



# The Wonder Springs Chronicle

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## The Wonder Springs Chronicle

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## Wealth, Riches, Money

*"I have always found in dealing with legislatures you can not reason with them, the majority are men who are ignorant, stupid, and full of prejudice who do not desire to know the truth and the more you try to enlighten them the more stubborn and unreasonable they become."* John S. Kennedy to James J. Hill  
1893

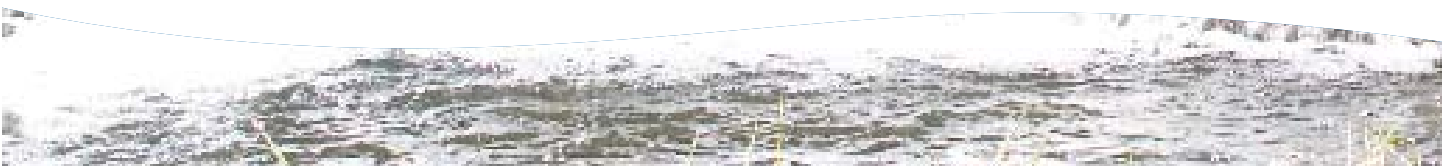
To begin this week's article it must be brought to the attention of the reader that the wealthiest persons on this earth are those, who because of no merit on their part, have been adopted by God as one of His children through the propitiatory sacrifice of Jesus Christ. Dying in their stead on the Cross of Calvary 2000 years ago, they have been justified by the imputed righteousness of Christ; their sins have been forgiven now and forever. Furthermore, they have been legally adopted as a co heir with Jesus and died to the ways of this world and been born again into a new eternal life. That life begins here and continues on through eternity.

Many Christians who read the above paragraph will understand that concept of wealth. Sadly

many Christians will not, for that is a different form of Christianity than what they have been exposed to and taught in their churches. As a result some other readers will dismiss these paragraphs and what follows. However, if they look at this article with an open mind they may learn something about the world in which we now find ourselves. By God's grace alone they may begin to view their worldly wealth, riches, and money in a new light.

First let us begin with some definitions, as they will be used in this article.

**Wealth** is the sum total of all the assets of a person or an enterprise. Some of those assets at a current point in time may be active or passive; as well they may



appear positive or negative. As described in the opening paragraph they may be eternal or totally temporal, or they may be absolute in that they have both temporal and eternal components.

**Riches** are generally construed as positive assets in the time space matter continuum. As such they are totally temporal to be used in the world to make it a better place not only for the individual but also for society, culture, and the total community as a whole. That includes not just humanity, but also in the broadest sense the totality of natural creation. This can take the form of paper riches such as equity participations in enterprises, in human government programs, and other concepts based in the reality of our worldly pilgrimage.

**Money** is a medium of exchange invented by man to make the trading and exchange of wealth and riches less complex and more easily understood and practiced. Money in the present day has no basis in wealth or riches however, and pretty much around the world is totally based on debt financing. People consider those debt bonds and the interest they pay however, part of their temporal richness pool.

The real problem in the world today, was not the subprime mortgage market, or is not high oil prices. The real problem today is that there is too much money trying to find too little wealth in which to invest.

In the United States, more than anywhere in the world, money is supposedly to be converted into stuff. For the most part this stuff is not wealth or riches but consumable stuff that has only a short term temporal value. At the end of the stuff life span determined by the manufacturer of the stuff, the stuff is supposed to be recycled, or disposed of as garbage, but it is not supposed to be reused, for that doesn't keep the economy going. The recent tax rebates in the United States were designed so that people would take the money, the 300 or 600 and go buy some stuff thing. You were not supposed to invest it in riches or wealth.

The Federal government is a prime example of using debt money to buy, no longer governmental assets, but instead to purchase earmarks pork barrel spending for special

interest projects in their home districts and states. The problem in the United States and as it affects the rest of the world, is that true wealth and riches are no longer sought, only the "show me the money." That is no way to run a country. Using our definition of money, which is pretty much the standard definition, this money has no basis in reality and as a consequence it will soon lose totally any semblance of value as it relates to either true riches or wealth.

As the context of the quote from railroad builders Kennedy and Hill above illustrate, the conflict between wealth builders and governmental politicians is not new. Wealth builders work extremely hard to develop enterprises not only to build personal wealth and riches, but also to facilitate building wealth and riches in the larger and increasingly diverse community. Politicians look for ways to appropriate that wealth for personal uses and for the common good as they define that term.

This is certainly true in the current political discussions concerning the price of oil. One congresswoman who is not even worth researching her name and district spoke of nationalizing oil companies. Then there is the theory that if oil companies are not using the current federal leases then the government should take them back and then offer them to whom?

Using the oil companies as an example, let us see if we can shed some light on how these robber barons of the 21st century are out to carry out the demise of western civilization in their desire to steal all our money.

These thoughts may come as enlightenment to normal people, but perhaps, as our quotation notes, also to politicians and fully bringing it into this new century political pundits, and those who invest and live in the present, with no thought of future real consequences.

From those who claim to know on the internet, the current free market price of a barrel of oil varies from about 50 to 70 a barrel. Some have suggested that it might be as low as 35.

Now here is a real shock, oil companies know how much it costs to drill and produce a barrel of oil in a certain locality. In proven areas this is quite specific, in other areas such as the Alaska National Wildlife Refuge ANWR this is less specific but

still pretty close to the actual real world price in money. Now in the case of ANWR this oil is not as good quality as sweet crude, so that price must be discounted by some factor related to increased refining, shipping, waste disposal costs, and other components.

Publicly traded oil companies do not publish full page advertisements in the New York Times about the cost of drilling for oil in ANWR or elsewhere, perhaps they should. Let us say that as best they can estimate the cost for directly producing a barrel of ANWR oil is 70 and there are 10 billion barrels of oil available. Then we must add a price for pragmatic environmentalism discussed last week, say 10 a barrel. The opportunity cost of the committed investment, waiting the 10-20 years to satisfy bureaucratic hurdles, say adds another 10. Then you need to subtract the increased refining costs and related stuff, lets say 10 percent of the extraction cost, or 7 a barrel. So that adds up to a 90 cost for a barrel of ANWA oil, of which you have a true market potential to cover true drilling fixed cost, with a market value of 63. That surely is a way to go broke, not a way to increase wealth, at least until the true market price of oil is well over 100.

Back in the days of the last oil scare the price for developing a lot of alternative energy sources and fuels, such as American tar sands, was around 60 a barrel. Adding for inflation that makes the current true world supply and demand price of oil almost breakeven for these alternatives. However as we pointed out last week that doesn't include the tithe to new environmental regulations. So ladies and gentleman don't expect to see the development of potential new and inviting sources of energy in the near future, even with pseudo government tax breaks or dodges.

This is true because the necessary investment capital cannot create new wealth until there is sufficient potential return to compensate for the risk. That is how true market economies function and faux market, socialist, and communist economies do not.

So why is the commodity price of oil now north of 140 or twice free market value? It is

easy to blame speculators who are manipulating the oil market with over 200 billion in leveraged investments, which require only a 7 asset base. This is exacerbated by the fact that that 7 is more than likely an "asset" whose only value is in debt money also.

These people really are not speculators in the good old American sense of trying to get something for nothing contributed. These are a new breed and are hence known under the politically correct term of hedge fund managers.

Rooting out these managers is pretty much an impossible task, first of all because it is a perfectly legal way of making a lot of money, not only in the United States but also around the world. It seems that this oil scam started in Great Britain and moved only recently to the United States which is when the big run up in oil commodity prices began. However, chances are that most of this futures contract hedging is done through shell companies and internet sites pretty much off shore or beyond the reach of any major national interest.

These people are now having a bigger terrorist effect on western society than Al Qaeda could hope to have in a millennia. Furthermore Al Qaeda, Hezbollah, and other Islamic groups bring something to the table. True, western culture must reject their worldview and do something about it, but at least they have some ethical and moral standards by which they will or will not stoop in their conquest. Furthermore, Al Qaeda's enemy is really the same hedge fund managers, as should be the case of all of western culture. These managers are infidels to any worldview other than appeasing themselves and their god "Money."

We have many times spoken of bigness for the sake of bigness has a very common natural counterpart in nature, especially human nature, and that is called cancer. Many times cancer kills the patient, most of the time quite rapidly if the patient does not undergo aggressive treatment.

So what would cure the oil commodity management cancer? Simply get rid of the voodoo. Of course I am referring to the Voodoo Economics of Ronald Reagan and now his disciple George W. Bush. Too bad Dubbya didn't listen to his dad, or perhaps his dad took the cure first. This is not really conservative economics at all. It is peddled

as all gain and no pain medicine; that will make everything better immediately and forever.

Republicans took control of Congress when they turned to conservative economics after the Reagan administration, and they lost control when they again adopted and embraced the Bush II Voodoo program. As a consequence the tax sans tax and spend liberals get all the benefit and never have to do a thing but what they are really good at: Whining and Moaning Capitals for a reason about how bad America is to everyone.

*“The discounted present value of the unfunded liabilities from Social Security and Medicare that is, what we’re projected to take in versus what we are on the hook to pay out is estimated to be 88.2 trillion in 2007. This staggering amount is roughly six times our country’s gross domestic product. If you spread the liability among every citizen living today, it would amount to a debt of 290,000 per man, woman, and child.”* How to Ruin the United States of America, Ben Stein and Phil DeMuth, Copyright 2008, page 139

Therefore, the problem really isn’t about oil, no matter what they tell you on TV and talk radio, what you read on the internet, or in magazines, and newspapers. The problem is that true wealth is rapidly decreasing. Money is completely uncontrolled and no one is willing to stand up and say that, “we have met the enemy and the enemy is us.” Riches is mired deep into voodoo and other occult spells because it is trying to find some real wealth in a world awash in a vast ocean of completely trickled down, non energetic, money.

Put in the absolute context, we live in a world that does not believe in absolutes, only the me, and the mine. In a previous era and a future era that unique human attribute will be known by it’s absolute name = Sin. Until a few people begin to use the proper term sin again, nothing is going to change and we will continue to struggle through the voodoo swamp. But at least calling voodoo by it’s proper name is a start, for it recognizes a reality beyond selfish materialism. In that light voodoo economics and Al Qaeda could save western culture from me and yes from you also.