



The Wonder Springs Chronicle

10 October 2007 ; Volume 9, Number 34

The Wonder Springs Chronicle

Contact Information:

Jerry Bannon

Publisher

Wonder Springs

PO Box 1381

Orient, Washington USA 99160

phone: 509.496.5855

blog: www.wondersprings.org

email:

jerryb@wondersprings.org

chronicle@wondersprings.org

*©2007; non-commercial
education & forwarding
encouraged, please give a citation
credit, all other rights reserved.*

*Please forward prayer requests to:
prayer@createleaders.org*

*For past Chronicle archives visit
our web site at:
www.wondersprings.org*

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

Symbiotic economics: What's up?

What's up?

That term became a unique part of American jargon after an appearance in a beer commercial during a SuperBowl. In that particular commercial the term was united into one word sort of like "WATSUP!" Generically of course the term refers more to the concept of "What is happening, dude?" Of course dude becoming a gender neutral term referring to anyone whether or not they are really cool. Cool coming into the vernacular during or just before my generation. Therefore, WATSUP has nothing at all to do with the direction up.

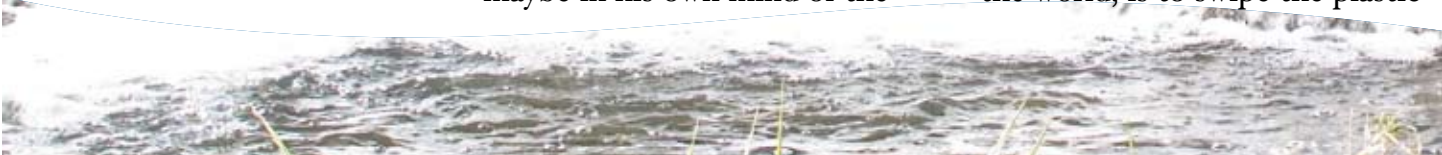
That what's up concept really has nothing at all to do with current economics either, and that we will explore briefly this week.

Last week we looked at "The Road to Serfdom" by F. A. Hayek. His economic model is considered the Austrian Model, Hayek's birth place, and maybe in his own mind of the

terminator governor of the state of California. The previous week we considered the concepts of "Capitalism 3.0" by Peter Barnes. The current economic situation of the world has little to do with the economic vision of either author or the governor.

In Hayek's day, the economic world was defined by a scarcity of goods, services, and capital. Today, as Barnes and others point out, we have a surplus of all three, for a variety of reasons, and which we shall look at in a little more depth as we continue. But to state the current problem succinctly in terms of a valuable asset marketing class I once took, the world population consists of mostly "ready, willing, but unable buyers." People are more than ready to buy the stuff being sold, furthermore, they are willing to make at least some sacrifice to obtain the goods or service, they just do not have the real capital at hand to purchase.

The answer of course, around the world, is to swipe the plastic



and pay for it at high interest rates sometime in the future. This of course is sold to the consumer as a convenience, because they really don't need what they are purchasing. Consumers are ready and willing to buy at the present, and that plastic credit card with the magnetic strip on the back makes you able to buy the whatever gadget and take it home with you right now, before you change your mind and come to your senses.

Barnes points out that these "thneeds" are what keeps the world of economic globalism moving onward and upward:

The word "thneed" doesn't appear in any economics text, but it's symbolic of our modern predicament. The word was coined by Theodor Geisel better known as Dr. Seuss in his children's fable "The Lorax." A "thneed" is a thing we want but don't really need. As many parents will recall, "The Lorax" pits a dynamic entrepreneur the Once ler against a pesky Lorax who "speaks for the trees." The Once ler makes thneeds by cutting down truffula trees. When the Lorax protests, the Once ler replies: "I'm being quite useful. This thing is a Thneed. A Thneed's a Fine Something That All People Need!" Barnes pg. 10

A fine example of a thneed in my own life would be a new touch screen iPod. Wouldn't that be cool, I could watch videos, and do all sorts of stuff that I can't do now with my second generation iPod. That lowly, very obsolete, 20 gigabyte device now has all my music, audio books, and that sort of stuff, and I have used a whopping 7 gigabytes. Just think of all the thneeds I would need to purchase to fill up the 60 gigabytes on this new palm sized device.

The world economy is still based upon the so called Reagan Revolution of the 1980's. That is true even in countries that still hold to some sort of Hayek's view of socialism. The essence of that revolution, at least in the United States, was low marginal tax rates, you get to keep and spend the money you earn and trickle down economics, by spending your money it will trickle down to the bottom of the culture to be used by the poor and needy who for some reason do not have access to all the goods and services you do.

First of all, look at the elitism in that! Secondly, look at the reality of the situation. By definition the creation of capital is at the top of

society and by gravity it flows to those less fortunate. It sounds really good, however, if the directions top to bottom are really a figment of political spin and not reality, and this capital is created at the bottom, the salty ocean for example, and only disperses through diffusion. However, the natural oceans are mixed by currents caused by natural phenomena like weather and the earth's rotation. Furthermore, a lot of that saline water evaporates becoming fresh water that falls on the dry and parched landscape as rain or snow, and thus becomes the basis for all terrestrial life on the planet.

In the economics ocean however, capital created in New York City stays in the relative proximity of the Big Apple, and continues there unless some force or emphasis moves it to somewhere else. Likewise, the capital created in Ferry County in Washington State stays in this remote region of the country. However, since the gold mine closed in Republic, that potential capital creation has pretty much completely disappeared. New capital is not an endangered species, it is virtually extinct, only a few fossils remain.

To further exacerbate the current situation, in the original Reagan Revolution, the monetary supply, or the creation of money was controlled somewhat by the Federal Reserve System. That concept has long ago been abandoned and now all the Federal Reserve does is monitor and somewhat regulate interest rates, not the creation of capital. The reason for that, is now most of the world's capital is created when you swipe that plastic and buy that thneed. Therefore, capital in the Reagan era sense, can only be moderately influenced, and that regulation comes by how much you and I have access to borrow, and really nothing about how much we earn. Our thneed god, of necessity, has become our credit score.

That whole concept makes thrift in the historic sense, at least in the short history of 25 years, look like absolute foolishness. "Eat, drink, and be merry for tomorrow we die! Or, if we don't die, this whole thesis of economic growth will implode because it has no basis in the real world, so what's the diff ."

Therefore, when Barnes states that there is an excess of capital and goods, there is really no way to know whether that is actually true, or whether these excesses are really just an illusion of a make believe world similar to his illustration of a Monopoly game.

In Barnes' Monopoly, the commons, just like in the real game with that Monopoly name gives each player two hundred dollars each time you pass go.

As he points out so well, at least these rules of the game are a lot more fair than the current rules of this game of life, but the question still remains, is life really only a monetary game, or are there some absolutes and purposes which contemporary human reason can not solve?

The best example of commons appreciation is perhaps, at least in the United States, the price of real estate. Now for those outside of America, and those who have not studied the history of the development of the United States, real estate speculation has always been one substantial leg of our economic growth. The Great Depression and other severe depressions and recessions in our history have been caused or exacerbated by real estate speculation. Add to that now, the appreciation of equity common stock and it's purchase by small investors, and we have a broad based economy which is really tied again to interest rates, not how much we earn, and even less by what we really contribute to society. That "we" applies not only to individuals, but also the broader community.

America, like no other country, presently and in history, believes and cherishes the right to own private property. Private property in the form of real estate, is strongly what Thomas Jefferson was implying when he used in the Declaration of Independence, "the pursuit of happiness." Few know or care that private property, as real estate, is also a Biblical concept, not only in Old Testament Israel, but also in the future restored creation, where Micah 4:4 prophesies: *"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."*

When I was in Spokane last weekend the lead story in the Sunday "Spokesman Review" dealt with the 3000 unsold homes in Spokane and the 7500 similar residences in the more speculative county just across the state line in Idaho, where Coeur d'Alene is the central draw for out of area investment. The current concept that real estate will always increase in value is

based upon someone being ready, willing and able, to either cash in some of their common stock equity, or more likely, borrow against their future's security, believing that real estate will always appreciate in value.

Barnes says rightfully, that the increase in real estate values are really an increase in commons capital, rather than individual wealth. In other words you did nothing to a place to be able to sell it for twice the money, most of it just happened. Any of the fixing you did, really just added to the salability. In most cases your real capital invested for kitchens, baths, wiring, etc., only contributed a marginal, if at all, return on investment. In other words the current real estate market, both up and now down slightly, is based upon the fact that your house and investment real estate is really a speculative commons thneed.

So what's up? Not true monetary capital! But does it have to be that way?

The solution can occur a number of ways. However, capital can no longer just be allowed to diffuse in a salty ocean of other salty capital created in urban centers, simply because that is where all the people are. Out here in the West we would call it irrigation capital or liquidity, It needs to happen, but thankfully we don't need to build a new water or liquidity delivery infrastructure.

The old fashioned way to move financial liquidity was called a check, or cheque for our British, Canadian, and other English speaking friends. It moved by what is now called snail mail. Today it can be done much quicker by the use of an "electronic funds transfer." In a matter of micro seconds, unlimited amounts of capital can leave New York City and go to work in Ferry County Washington, except of course for the still remaining time, in which formerly banks, but now financial institutions, hold on to that capital, to allow them to make some rightful capital in the process. However, today most of these transfers and even checks only circulate within the ocean of stagnate, dead, liquidity oceans. Virtually none, nada, zippo, becomes part of a new enterprise hydrologic liquidity cycle.

Why does that capital movement outside one ocean spot to an enterprise mountain top not happen? The technology has definitely been there

since the dawn of the industrial revolution, and it did move in that direction to a limited extent until the Reagan Revolution. In other words it may snow in the mountains but I only go to the mountains to ski. And only then after I have made very specific plans and purchased the thneeds to cover every aspect of that ski only trip.

Significantly changed since the 1980's furthermore, is the concept that my part of the ocean of capital belongs to me. That is not economics, but selfish fear and greed. Basically it is based on the concept that "I really did nothing to contribute to my new prosperity, I didn't really work for it commensurate with the return, and I surely didn't take any entrepreneurial risk to obtain it. It just sort of appeared because I am basically a good person and was in the right place at the right time. Therefore, since it sort of just happened, it can also disappear by the same mechanism by which it appeared, and since I don't understand the mechanism, I shall faithfully bury it in the ground."

This brings us back to the Biblical "Parable of the Talents" which was mentioned in the first installment of Symbiotic Economics. An email from one of my oldest friends in the world Dennis, pointed out, that the parable is really not about money, but faithfulness, and he is right. The problem is that we are blessed and are generally not faithful to God the source of all our blessings. Blessing and gift concepts are completely foreign in this present day, so is the conception of sin in general, which includes personal and original sin.

However, sin is really the only true reason why Christianity exists. Furthermore, no other religion is based upon such a humanly abstract but relevant concept. Virtually all Americans, including Christians of all persuasions, believe that "Heaven helps those, who help themselves." is based upon a Biblical mandate. That concept is completely untrue, and as a consequence this selfish greed is subject to the same Holy judgement as the most perverse murderer.

That true Christian abstraction states that before the world began, the concept that a propitiatory human sin sacrifice, the person of God's own Son Jesus, would become human flesh,

and take upon His sinless human nature the sin of all of us. Thereby, that finished work on the cross, in time and history two thousand years ago, becomes my justification before God's holiness, because all my sins were imputed to Jesus on the cross and His perfect righteousness is imputed to me, not giving me just a clean slate, but plainly imputed period, now and forever. As justified by God, I have therefore become, through the witness of Christ's resurrection from the dead, an adopted child of God and coheir with Jesus. That should, if I am to be faithful, allow me to invest my time and resources differently than other people.

As pointed out last week, that sacrifice of Jesus Christ and adoption, is a fiduciary indicative of God a Godly legal reality of fact. My fiduciary trustee imperative attempts to reflect that external blessing is through a process of sanctification to become not only a spokesperson, but using Saint Augustine's concept, also a productive resident of both the City of God and the City of Man simultaneously.

If practiced in the reality of this world, this is what the concept of the Protestant Reformation, "To God be all the glory." is all about. That witness is really what is missing and so rare in this post modern, post Christian season in which we are all immersed and can't seem to manage or even extract ourselves. Simply because we look only to ourselves and our society to be the means, especially in the field of mammon, or contemporary economics.

What's up is God!. What's down is human affairs, which includes all our best efforts, as well as our modern short comings. Mammon, money, and economics are where Christians and Christian ministries seem to many people to be more worldly than the world. That, more than the greed of global corporations, well wishing green environmental sustainability actors, and global warming doomsday prophets, will be the demise of us all.