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Contact Information:

Jerry Bannon

Publisher

Wonder Springs

36 Merkel Road

Kettle Falls, Washington 99141

phone: 509.496.5855

blog: www.wondersprings.org email:

jerryb@wondersprings.org

chronicle@wondersprings.org

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Redefining the American Dream

The recent two year American election cycle is over and we have elected a new President. Now comes the huge task of putting substance to change. As is the nature of modern elections throughout the world, the emphasis has been long on hyperbole and absent any specifics anchored in true reality.

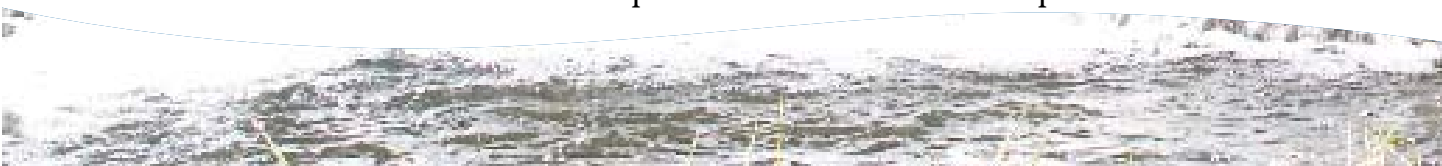
But the real substance facing President elect Obama is trying to restore or redefine the American Dream. Since very liberal tenants have little history in the United States, especially since the Reagan Revolution in the 1980s, any infrastructure to provide these services must be built from scratch, or rebuilt on old ruins.

That leads to tremendous social opportunity, if that dream can be made into some sort of reality. Historically the ability of government to provide anything positive, other than consistently developing infrastructure, does not have a positive record.

It has been a very long time indeed since that coordinated governmental role has been active in the United States. Special interest earmarks, or pork barrel spending, and an increasing invasive and bumbling bureaucracy have pretty much steered the recent course at all levels of government. The exceptions are very rare indeed.

To further complicate the recent economic developments, both energy and housing fiascos have pretty much shattered the American Dream that has been the driving force in the United States since World War II. That dream of course was to have a nice car and own your personal home.

After graduation from high school and before graduation from college, the first goal of most American males was to get a nice car, somewhat to impress the chicks, but more importantly to impress your other male compatriots. Once the wheels



novelty began to wear off, the reality of work, and probably family began. The next hurdle was to be able to purchase your own house, and attempt to make that into a home.

As we have seen in recent weeks the role of government in all of this has been entirely one of complicity at all cost, or at no cost. In fact, if you take a move back from the recent subprime bailout you will see it was the government who pretty much empowered that vision of the American Dream at the expense of all other interpretations.

With easy credit and cheap money not only can you have a home you do not deserve, you can put two nice vehicles in the garage, a few more toys like boats, or RVs on the side. All is well all over the land, prosperity reigns, politicians get reelected.

The facilitating governmental strand behind all this was that real estate and real estate alone, would increase more rapidly than inflation, and when you got ready to retire you could cash out this dream, and downsize and do what you will. In order to enlarge that retirement nest, you could now also borrow against that increasing home equity, and use the proceeds to buy more stuff, or buy stock in Wall Street big business.

Some years ago David Brooks wrote a book, "Bobos in Paradise" in which he amusingly described the Bourgeois Bohemians, who had become the driving force in this new American prosperity. The real underlying premise of the book was whether this anomaly in the American populace could continue into the indefinite future, or whether the realities of economics would again change this prosperous worldview.

Behind all this housing hype was the fabricated illusion that your particular residence was exempt from any type of commodity designation. Your home was special because you owned it, and took care of it, and as time and money permitted you improved upon your investment. You did a lot or all of it yourself, because you didn't have the money to hire it done, that wealth to hire others was not part of this spinning illusion. Furthermore, since your well paying job provided little opportunity for

self actualization, remodeling the kitchen or bath did, and you learned how to do it with gusto.

Before we continue, and bringing it into today, November 5, 2008, look at just how many of the American economic retailing businesses, are supported pretty much entirely by your doing your own housing thing. All of the home improvement stuff is the major monetary center of all the big box stores, if that is not their entire business model.

Furthermore pretty much the whole construction industry is fueled by this need to provide infrastructure to this forever increasing housing boom. The materials utilized in that construction is again subsidized by the economies of scale required or present in home and hearth appreciation. Hence new material costs now exceed any value added return in their application. In other words, your fixing, or building, is now because you want to, rather than for any hope of economic return anytime but in the distant future.

The great thing about your home was it's passive nature. With the exceptions of a few acts of God, it really required few investments to maintain the structure or appreciate financially. A few updates and repairs as necessary and your housing wealth increased appreciably. It was built into the plan fostered somewhat by real estate professionals, but mostly by government direction. Candidates told you, housing was your greatest investment, they provided the means for you to get your house, and you complied.

We were told by both Presidential candidates that the return to the old American Dream was just your vote away. They lied, and now one of them gets the opportunity to attempt to restore a dead reality, or to lead in another direction, of which neither candidate acknowledged realistically in the election cycle.

Historically and presently, people have come to the United States for economic opportunity. Likewise, historically and presently, foreign investors have invested in the United States for economic opportunity. Compared to all countries around the world America still maintains that leadership role, however recently the checks and balances that maintained that stability have been severely hampered.

During the election the call was for further regulations to control all the greedy speculators and other despicable persons who took advantage of the folks. But the real problem wasn't regulatory in essence, the real problem was greedy and despicable persons who had historically unmatched access to huge sums of essentially free leveraged money, and they used those funds to manipulate commodity prices, including housing.

The bailout and the fallout still underway, is an attempt essentially to recapitalize the assets or wealth that all the free money basically stole from the economy and then it evaporated. The problem is much of that wealth was not free, but the result of lifetimes of work on the part of many honest people.

If you look at government monetary policy in the USA and around the world presently and historically, you see variations in cheap money inflationary pressures tensioned against fiscal responsibility. The interesting thing during the Greenspan tenure at the Federal Reserve was he was able to create financial instruments to float inflationary American investments to the rest of the world. All the while keeping the appearance of fiscal responsibility at home in the USA. It was absolutely genius, as long as it worked and it worked quite a long time.

So how do we redefine the American Dream?

Essentially we need to invest again in people, rather than stuff. It could be called a people capitalization renaissance. There are a number of ideas that have been floated recently about how to reform or rejuvenate capitalism. Virtually all of those call for some type of intellectual elite to ensure that revitalization, essentially most of the time through governmental means. They are all point to the trail that this is the evolutionary path by which progress is obtained. This is bluntly Social Darwinism managed by the significantly more evolutionary advanced. Just like National Socialism in Germany before World War II.

This renewal paradigm assumes of course that evolution is not just a scientific truth; it is also a metaphysical truth. The whole evolutionary argument against intelligent design is based upon the absolute truth of both these

assumptions. This of course occurs absurdly in a paradigm in which truth is always relative, both in time and circumstance.

Without belaboring the point much further, in only a natural material world, mankind is really only a material being. Hence we need a new, or old paradigm for this human renaissance to occur. The evolutionists are right in the fact that the intelligent design argument leads nowhere. It is just as much an open ended paradigm as evolution, and was really pedantically created by evangelical Christians to foster Biblical creation.

However, that faulty metaphysical argument does not negate the reality of a Creator God, an ex nihilo created nature, and mankind created in God's image. In that paradigm and that paradigm only, does humanity generally possess inherit and eternal worth. Furthermore only in this worldview do natural laws, that all agree govern the material world, have any a priori basis to accompany direct and verifiable observations.

Most people believe in God. That reality becomes much more real in times of stress and insecurity. The secure and the prosperous do not need God because they are quite capable of doing it their own way. The reason for the historic success of the American experiment was the designed tension between self reliance and Divine will. As many have duly pointed out, the need for God's grace is really not part of the American political and specific religions. As such, we are victims of our own success.

But can we continue into the uncertain future, vainly attempting, in the context Wonder Springs has used consistently, to create wealth from an ocean of non energetic strictly material debt capital?

The hydrologic cycle is a natural law in which all humanity agrees. In the monetary sense, a similar liquidity cycle, properly applies financial liquidity either naturally, through capitalism's stated laws of supply and demand, or as artificial irrigation, preferably by private investment. In that paradigm debt is only a reservoir or cistern to store liquidity, but that debt is energized by the very nature of enterprise growth.

The only role that government should play in this endeavor is to provide an infrastructure in

which unrestricted wealth can be created. That means people being able to invest in any small business they are so inclined, without some governmental agency forcing entrepreneurs through complex investment programs, to save the uneducated and the unqualified from losing there money. We have recently found out that this didn't and does not work on the macro scale, and it doesn't and won't work on the micro scale either.

Government can, but should not function in the redistribution of money, because government cannot and should not attempt to redistribute true wealth, because wealth creation as we pointed out last week is a gift of the Almighty, as is the gift of His grace.

Summarizing, this redefining of the American Dream is essentially quite a simple proposition. All it takes is allowing God again into commerce. The long forgotten American reality was that the United States was debtor to none, lender to all. At the present time America will borrow as much as it can from anyone who is willing to give us money. The obtuse thing about all that is that those investment funds really were initially generated by American exported wealth to the rest of the world.