



The Wonder Springs Chronicle

22 October 2008 ; Volume 10, Number 42

The Wonder Springs Chronicle

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Main Street reality check

Welcome to the new world order, where Wall Street men, create what was once defined as money, ex nihilo, to try and resurrect Wall Street. How much of this money do we need? No one seems to know, but the die of current monetary formation has been cast, both Secretary Paulson and Fed Chairman Bernanke, will make as much as needed, where needed, to stave off a massive world depression.

So what, that the wealth of monetary trillions has instantaneously evaporated for human millions! At least the money ship is still bailing, and will continue to bail, and bail and bail until, people begin to understand that there is no monetary reality at work here. The solution is the process or so it seems to be unraveling.

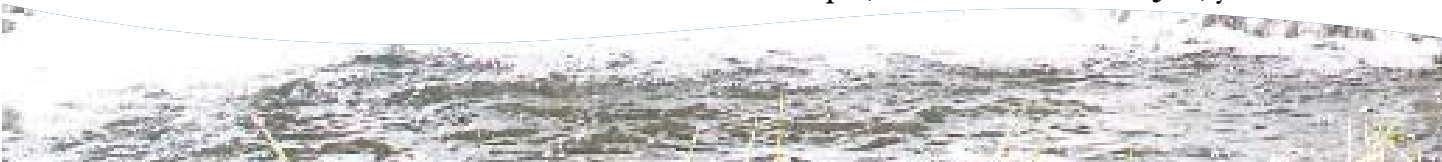
What is really happening is that these two non elected officials are attempting to replace the evaporated trillions with new trillions. It sounds so simple,

provided everyone plays along for now and somewhere down the river, or over this new ocean, they slow down the money pumps and ease this Titanic to the pier. Of course a few months ago they were talking about inflationary fears, now that word has been exiled with the trillions of the old money.

At some point in the future, these two men will have saved a materialistic worldview, that truly isn't capable of salvation, and everyone will be much poorer, by the effect of the new trillions, than they were in the first place.

Barack Obama and his Democrat compatriots have gotten the picture. All the big spending programs are now again on the table, all we have to do is believe in hope and hope will carry us through.

Senator McCain for his part has Joe the Plumber for his only touch with an outside reality. If it were not for Joe, you would have



to believe that John took short odds to lose at Vegas and now is working hard to widen or meet his point spread.

So in less than two weeks left before the most critical election in United States history, you have the leadership of both political tickets mumbling something about foreign testing, while in the local national tests, they showed up at the last debate unwilling to talk about, anything relating to the serious present and uncertain future we now find ourselves. But, Praise the Lord, we have Hope Change to believe in, whoever she is?

Actually for most of us, Joe not Biden and Sarah are the only people with the only real vision of an American present and a future. That vision centers not on Wall Street, but Main Street.

So what is Main Street supposed to do? Get busy and create some real wealth, while money is cheap, because when the Debt Titanic sinks, Washington DC and Wall Street are not going to have any value. That future is going to be much different that what now is accepted as Main Street, because this new Main Street will again take on the role of leading the future of the nation and the world.

In this new world, substance will rule over stuff. In that sense we will all have less stuff, but the stuff, and each of us, will have increasing intrinsic value. The problem is that with that type of value added, if you borrow against it, you will quickly loose the wealth, for debt financing can no longer be the only way to fund and grow human enterprise.

Contrary to what you may have heard, sustainability is not really an ecological value as much as it is an economic reality. In the financial world we have known for a long time, business equity in the United States was just not available to small business. In the small business the only real equity was sweat equity, but it really could not be created into anything with monetary value.

There are a few reasons for this, three of which we will try to enumerate here.

First of all, with all that blood, sweat, and tears required to get a small business started,

up, and operating profitably, there is a definite reluctance to share the wealth. In the absolute therefore, there really is no transferable wealth to share. There might be a good cash flow, which has some value, but that value decreases considerably when the owner wants real money for something that has been managed to keep the owner in stuff, rather than managed to finding a potential management team that could take the business to the next level, or even maintain the current level of community service.

Second, we really don't train small business professionals and entrepreneurs. In the American educational system, to be a professional you have to have a specialty. That specialty list is pretty much infinite, but it was designed to fit a job niche in some big operation. Furthermore the management in those big operations are technical people, now given the task of working with other people, which they have little or no training or aptitude.

So what happens is engineers hire and promote other engineers. Sales professionals hire and promote other sales professionals, essentially because like minded people need to understand the people they have working for them, but perhaps more important, the other people cannot challenge your inherit insecurity.

Therefore instead of an engineer hiring a salesman and an accountant, he hires two other engineers and then wonders why no one buys their widget and they don't even have the money to build them anymore.

A successful small businessperson can't be a jack of all trades and master of none. A successful small business owner must be the master of all trades and willing and able to get professional help when required.

Finally and perhaps most important, in the United States we have given absolutely no thought to developing a successful small business or entrepreneurial sectors. They are just supposed to evolve out of the nothingness of the primordial debt sea.

Actually to the contrary, governments at all levels have systemically and systematically engineered a system in which small business equity is essentially impossible to obtain.

To illustrate, let us say you inherited, or saved 10,000 and want to do something with it other than putting it to interest in a bank. So you look in the phone book, ask a friend, or respond to a television ad that tells you how to invest your money. By some means you invest in some publicly traded stock in which you really have know knowledge of the internal workings of management. You write the check, swipe the debit card and you are now a small owner of a part of the American Dream.

The interesting sidelight is this option is pretty much available to anyone around the world; to invest in America, or any other publicly traded company in any other country. You just send your money where you think you can get the best return the quickest. Risk, I don't believe in risk, or hell, I only believe in me, and my hope to get rich and retire as quickly as possible.

Then and only then, your 10,000 just disappears with trillions of other dollars and then and only then, you redundantly ask yourself what happened. Capital gains, I don't believe in capital gains, since I have a capital loss to carry forward, so I now join the increasing multitude that pays no United States income tax.

Wasn't that easy, you can lose your investment and don't even need to go to Nevada or the Indian casino?

What I forgot to remind you about was your Main Street friend Joe or Sarah who approached you with this opportunity to invest in his or her small business. You can go on the internet and find a promissory note and loan the money to Joe or Sarah for virtually any interest you think you can get, no questions asked, if Joe or Sarah really need the money.

Joe or Sarah, don't want a loan however, they want you to buy shares in their corporation, or LLC. Before they can tell you about the inner working of their wonderful company Joe and Sarah hand you a two page financial disclosure form. That form varies somewhat, but what it says is that you are a sophisticated investor, meaning that you do this type of thing all the time, you have a net worth of at least a million dollars, and you are almost guaranteed to lose your whole investment in Joe or Sarah's company.

You sign the form, because you really like both Joe and Sarah and if you had 20,000 you would like to put 10,000 in each company. However, you have never made this type of investment before, your net worth is closer to 100,000 rather than a million, and you wouldn't even be talking to either Joe or Sarah if you thought in anyway they were out to defraud you of your hard earned money.

With that paperwork hurdle out of the way, Joe and Sarah give you another piece of paper to sign. This is a four page document required by the state securities governing body, that spells out all the possible ways that Joe and Sarah are going to go bankrupt and you will, not possibly lose your monetary investment, but in this document it states in no uncertain terms you will lose your money even if you are the sophisticated investor you claimed to be on the first paper you signed.

Again you sign the document, because you think that both Joe and Sarah have great ideas, the skills to pull it off, and you want to be part of their American Dream. Joe and Sarah, then give you a copy of their business plan or prospectus.

At this point you begin to question whether with all the paper work required to raise equity, whether Joe and Sarah are trying to run a company or just raise the money, because no one human being could do all this work at one time.

After actually studying the business plan, you realize that both Joe and Sarah have their entire net worth, essentially the same 100,000 net worth you actually have, and they probably put another 100,000 or much more into unpaid work to get the project to the point where it is about to really amounts to something. All that is going to take is about 2 million total.

Because you signed the sophisticated investor form to begin with, Joe and Sarah think that you are probably going to kick in perhaps 100,000 because they really need that 2 million to really make a go of the business. The state securities regulations stipulate to get to that multimillion dollar level, they can only sell to fifty sophisticated investors, because that is the only approved program that they could qualify for without hiring someone to actually sell the shares of the company.

Those securities companies don't exist in this country because they don't have the legal standing, and essentially they will never fit the American business developmental model as it is now constructed. To play in the public financing game you really need to be in excess of the 2 million valuation range for anyone to take you seriously.

If Joe and Sarah take your money, the remaining forty nine sophisticated investors will have to kick in 1,990,000 for everyone to share in this piece of the true American Dream. In case your brain is now too muddled by all this to do the calculation in your head, that means those remaining sophisticated investors are going to have to contribute an average of just shy of 41,000 to pull it off. That is provided Joe and Sarah can find the 49 others anywhere in the current world. That current world again defined by state security regulations.

Concluding this episode, this is an American Main Street reality. Anyone can invest 10,000 to 10,000,000 in Wall Street. Win or lose you can still play the game. No one can invest in Main Street, because in America small business doesn't really matter to those who consider themselves part of the powerful elite. Small business can't borrow enough money to get them to the current existing funding equity plateau.

Bigness has become the American deity. If you are not part of some big human enterprise, you can't make, beg, or borrow enough money to become wealthy in financial terms. The Bigness god makes you a success, and even if you sacrifice your money to the financial establishment, you need to keep your job and continue to borrow to buy stuff, you really don't need. However Main Street remains the reality for the future of America as it was in the not too distant past.

Why? Because Main Street more closely follows the Natural Laws of creation and Wall Street simply does not. You really don't even need to be a theist to understand that reality. Just go to any library or go on the Internet and read about climax ecosystems, biodiversity, and homeostasis, as they exist in the natural world.

Next week we will look at some novel and not so novel ways that Joe and Sarah can raise some money and get some wealth for you, that will not disappear into the debt ocean. However, the major requirement is that leadership seriously looks at the needs of small business and not just use them as talking points.

There is a new joke about to make it around the world on the Internet.

What is less valuable than the current local monetary currency?

The politician's understanding of reality!