



Chronicles of Diversity

8 November 2006 ; Volume 8, Number 33

Chronicles of Diversity Contact Information:

Jerry Bannon

Publisher

Wonder Springs

7950 Seward Park Ave. S.

Seattle, Washington USA 98118

phone: 206.660.0697

blog: diversity.wordpress.com

email:

bannon@createleaders.org or

chronicles@createleaders.org

©2006

*non-commercial education &
forwarding encouraged, please
give a citation credit, all other
rights reserved.*

Please forward prayer requests to:

prayer@createleaders.org

Visit our web site at:

www.createleaders.org

www.wondersprings.com

*To subscribe to these free weekly
messages please send us an email*

Phylogenesis Economics

Well, the United States midterm elections are in and the country has taken a different course than that proposed by the current Presidential administration and the halls of Congress. In the light that winds of change were in the offering, I began last week to do a little research on what might be next as America, our economy, and the rest of the world adjusts to those winds.

Before we get to that however, it is important to look at some of the universal indicative principles of western culture. Our world can be defined by a number of terms, post modern, post Christian, materialistic, humanistic, naturalistic in that everything has a natural explanation to name a few.

If we look at the Christian underpinnings of this world of trade and commerce, much of it has developed from the thought and philosophy of Thomas

Aquinas 1225 1274 and hence through the Roman Catholic Church and into the popular culture. To greatly simplify his philosophy for the sake of this example, he believed that humanity, while greatly restrained by sin, still had the potential through our created abilities alone to form a just world. This without direct influence from God through observation or revelation.

This is contrasted with an Augustinian 354 430 view that reestablished itself in the Reformation, that humanity was totally debased because of sin, and that all good and benevolent graces within the human condition were the result of God's grace alone. This includes a high view of the work of Jesus Christ, but God's grace also flows through the written Bible and his creation of natural law and common grace.

Again simplifying greatly, these two schools of philosophy



or systematic theology are partially responsible for the economic models promoted by America's two political parties, and even are the underlying basis for the stands of both parties concerning the Iraq War as well as all foreign and domestic policy.

I am in no way an economist, but it is my contention, in that common grace and natural law Reformation view, exists the reality of what the nation and the world needs as we continue to face this struggle of divergent economic policies.

My training in economics was gained while putting my former wife through the MBA program in finance at the University of Washington and my similar studies at Seattle University. In that era, formalized education was basically classical Keynesian economics modeled by John Maynard Keynes, with an external discussion of the Chicago school, free markets approach of Milton Friedman.

As an unwilling entrepreneur, my life and my to then acquired wealth, was consumed due to the economic policies of the Reagan Revolution of the 1980's, which set the country on its current track toward the hope of material utopia via minimal taxes, global free trade, with a link to so called personal freedom.

I look to the future as a way for so called free trade to be reworked so that it has a concern for the people affected, which the current globalist thinking does not, perhaps can not grasp. At the same time reject the desire to return to failed Keynesian concepts of centralized government planning proposed by the Democrats.

In the sense of indicatives and imperatives discussed last week, we shall call the Democratic approach as the indicative term determinate, or the role of economic and government is "determined" through the somewhat applied model of Aquinas. If we are wise and work together we can by human efforts alone make this a better world.

As nice as this sounds, this by its very nature requires a group of well meaning people to set us on the proper path. What the imperatives of this model don't state is that when something does not work as expected, what is required is more elitist planning to overcome the lack of the

model's egalitarian goals. This results eventually in political and economic tyranny and loss of personal freedom, except for the greater good of the ruling elite.

The Republican, or free market model, is indicative in the term indeterminate. This, again loosely, is more in the concept of the Reformation of God's grace and faith brought into the atheistic concept of fate or laissez faire capitalism. Perhaps this is why many Christian evangelicals embrace this concept. "Hard work and faith will make me rich and give me the freedom to be all I was created to be."

In the United States this model finds its center in the so called Chicago School of economics, which has broadened its influence well beyond the University of Chicago Economics Department to basically include the current economic model for the whole world. However, less well known is that the Chicago school is basically an Americanized version of the Austrian School. The most contemporary leader of that school is F. A. Hayek the author of the book, "The Road to Serfdom." It is Hayek's book and thought that led President Reagan's contemporary, Margaret Thatcher to privatize the nationalized industries of Great Britain.

In some undefinable natural and cultural sense, Austria is probably my favorite country. Magnificent scenery, high culture, all done, including the scenery, in a very civilized manner. There are no deserts, or true wilderness in Austria, just nature with beauty and human access to the mecca of God's common grace, and where natural law has been subjugated to the coffee houses of Vienna. As I used to say when I was stationed in Germany, "The Germans just think they are the master race, the Austrians know they are." That truly takes all the stress out of needing to achieve something you are not, because by definition you really are all ready there.

Even in the controlled nature of Austria however, natural competition within creation is apparent for all to easily see, for access to nature is quite easy. What is not part of the high culture of Austria however, is man is the only truly aggressive creation on God's green earth. This is a problem if your economic theory is based somewhat on the high reason of civilized humanity rather than the total depravity of the Reformation. In contrast, with the Keynesian view of more planning, the Chicago and

Austrian model requires imperatives of less and less government control, and let nature take its course. However, no one within the halls of academia, or the political structure have any true understanding of actual natural law. Furthermore, it does require the concept of man being the most benevolent of God's creatures, not God's only truly violent creature.

So what we are left with is two models, which do not model the real world and man's place in it. One model says we should plan our future, the other says freedom requires markets to make all choices. What both share is the fact they are both quite simplistic in their understanding even of human enterprise, and have little if anything to do with the vast storehouse of wisdom and knowledge contained in God's creation and readily available regardless of economic and political spin. I call this Metis Phylogenesis, renamed from Business Ecology which I developed as I tried to build a company with no access to financial capital during the Reagan Revolution, but that is another story for another time.

For this article I have dropped the term Metis, because Metis is really the tension between information and knowledge. There is really very little wisdom needed in economic theory, just the application of knowledge through language and mathematics, hence the term Phylogenesis Economics. Phylogenesis Economics is primarily an application of two natural cycles that also directly control our enterprise universe. Those to natural indicatives are the hydrologic cycle both in the concept of water, but also financial liquidity and the energy cycle, more specifically the application of ecological energetics to human enterprise.

From both the empirical data from the middle of the 20th century and from the Biblical Reformation view of human depravity, we will spend little time with possible positive things that will come from Keynesian determinate planning including the current uproar over global warming . But the reality of the political landscape will require that the so called free markets, become more free, while at the same time adjusting for the reality of the need for human culture and compassion for those

impacted by the swing beyond natural competition principles to globalism, which usurps national and human sovereignty in the name of materialism alone.

To put it succinctly, economic models must reflect the true nature of creation, both natural law and common grace, and must not be based upon a utopian view of reality based upon what civilized men and women think the way the world works or should work. Economics must be based upon the true observation of reality both in nature and from within the application to human enterprise.

One of the prime goals of all humanity is that of private property, to own something of lasting value not just stuff. When owned exclusively by the individual that ownership must be translatable into a local community structure. This hopeful desire is expressed by the prophet Micah 4:4; *But everyone shall sit under his vine and under his fig tree, And no one shall make them afraid; For the mouth of the LORD of hosts has spoken.*

Reaganomics was based upon the trickle down theory of financial liquidity. The problem with this theory when compared to the natural hydrologic cycle is by its very nature the liquidity of finance is already down as far as it will go, and contrary to wishful thinking it will not trickle up, the law of gravity applies.

While there is a lot of liquidity available, in terms of it's energetic potential it is quite entropic, of limited potential to do worthwhile work. Compare this liquidity to a high mountain stream which can produce hydroelectric power, be used as drinking water, irrigate crops, produce manufactured goods, and even be used as sewage on its way to the sea. In contrast, current economic liquidity models now only speak to the ocean's tides and currents.

A somewhat recent book and PBS documentary on global trade is called, "Commanding Heights: The Battle for the World Economy" what it truly portrays is completely oxymoronic to the film's title. A better title might be, "Slithering Through the Swamp: An Evolutionary Tourist Guide to Gomorra." To use an interesting cliché, both models of modern economics are like shifting the deck chairs on the Titanic, in terms of their ability to get us across the ocean, or even save us from hitting the iceberg.

Economic liquidity finds its way to the oceans, where it does not evaporate at all, but is hoarded by the wealthy to be loaned out at interest, to deserving people and enterprises that have sufficient assets for the lender to confiscate should the lendee not perform to the predetermined standards of the lender. Bluntly put, "I will lend you money to buy your fig tree if you can prove to me you can buy the fig tree on your own, because of my world's golden rule. I have the gold, I make the rules."

What we have also found out since the rise of free markets is that it only applies to those who are close to the ocean of this liquidity. Those out in developing countries or entrepreneurs with no apparent confiscateable assets for the perceived risk, need not apply. Furthermore, there is no way for you to leverage private property, if you have no means to acquire private property, or your culture does not even understand the principles of western private property.

The wise way to provide for an economic hydrologic cycle is for persons of responsibility, to make their money evaporate from the worldly oceans of capital and be put to work in the mountains and fields of enterprise where it will really provide economic benefit to real human scale communities through property or ownership creation, not leaving it in corporate coffers. In other words to create true wealth, not just shift it around through mergers, acquisitions, and loans, but by taking true equity ownership positions in risky enterprise.

America under Keynesian economics as well as European and other nations under socialistic ideals also have a solution to encourage risk so feared by fallen man. That is simply high marginal tax rates. When government is going to take half or up to 90 percent of your income, you develop a new concept of risk. It is known as flight money when invested outside the country. Flight money is invested in all sorts of shady deals, just so that you don't have to give it to the government. If some of it someday makes money so well the better, if not you have really not lost anything.

Free markets also do not address the infrastructure, or arts, or parks, or churches and religious institutions, and a whole host of

worthwhile nonprofit enterprises. In free markets those must cease to exist, adapt to free market mechanisms, or find another undefined way to raise liquidity.

One worldwide religious enterprise that has flourished under the free market approach however, is Islam. Radical Islam, or entrepreneurial Islam has access to capital and also provides freedom for entrepreneurs to export trouble to other parts of the world. Thereby, inexpensively not only adding to the chaos of western cultures, but exporting potential threats to the tyrannical homeland regimes to other lands. None of this is done by loans, but what we would call equity or benevolence.

Another possible way to free money for entrepreneurial equity as well as nonprofit money for cultural benefit is to eliminate investors in these enterprises from paying taxes at all upon the investment, or return from these investments. However, unless marginal tax rates are raised to increase potential governmental revenues, governments as generally defined will cease to exist. This is especially true when under globalization large multinational corporations operate freely out of tax free havens and have their own corporate monetary supply in common stock market prices. This equity, trades and easily finances adventures around the financial trickled down liquidity oceans of the world.

It is a well known fact that large corporations do not create either jobs or real wealth. They are again just the trickled down depositories of jobs and money. Furthermore, in the global economy those jobs are quickly out sourced to free trade zones set up in developing countries so that no taxes and no responsibility for anything ever rest upon these corporations and by extension their shareholders. From this point it is not a far cry from seeing these merchants as Babylon the great of Revelation and God's judgment.

Since my failed entrepreneurial days I have been able to closely observe the workings of the evangelical church in America. What I have seen is a politic as interested in power, prestige, and finances as any group in America. That came to roost last week with the resigned leader of the head of the National Organization of Evangelicals, Ted Haggard. American evangelicals have lost the concept that the church is made of sinners saved by the grace of

God, and have substituted a non codified code of modern Pharisees.

The answer to determinate government programs and non caring indeterminate global enterprise is to evaporate or pump your financial resources as much as possible into other investments. These investments do not have the security of stocks or bonds because they rely on rain or irrigation to make them grow. However, they are not subject to the financial ocean's usury returns, but you can potentially reap a harvest of 30, 60, or even 100 fold.

Wealth and jobs are created fundamentally by people with access to equity capital. Banks and corporations may talk about investing in small business, but their true goal is to manipulate the ocean of financial resources at their disposal to maintain the monetary stock value and maintain the façade of being responsible fictional legal personalities. Furthermore, "a job" is truly not an end as these enterprise moguls believe, but for most people a job is only means to exist in a hostile world. A world that the moguls can not even grasp as reality.

Financial returns from public stock, IRAs, mutual funds, and even home equity investments are all contingent upon the fact that our economic models must continue to operate smoothly. If this were not suspect in a world of stupendous natural change, it is even made more apparent by the fact that entrepreneurial Islam is perhaps today the world's most rapidly growing human enterprise. These risks will bring down globalism, unless it truly learns to take risks with real people as their enterprise partners. That means equity participation not just loan access.

A physical War on Terror may as a stop gap, hold the line on terrorism and force most of its battles to other countries, but the truth of the matter is that Islamic entrepreneurship, is really an information enterprise marketed to, to use the concept of F. A. Hayek, the serfs of the centrally planned economies of Europe and to the extent possible the truly disenfranchised of this country and those around the world. Again with their access to equity and benevolent capital to obtain nuclear and WMDs, that struggle against our way of perceived abundance can be greatly

advanced unless we do way with serfs by giving them true ownership of their personal lives.

The future of western culture as we know it, requires more of all types of personal and economic opportunities be made available to all people. It also calls for us to call upon the grace of the God of the Bible.

The Preamble of the US Constitution states: We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

That constitution can only continue to endure if we the people begin to exercise our constitutional rights and invest in people with ideas that bring about freedom. Our established institutions, organizations, businesses, churches, synagogues, and even our mosques, can not do that because they always seek the status quo of comfort, at the expense of true service.

While we would like to think differently, there are way too many very comfortable status quo people discontentedly plodding the road to serfdom and wondering why their dreams have not worked out. The answer is that when given the choice between self fulfillment either in the worldly selfish way, or the image that God has created them to be, these people have chosen the road of security, rather than the path less traveled, and that has made all the difference. That true laissez faire life will be the demise of the American Dream, and that is the concept that the Republicans as well as the Democrats seem to have missed.

This could change if people took personal and ethical control of their finances. Instead of investing them where they get the highest return, with the least risk, they should be investing where they do the most good consistent with their personal ethics and morals.

I find it interesting that the Bible parable of talents is read like it always applies to the other guy, and particularly find it egregious the amount of money Christians and their organizations carry at interest with the banks for that future something or

other, when the Bible clearly promises to those who walk by faith that God will take care of the future something or other.

So how do you view the path of your economic future, or are you too far down the expressway to economic serfdom to anymore make an intelligent choice?

The Bible in Matthew 6:19-24 has a definitive statement about how Christians should invest their gifted wealth.

“Do not lay up for yourselves treasures on earth, where moth and rust destroy and where thieves break in and steal, but lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal. For where your treasure is, there your heart will be also.

“The eye is the lamp of the body. So, if your eye is healthy, your whole body will be full of light, but if your eye is bad, your whole body will be full of darkness. If then the light in you is darkness, how great is the darkness!

“No one can serve two masters, for either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve God and money. ESV

Our Recent Chronicles:

No Safe Egypt; PDF link: <http://www.wondersprings.com/2006pdffiles/nosafeegypt9-20-6.pdf>

Lost in space; PDF link: <http://www.wondersprings.com/2006pdffiles/lostinspace9-27-6.pdf>

Beyond the good; PDF link: <http://www.wondersprings.com/2006pdffiles/beyondgood10-11-6.pdf>

What's up? PDF link: <http://www.wondersprings.com/2006pdffiles/whatsup10-18-6.pdf>

The Audacity of Reality; PDF link: <http://www.wondersprings.com/2006pdffiles/audacity10-25-6.pdf>

The Audacity of Christ; PDF link: <http://www.wondersprings.com/2006pdffiles/christ11-1-6.pdf>