



The Wonder Springs Chronicle

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Symbiotic economics: Wealth 3 Two Paradigms

The Super Tuesday elections are over in the United States, Mardi Gras or Fat Tuesday also, and the Super Bowl as well. As Lent begins there will be a lot to talk about around the company water coolers and coffee pots. However, we really don't have water coolers and coffee pots in offices anymore, now days everyone drinks bottled water and designer coffee. I suppose there could be an article or two, even in this wealth series, on how our money has made us less wealthy in terms of our community structures, but that will have to wait at least for a few of weeks. It also might be a good topic to meditate on during lent, since that was once a season in the church calendar when that type of thing was encouraged.

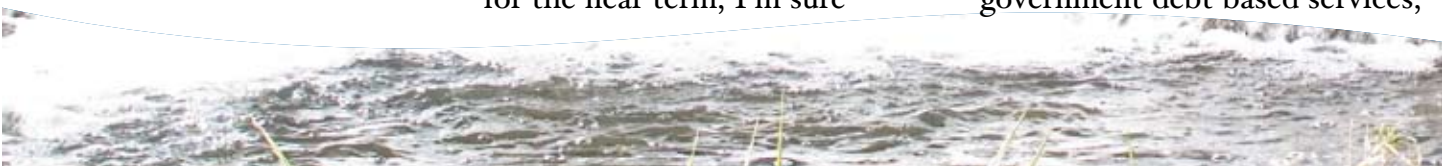
Of course the Chronicle post last week of the red blue state map from the 2004 Presidential election also changed your life for the near term, I'm sure

<http://www.wondersprings.org/files/redbluemap013108.php> . Well seriously I doubt it, even when our Friday blog guest Brute' pretty much leaked the results of the story.

If you go to the red blue map post or the large copy you have framed and hanging on your wall, just what else will you see?

Most American readers of this blog are religious right evangelical Christians, some of them just might have such a copy on the wall, if not on the wall, then on their computer's hard drive. It now seems however, that 2004 may have been the high water mark for moralistic nationalism in this country. Since then, the tide has been slowly ebbing in the opposite direction.

The importance of the map from our perspective is that the blue areas are also where debt based finance, especially as it relates to banking and government debt based services,



are most prominent. In the oceans of non energetic debt, the debt waters keep rising and will eventually submerge those land areas that are now turning or turned blue. This is a much more serious threat to man caused global warming than all the emissions from automobiles and coal fired power plants combined. Former President Clinton was right, the best way to curb human global warming is to slow down economic growth, even if his statement was taken somewhat out of context.

A point should be made about the isolated blue counties in the sea of red. Those counties are monetarily a contrast to the surrounding red. In other words, they are more highly irrigated with debt money capital than their surrounding areas.

Contrary to popular opinion, Indian reservations receive little direct support monetarily from the federal government. However in a relative sense, compared to the surrounding lands, the reservations provide more social services for their residents, than the off reservation surroundings. Now I suppose you can argue that they are needed more on the reservation, or that the reservation is a better form of government than what is present in the surrounding areas. That too is not what we are interested in for this article.

As a general rule, other areas of blue among the red, signify high economic growth or high levels of education. Again here we see that the role of government and it's services is contrasted relatively with the surrounding counties. Liquidity is pumped from the ocean of debt to the interior.

One thing I noticed on the map is that certain rural areas of high economic growth are still red. For example, Flathead County in north western Montana. A real estate lot near the Big Mountain ski area, can sell for well over a million dollars, and between Whitefish and Kalispell is developing a mecca series of large national home centers, box stores, and similar retailers. Most of this growth comes directly from outside liquidity investment from real blue areas. While this money is invested in the community, those doing the irrigation, are really transient and only live in

the area certain times of the year. More importantly their home and voting residence is in solid blue debt covered coastal areas.

Eventually the ocean of excess debt money, irrigating too little true God given wealth, will eventually drown the world's whole economic system. Keeping consistency with the liquidity metaphor, this is about as succinct as it can be stated.

The alternative is an economic system based upon assets rather than debt. This is our second paradigm that contrasts with the debt paradigm which includes last week's article.

Now generally the first response when this asset liquidity paradigm is discussed, focuses on a return to the gold standard. As we pointed out last week the United States officially abandoned the gold standard for money during the Great Depression of 1933. However, the monetary basis for this abandonment was authorized by the enactment of the Federal Reserve system in 1913.

While the gold standard would definitely put a tangible base under not only money, but also riches and wealth, it does have one major liability. That liability is the true golden rule, he who has the gold makes the rules. The fact of the matter, most of the gold reserves are generally controlled by the same people who brought us the debt money systems. There are of course some individuals and other institutions with such holdings, but for the most part all you are doing is consolidating those golden riches and exchanging the current laissez faire debt system, with one operating on very strict rules.

We will come back to having personal assets in precious metals, in the next installment. For now however, let us look at money based upon diverse tangible assets, like the diversity that only human beings, created in the image of God, can create from God's creation. This is money based on the wealth of people, not movement of electronic bits of data in some type of arbitrary exchange mechanism. Furthermore, asset based liquidity is ultimately controlled by God, the ultimate Creator of all tangible reality, and not some person or group of persons trying to control people by money and power.

So how much is an asset worth? Now we are talking about both tangible and intangible assets here. How much are they worth?

In today's world they are worth what you can borrow against them! Frightening, simplistic, but true.

To test it out, walk into any local bank and say, "I'm created in the image of God, and since God paid an infinitely high price for sending His Son into the world, to restore my broken portion of that created image, I am now, by His adoption of me into the family of God, an infinitely valuable asset. In light of my asset value, I would like to start my own business and I need a million dollars."

If the banker didn't call the security guard to hold you until the police could arrive, or throw you out the door as a kook, he would ask you some questions, get enough information to do a credit check, and have you sign something saying that the bank can be authorized to get that information. Then about a minute later, the banker would return to you and say, "Well based upon your credit score and the rules of this wonderful bank, I can offer you a loan, as an unsecured line of credit, a total of x dollars based on your credit score of xxx ." If the x and the credit score xxx were high enough, he might offer you a cup of non designer coffee and allow you to keep the cup.

So you are worth in the debt paradigm, only how much you can borrow, not what you can create as real tangible wealth. It really just sort of saps all the energy you have had to do anything. Furthermore, when you discover your net worth is only five hundred thousand dollars and the bank might loan you half that, you shuffle back to your job and your little cubical and try to figure out what you can do to combat the boredom until you are old enough to retire.

Last week we stated that some have estimated that the debt burden of the United States was fifty trillion dollars $50,000,000,000,000$. so what is the asset value of the United States?

Let's discount for a moment that all of her citizens have the opportunity to become infinitely wealthy in the eyes of God and

therefore that infinite wealth multiplied by 300 million people, is still infinity.

The National Atlas says that the US Federal Government owns nearly 650 million acres of land, nearly 30 percent of the country. That should be a good asset to start with. So $50,000,000,000,000$ divided by $650,000,000$ acres equals less than $80,000$ an acre. But let us just give the whole acreage a value of 1000 per acre and we have an asset value of 650 billion. The fixed asset value of Federal Government assets in 2006 was about 8.7 trillion, The Gross Domestic Product GDP by various organizations was estimated at about 13.5 trillion 2007 . So we now have a very rough current asset value of almost 25 trillion provided I didn't slip some decimals . This doesn't include private and business assets of the country, just the domestic enterprise cash flow GDP .

Now if you leverage that in debt service nine times that would mean we should be able to borrow more money than is in the world. I didn't calculate it, but we are approaching the point where numbers become meaningless, unless you are counting atoms and molecules. However, banks will only allow you to borrow, say if you own a car dealership, twice that asset value. So in banking terms Uncle Sam runs a decent car company where once the loan papers are signed and the real wheels meet the street, the asset value of the car decreases at least 10% . For the rest of us they would like our debt to equity ratio to be less than one, half that would be much better. So even though we are just using mind boggling numbers, all is not that rosy from the non banking side of the ledger. So far Uncle Sam has a pretty good credit score, but what about the future?

What would happen if we just converted all the debt in the United States into a real business and issued equity shares for debt, one dollar in equity for one dollar in debt? It can't be done you will say, that is not how we run a country. However if you look back before 1913, that is just how the United States was run. With the creation of the Federal Reserve, we moved from asset based money to debt based money. That is when President Wilson remarked after the fact and was noted in last week's article, "I have unwittingly ruined my country."

These pre Federal Reserve, paper dollar, government based, monetary assets were where the term greenback came from. Greenbacks were

created by President Lincoln and Congress during the Civil War. This was done under the powers granted in the "Legal Tender Act of 1862." Under the provisions of the Act, the US treasury directly issued money, as direct US Government notes, rather than Federal Reserve bank debt certificates known as Federal Reserve Notes.

The history of money in the United States and the rest of the world, has fluctuated over time between debt based and asset based paradigms. As a general rule when a stable economy was desired, the money was based directly upon the integrity of the government. When governments wanted to spend in great excess to their revenues, for wars and other adventures, they created debt based systems.

There are those who want to abolish the Federal Reserve system because it is run by a greedy bunch of bankers, both foreign and domestic. These monetary change groups were much more outspoken during the Clinton Administration than at this time, but they are still out there now quietly looking forward to changing funny money into real money. They hope that this can be done by educating our democracy that this is a wise thing to do. In our view this will never happen, not because it is a bad idea, but the United States has abandoned God as the source of wealth and prosperity. The Federal Reserve system is a man centered, organized, and run monetary system. Ergo, the response that rich people are using money to try to create wealth through riches is the paradigm operandi. No God is wanted, needed, or asked to join. Duh!

However, today let's look at USA Inc., the ultimate high tech enterprise. Furthermore, in the terms of international national enterprise it is the largest, but by no means a monopoly. On Monday morning 4 February 2008 Microsoft had a price to earnings ratio P/E of about 17, EBay about 110, Apple Computer 29, and Amazon.com 65. Now with a little stretch of this concept, the value of the United States should have some P/E ratio based upon the national GDP of 13.5 trillion. I will let you choose a number, however in order to cover the estimated debt of the USA it would only take a P/E of less than four.

Small businesses, are managed normally to provide income for the owner and to minimize business taxes. So in valuing such a business you really don't look at pre tax income on the balance sheet, but where the owner "invested" funds, that really were not required to keep the business profitable, but to keep up the business and his personal position in the community. That is somewhat related to major corporations pretax income but not necessarily. This term and the capital thus invested is called the "Owners Discretionary Cashflow" ODC .

With his MBA from Harvard, let us assume that George W. Bush is the current owner of USA Inc.. In this small business His Budget, recently released for the next fiscal year, says that he wants to spend just over 3 trillion on administration and overhead government . In our analogy this is the ODC of the country. That, as a portion of a still only estimated GDP of say 14 trillion, is a ODC of about 21 . Many will say that is way too much, others will say that is not enough. We will hear a lot more of that between now and this November's real Super Fat Tuesday Election Day.

In that Budget, there is a monetary short fall not deficit of over 400 billion, because of the estimates of diminished returns from a slowing economy, the off budget parts of the wars in Iraq and Afghanistan, and other factors. In an asset based monetary system, the government just issues government backed notes based on the enterprise potential of the United States. Since there is a worldwide market for these true government securities, the market determines if that additional money was a good investment or not, adjusting the P/E ratio accordingly. But perhaps the greatest provision in all this is that it eliminates all the whining pundits as a workforce.

As we said earlier, the shift from a debt based money supply is not going to happen just because of wishful thinking. Because the false paradigm that money creates wealth is embedded within our culture, the church, especially American evangelicalism gets and seeks a piece of that limited pie. Rather than encouraging members to access the wealth of creation and God in the present, thereby increasing the wealth of the world, they are content to dumb down Christianity so as to be seeker sensitive and not offend anyone with an

offensive gospel, so don't even bring up the money. Therefore, misusing Paul's discourse in Athens about an unknown God, they think that just because someone mentions the word God, they are meaning the God of the Bible and Creation. This error is present in understanding Islam's Allah, and it is true of the idol Mammon.

So to begin that change, we need to address culture in terms of increasing God created wealth at all levels of society. This must be contrasted with creating more and more debt. Beginning with individuals, through local communities, to towns, cities, states and provinces, to nations and the whole big world slowly turning blue under the rising tide of uncontrolled oceans of debt, money conversion directly to wealth can begin when we move from looking at people, not as credit scores, but as infinitely valuable creations of God.

So, if you look at yourself as a potential liquidity spring of infinite wealth, you can begin to gain some true wealth in this world, and maybe even help out those less fortunate than yourself. If you are living your dreams, how cool would it be if you could help others live theirs. Can't you just feel the energy spring up inside you. Wonder springs from within, and it is the wise application of that energetic liquidity reality, that is what this website is all about. You can develop true wealth you can take with you into the next world. You can look at money not as the end, but as a means to make the world a better place. You have just a miniscule piece of that universal reality, but it is that piece that the Good LORD sent you here to do. As my uncle Jerry used to say, "It don't get any gooder than that!"

This is not primarily a Christian message but a message of transcendent natural Deism. Contrary to the hopeful desires of many of this nation's founders and many up to this day, the United States of America, is not and will not become the New Testament version of Israel. The United States is also not the New Testament promised land. It was designed to be a secular nation based upon the Common Grace and Natural Law provisions of Creation and it's Creator.

Why might that be you ask?

Perhaps an answer may be found on why Baptists were exiled by strict Calvinists from New England. While there, look at the rise of Transcendentalism, because dead Calvinism and dead Unitarianism offered no hope for the religious persona of humanity. True religious freedom is required in civil society, so that people functioning in religious communities can worship God within the diversity of their specific religious revelation. How far the grace of God extends into and beyond that revelation is solely in the realm of Divine Providence, and not within the scope of human understanding.

What part of life's paradigm tension between Augustine's, City of God City of Man, or Common Revelation Specific Revelation don't you understand? The answer in American and exported evangelicalism today is, "Huh?"

We will deal with the implementation of monetary paradigms in the church at the end of this wealth portion of Symbiotic Economics. It is that proper understanding of the Biblical concept of wealth on which the future of the United States and the world economies depend. If this present age about to come to an end, it is determined by God, pretty much based upon the foreknowledge of how the church will handle these paradigms of wealth, riches, and money as we slouch slowly toward eternity.