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Interlude

It seems like this whole economic mess had its beginnings in the 1970s. I suppose you could blame it on the Viet Nam war but that probably is a gross simplification. The music of that era seems especially relevant today. Last week we began “The War on Small” with the first line of a 1969 song: War What is it good for? Absolutely nothing!

This week as I was researching the background for Monday’s “Special Report Prosperity Myth” the words of Simon and Garfunkel’s 1970 song, “Keep The Customer Satisfied” seemed to be completely fitting. As long as the Prosperity Myth functioned smoothly and everyone thought they were rich and secure, life was just “Bobos in Paradise” to use the title of a David Brooks book, all that was required was to “Keep the Customer Satisfied.” So we got more and better stuff cheaper and cheaper. Hallelujah, material heaven here on earth!

In that customer satisfaction mode, the recent worldwide love affair with President Barack Obama is beginning to show some stress. Basically two thirds of the way through his first 100 days, more and more comments and editorials, about not being up to the job, not ready for prime time, inept management, out of touch, gallows humor, punch drunk, a way to hell, and others are now being used. As his poll numbers deteriorate rapidly with all but the political class, it doesn’t seem that reassuring when Congress has only continued or enhanced its numskull performances dating from the Bush Administration. Then there is the debt situation; it is impossible to even keep track of the various trillions here, there, and everywhere.

Chorus:

It’s The Same Old Story

Everywhere I Go,

I Get Slandered,



Libeled,

I Hear Words I Never Heard

In The Bible

The truth however, it is getting to the point where I want to use the words I never heard in the Bible to describe forcefully what I see happening.

And I'm One Step Ahead Of The Shoe Shine

Two Steps Away From The County Line

*Just Trying To Keep My Customers Satisfied,
Satisfied.*

It sure doesn't seem there is much opportunity to even make it shining shoes today. And the other customers are drawing back, putting off things they would not have even considered seriously only a few months ago. But what should you do? The rules are changing every hour and no one seems to think that this type of chaotic change is an issue. The title of the Album and the soundtrack pretty much sums up March 23, 2009. We are all standing on a "Bridge Over Troubled Water."

Deputy Sheriff Said To Me

Tell Me What You Come Here For, Boy.

You Better Get Your Bags And Flee.

You're In Trouble Boy,

And You're Heading Into More.

*I'm So Tired, O, So Tired, Trying to Keep My
Customers Satisfied.*

If this isn't the best song for today, I don't know what other might qualify?

Monday we began "The Prosperity Myth" with the statement, "The only thing we have to fear is reality itself." After I finished the number crunching in bed Sunday evening I began ruminating on the findings. Two things came to mind.

The first was has no one ever really looked at the data for about the last 40 years, showing the direct relationship between the monetary base and our perceived prosperity reflected in the Dow Average? I would have never picked it up, except by the divine coincidence of working one

week with historic Dow numbers as a logarithmic growth curve, and a few days later seeing essentially the same graph used for the monetary base. However any real knowledge I have in financial situations was learned through natural, street or wildness sense. Hence I have a tendency to look for unity in diversity where none seem outwardly to exist. That is the use of statistics in natural conditions to show relationships that are many times beyond human cognitive abilities.

How many Nobel Prize winners in economics has the United States produced since 1970, and how many other wise economic advisers have not seen, when you raise the monetary base, the stock market Dow Average responds in a direct fashion? Perhaps the greatest kerfuffle however, is that exponential growth of any type can continue indefinitely in a linear world.

The second alternative is that this was some sort of hidden knowledge in the economics community and they decided to hide it from the folks, who just dumbly were hopefully investing in their present, future, and retirement. Again maybe they believed that exponential prosperity growth would continue indefinitely, but that again denies the reality and shows absolutely no common sense. That has underlying connotations of evil that leads to a greater understanding of something called direct deceit, or some very sinister legal judgment.

No matter the source you really cannot blame the current status of the American and world economies on the Obama Administration. However if their solution is more government deficit spending and trying to forge some big government big business big labor coalitions, this will make their future extremely difficult. Direct understatement intended. The futility of this endeavor is pointed out, as we closed last week's "War on Small" utilizing the Biblical reference of Revelation 18:4 13.

Virtually all of American evangelical Christianity has taught for a century the Christians will be subject to The Rapture before these Revelation Mystery Babylon events take place. But just a couple weeks ago a prophesy by David Wilkerson of "Cross and the Switchblade" fame issued a very similar pronouncement regarding the soon demise of New York City. This seems to reflect that if God does indeed speak through Brother David, and this

prophecy comes into reality, Rapture teachers might have to look seriously at The Rapture as a pending present hope. Specifically in Biblical exegesis The Rapture, or even Christ's Second Coming, are indicative statements of a future reality.

The Revelation scripture however, uses the imperative or command language to state, "Come out of her, my people, lest you share in her sins, and lest you receive of her plagues. People are responsible for obeying, or facing the consequences. Of course no one should take that literally, the Bible is just a book of myths and God is here to see that I obtain from the world "personal peace and affluence." These words come from American theologian Francis Schaeffer, founder of the L'Abri community and author of many books, the most relevant is, "The Coming Evangelical Disaster." It's here folks and if you are looking for fingers to point to this current mess, America's evangelical Protestant church would be a good place to start.

As custodian of the doctrines of the Reformation, this church has replaced the historic gospel of God's amazing grace offered alone in Jesus Christ, his death and resurrection for sinful humans. What have they replaced the gospel with you may ask? If they sold out for just stuff that might be a valid reason, but would be extremely simplistic. What they really sold out for was the opportunity to move to the good side of town and then out to the suburbs. Once there they built a big building, started on radio, then television ministries, and then moved into the political mainstream to teach simple moralism rather than proclaiming the greatest story of all time.

The selfish Prosperity Myth has destroyed America's infrastructure. Some of that relates to bridges, highways, energy supplies and distribution, but if we again only look there we miss the greater devastation. What really was destroyed was America's unique work ethic and entrepreneurial spirit.

In the age of linear growth and linear money, who you were was directly related to what you could expect from life. The prime human values were reverence and integrity. You could actually

take those to the bank with a good idea and start a successful business. If you needed more capital than the bank could prudently supply, they would help you find someone with solid money who might help you succeed. Everyone pretty much understood you could not finance a startup company of any size with purely debt capital.

Once we started creating money for the sake of debt and the Prosperity Myth, who you were was replaced with what is your credit score. What directly related to your credit score, was that you had a decent job, bought lots of stuff on time, and slowly and steadily made payments. First you could buy cars with nothing down, then came houses, then you could defer payments for years, and finally you could buy an inflated debt value house with no real job or money at all. It was all about keeping the debt money circulating at ever faster and over broader markets. Soon there was not enough debt capacity in the United States, so we turned a bunch of debts into bogus securities and sold them to a gluttonous world market. This is not free market capitalism, this is a Ponzi Scheme, which probably served as the model for Bernie Madoff's investment opportunities.

In October 2007 came the first crack in the exponential debt dam. We are told that no one saw or could have seen it coming. As we have seen here at Wonder Springs this week, that is a lie. The timing may have been questionable, but the crack was inevitable and so are the subsequent results.

The real crime however is the continued dung a Bible word that all this can be fixed by more and more debt. The inevitable consequence of this debt will be greatly increased inflation, only the magnitude is in question, related to how much of the spending can be curtailed. It is going to get really nasty. That is the nature of reality, sometimes things can get difficult and only the strong survive. That natural law is called natural selection. Too big to fail is not natural law, it is human stupidity and/or arrogance.

The so called conservative statement that this debt is burdening our children doesn't even begin to face the reality that the debt dam as burst, the true liquidity or wealth to refill the reservoir is gone, even if we could rebuild the dam. That debt will be repudiated after a lot of needless carnage. If you

can handle it look at real history, the examples are numerous, but Nazi Germany is most easily understood.

Talk is surfacing about replacing the dollar as the world's reserve currency. Considering Fed Chairman Bernanke's unchaperoned de facto dollar devaluation last week, that probability looks much more certain. Led by the Chinese this new global money will allow them to exchange their US debt into this new currency and America's financial horseplay and real prosperity are over for a very long time.

The strength of the United States truly lies with her hardworking people and the blessed richness of the land. None of that counts for anything in the current financial games being played out in New York and Washington. The concept of being too big to fail will take on new meaning when the country goes under. This will allow for the dinosaurs and behemoths to be replaced with new opportunities for true diversity, equality, liberty, and opportunities.

Just think of the wonderful opportunities this will create. The time to begin working on those opportunities is now. In the future high inflation world, today's expensive hard assets will be repaid with cheaper dollars. There are great deals in asset based reality. The bottom of the real estate bubble may be months to a few years away, but with high inflation, they could turn out to be real bargains.

Now is also time to diversify your personal skills. Skills, especially manual skills, will allow you to find work when and where it is available. But most important will be the need for those who can create real wealth. Real linear wealth is created out of real assets utilized by hard working people to do new things, and recreate old things in new ways. That funding will have to come especially from equity participation by those who have real capital wealth.

That capital is now fleeing Wall Street and the too big to fail institutions. Once those capital rich people understand the reality of the Prosperity Myth, being a real myth they will begin to look for places to get returns that are completely impossible in Wall Street investing. Of course those returns come with risk, but that risk will be somewhat in the open, not hedged behind closed doors, being sent into unknown places, with unknown debt leverage.

In this election a lot of words were utilized discussing the disparity between the rich and the poor. Contrary to the money redistributionists, the President being the prime spokesman, with yappy dog followers in Congress, much of the wealth of which they speak, is really not linear wealth, but part of the Prosperity Myth. However, it only takes a little linear wealth to create more linear wealth and sound money. That kind of prosperity does not evaporate, because it is invested directly in real things, and it will continue until the end of time, for that wealth comes from the principles of the inalienable rights given to mankind by his Creator and the Natural Laws that the Creator established for our present reality.

Take a deep breath, say a little prayer, and understand except by the grace of God go I. After a short pilgrimage the concept of Amazing Grace will take on a new and eternal meaning and you will question why you ever believed in a human centered Prosperity Myth.