



# The Wonder Springs Chronicle

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## The Wonder Springs Chronicle

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## Deified Money & the Loss of Wealth

*Life is a Cabaret, Old Chum,  
Come to the Cabaret.*

If there were a musical refrain that typified life in the developed world and especially the United States during the last quarter century, this concept from the movie “Cabaret” would definitely qualify. From that movie comes the popular song, “Money” featuring the stars Liza Minnelli and Joel Grey and found on YouTube.

More interesting was that this 1972 film was set in the Weimar Republic of Germany in 1931, before the rise to power of the Nazis and Adolph Hitler. Remember that on August 15, 1971 President Nixon closed the gold window removing the convertibility of the dollar to gold and setting off the cheap monetary inflationary growth that brings us to today. That act eventually led to wage and price controls and the reality of the term known as stagflation.

The logic behind the move more than likely was the reality that you can’t fight an unpopular war and keep the folks happy at home at the same time. Whether that reality brought into today will prove a first step to fascism, I will let history, and current pundits of the far left, the far right, and libertarians to discuss, and sell their books.

What really did happen was that the growth of the money supply was removed from the direct reality of the real world and became popular tools for the manipulation of culture by politicians, central banks, and eventually market speculators. The term “There is no free lunch,” did not apply, and as it relates to the growth of money still has not found application.

In the “Money” video, we see at that time the song thought of money in the tangible sense, like coins. As time went on paper script replaced the coin



of the realm, and eventually wheelbarrows were required to transport the paper to stores to buy basic necessities. Thank the god Mammon that we have evolved beyond that primitive reality. Now in the twenty first century we can create money ex nihilo, just like the Creator of the universe created reality. The problem with this money however is that it really has no tangible basis in reality.

Even though money has no basis in reality that does not mean that there is not a worldwide market for the stuff. Since President Obama revealed his historic economic stimulus plan the dollar has deflated against the Euro by about 11%. This is when news reports from Europe indicate that European economies are in their worst shape in the post war era. That should cause one to wonder if the US economy is that bad compared to Europe, or the positive reverse, or are speculators, both private market and governments, are manipulating the price of the dollar, as is currently the case again with crude oil, where still decreasing oil demand is met with higher prices.

Alas we, the folks, shall never know and are pretty much at the mercy of the god Mammon that really does not care at all about our reluctant or willing sacrifices. The most relevant passage from the Bible comes from Luke 16:1-15:

*He Jesus also said to His disciples: "There was a certain rich man who had a steward, and an accusation was brought to him that this man was wasting his goods. So he called him and said to him, "What is this I hear about you? Give an account of your stewardship, for you can no longer be steward."*

*"Then the steward said within himself, 'What shall I do? For my master is taking the stewardship away from me. I cannot dig; I am ashamed to beg. I have resolved what to do, that when I am put out of the stewardship, they may receive me into their houses.'*

*"So he called every one of his master's debtors to him, and said to the first, 'How much do you owe my master?' And he said, "A hundred measures of oil.' So he said to him, "Take your bill, and sit down quickly and write fifty.' Then he said to another, "And how much do you owe?" So he said, "A hundred measures of wheat.' And he said to him, "Take your bill, and write eighty.'*

*So the master commended the unjust steward because he had dealt shrewdly. For the sons of this world are more shrewd in their generation than the sons of light.*

*"And I say to you, make friends for yourselves by unrighteous mammon, that when you fail, they may receive you into an everlasting home. He who is faithful in what is least is faithful also in much; and he who is unjust in what is least is unjust also in much. Therefore if you have not been faithful in the unrighteous mammon, who will commit to your trust the true riches? And if you have not been faithful in what is another man's, who will give you what is your own?"*

*"No servant can serve two masters; for either he will hate the one and love the other, or else he will be loyal to the one and despise the other. You cannot serve God and mammon."*

*Now the Pharisees, who were lovers of money, also heard all these things, and they derided Him. And He said to them, "You are those who justify yourselves before men, but God knows your hearts. For what is highly esteemed among men is an abomination in the sight of God.*

Of course those who are deeply involved in the money business know that their heart is in the right place, their god is money and because it is now truly worthless it is impossible to get enough of the filthy lucre.

This leads to the somewhat successful attempt to expropriate true wealth with money. How is this done? By the exponential growth of cheap credit.

Wealth is a limited commodity; hence it has value, like in the old days when there was a close and valid exchange ratio between money and wealth. The way to make this credit Ponzi scheme work is to convince consumers that the stuff they buy on credit is really a manifestation of true wealth, when it is really a elaborate means by which to expropriate the consumer's real wealth through usury. Of course we no longer call it usury, we call it transaction fees, service charges, and account maintenance fees, to name but three.

What has happened in the last year is the evaporation of the wealth of most Americans. Their house is financially upside down, but they still attempt to make the payment. The same can be said of their automobiles, their big screen TVs, the washer and dryer, their stock and retirement portfolios.

Perhaps the most truthful way to describe this is that, “The high priests of the god Mammon stole your real wealth from you! But they still expect you to continue your monthly sacrifices to maintain your credit score.”

Those who still have a job, they are thankful to be employed and are told that a new credit utopia is now available with all sorts of upside down financing schemes designed to sell stuff that currently is not selling.

To the six hundred thousand or so that continue to lose their jobs weekly, stark reality, is now stark reality. When they come out of this personal economic turmoil, they will realize that their credit score was just an asset, along with all the rest. Some assets come, some assets go, but their focus on life will be more like the 1960s TV show “Leave it to Beaver,” rather than David Brook’s twenty first century book, “Bobos in Paradise.”

The stark reality to the concept of consumerism and the high priests of Mammon however, is that even those people who still have jobs, are considering anew the concept, “There but by the grace of God, go I.” As of yet we are still on the down slope of that reality, where and when we reach that valley is still sometime in the future, but for sure in the construct of human history, a “Leave it to Beaver” lifestyle was still pretty cushy especially when that is put in the context of limited debt, reasonable prices, and undefined inflation.

I just explained how people intend to get back to a secure present and future, the question remains will their governments allow them to pull back, regroup, and eventually rebound?

As we all know, President Obama continues to beat the dead horse, that he didn’t create this mess. However, so far, witness the devaluation of the dollar, the rise in energy prices, the Herculean increases in spending and the debt, and he is still using the same playbook that really began with Tricky Dick, and Dubya was just the previous player in the Oval Office. As these economic readjustments continue they will look like stagflation on steroids or some similar obnoxious drug.

The answer to this is reestablishing the relationship between wealth and money, or more precisely, a relationship between money and the real world. That means that attention needs to be paid to the historical and unique creators of American and worldwide wealth, the entrepreneur class. It might come as a shock to the political class and the Mammon priests, but for those innovators to exist and prosper, they need access to equity capital, not debt capital, and be free of burdensome bureaucratic regulations.

As we have written before, the equity capital could be taken care of under the current tax system quite rapidly by the elimination of capital gains for a certain cap of early rounds of equity financing. A better solution would be to adopt a universal flat tax, with if you would like, a reasonable poverty level. This would reduce if not eliminate the whole special rights special interests drain on the nation and redirect investment towards innovation, old or new. This one simple change would again make the United States the lender to the world instead of its supreme debtor.

President Obama as well as devaluing the American dollar is also poised to create a new level of burdensome bureaucratic regulations that makes the statement about him raising the national debt beyond all presidents from George Washington to George W. Bush, seem totally infinitesimal. Cap and Trade, healthcare reform, bailouts and banking regulations, bailouts and automobile bankruptcies, with more to come, are unparalleled in human history.

I was listening to a news pundit discussion on the healthcare reforms when they broke for commercials. There I learned, “I was in good hands with Allstate, and the “Money I could save by switching to GEICO.” Following further discussion on healthcare I again learned, “Nationwide was on my side,” and with “Progressive I could compare rates and save hundreds.” It was amazing I heard nothing at all about State Farm or Esurance.

The reason that health insurance costs so much in the United States, sixteen percent of GDP and rising rapidly, is because it too is essentially a health service designed, serviced, and marketed to the Cabaret generation. Hence as long as “money makes the world go around,” healthcare providers, drug

companies, insurance companies, and even the government will make sure that they can extract as much money as possible.

Whether you spin the Obama, liberal way, or the conservative way, healthcare is now rationed in this country. The Obama plan spreads the rationing across the full spectrum of the nation. The Republicans really don't have a plan, other than maintaining their elite status; "I've got mine, to hell with you." What is missing is the true free market and the acceptance that "Life is not a Cabaret, Old Chum, join the new real world."

Healthcare and wealth creation must be left to true free markets, which have been slowly pushed out of the Cabaret, and forced to market their wares, with credit cards, only on Main Street. Even, or especially, "Leave it to Beaver" understood that. The six season DVD series is available on the Internet from prices ranging from 40 80. Now that is some real traditional reality we can all believe in.