular, the Mises-Hayek Theory of the Business Cycle, then the public would force government to change its destructive ways. The problem has always been that it would take a long time to accomplish this. Nelson's idea revealed to me that the practice of IBC could not only benefit Americans immediately, but could also help accelerate the goal of all Austrians.

The discovery that IBC actually mutes inflationary credit expansion completely transformed my thinking. I was able to see IBC in a totally different light. The more Americans practice IBC, the more it helps starve the beast. Cash flows and deposits from Americans move into the insurance companies and away from the commercial banks. Furthermore, the practice of IBC does not contribute to the national inflation problem. Traditional bank financing triggers fractional reserve banking and increases the money supply, and is disastrous to the dollar's purchasing power. Borrowing from our own policies to finance our needs eliminates all these problems. This is extremely good news, and it needs to be broadcast everywhere!

The Sound Money Solution

In addition to the combination of Austrian economics and IBC, there is also the Sound Money Solution, which is an integral part of this idea. The Sound Money Solution first ties the dollar back to gold, then privatizes the institutions of money and banking, and finally eliminates the Federal Reserve itself.

Many Austrians, especially the famous Murray Rothbard, have supported the Sound Money Solution for decades, even though the probability of its acceptance was near impossible. But the most astonishing discovery I made was that the practice of IBC was actually the implementation of Step 2 of the Sound Money Solution. Furthermore, it could be done immediately by anyone! As of this date, most Austrians have no idea this is possible! We obviously need to communicate this very important piece of the IBC message, not only to Austrians, but also to all Americans.

The idea that we can actually do this without government's permission is awesome to say the least, yet the IBC strategy is perfectly legal and most importantly, it's peaceful. Rather than revolution, this strategy is secession from the existing order, and secession is a strategy Austrians already believe in. They are simply unaware that it can be accomplished through the practice of IBC. Because of this, we can expect more and more individuals, once they are told about it, to adopt the strategy.

I should emphasize that the spreading of the IBC message is not volunteer work. It's certainly not patriotism; it's not even religious! Like Adam Smith's invisible hand over the market, its message naturally spreads because it has a built-in incentive. IBC agents are capitalists and the personal self-interest is very much at work. IBC agents are paid well for their professional efforts, as they should be, but their prospects, their fellow Americans, are equally rewarded. Because of this, they in turn continue to spread the message to others. It is truly a win-win process. In the end, all outcomes benefit society and we build a unified front that can turn the direction of the country around.

Bottom Line

The bottom line is that we need to reach out to all Americans with this message, especially those individuals who talk to people about their money. That means reaching out to more economists, more attorneys, more CPAs, in fact, all financial professionals in this country. If we can accomplish that, and they, in turn, spread the message to others, then we are assured of getting there. We will reach our goal and hit the 10%!

It's up to us to keep the ball rolling, so in closing, let me remind you of this. ***"It is the masses that change the course of history, but its initial movement must come from the individual."*** [10] Practicing IBC epitomizes that initial movement.

Mises argued that all governments, no matter how oppressive, ultimately rest on public opinion; therefore, building the 10% as fast as we can would surely get this job done. Let's do it and have faith that God will see us through to the end.

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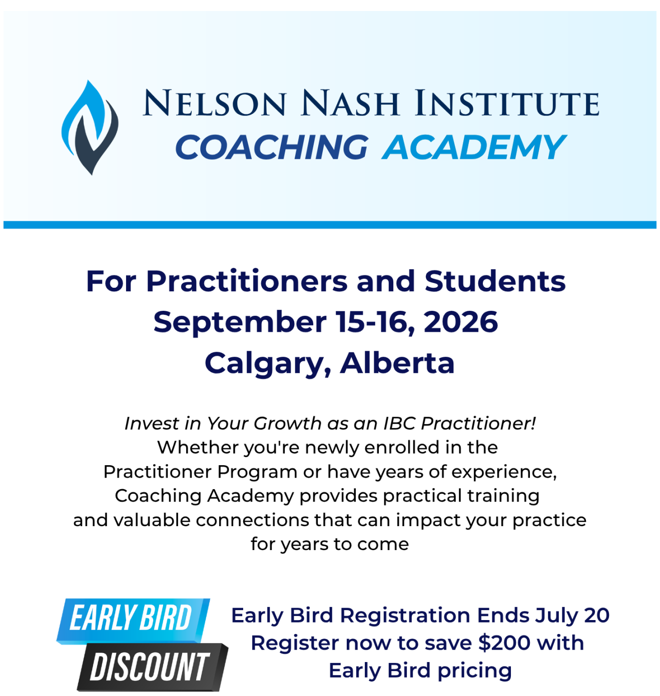

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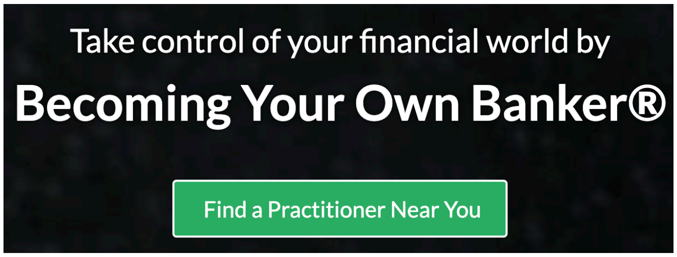

IBC Practitioners have completed the *IBC Practitioner's Program* and have passed the program exam to ensure that they possess a solid foundation in the theory and implementation of IBC, as well as an understanding of Austrian economics and its unique insights into our monetary and banking institutions. 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. Before you look for a practitioner, we suggest listening to the following two episodes of ***The Lara Murphy Report:***

- ***How-To Guide for Starting IBC, Part 1*** How to begin your study of Infinite Banking, including finding an Authorized Practitioner.
- ***How-To Guide for Starting IBC, Part 2*** How to prepare for your first meeting with an Infinite Banking Authorized Practitioner.

The professionals listed below renewed their membership as an ***Authorized Infinite Banking Concepts Practitioner*** in June.

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The Foundations of IBC is an online **video series** for the general public that provides a comprehensive introduction to the *Infinite Banking Concept.*

The first four modules are free, you can view them here: **infinitebanking.org/foundations**
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Module 3, Part 1: How IBC Works

Module 3, Part 2: Policy Loans & The Nature of Collateral

Module 3, Part 3: How to Read a Policy Illustration

Module 4: Why Nelson Calls It The Infinite Banking Concept

Module 5: The Life Insurance Industry

Module 6: Why Not Buy Term and Invest the Difference?

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