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Serfs and the Warm Fuzzy Link

Last week I learned what I had perceived, calling an American a serf is not a way to win friends and influence people. That is especially true when you mix in a little Bible teaching with an audience of what is generally called evangelicals. Being called a serf really doesn't make you feel good about yourself, and especially the plan that God has for your life. That plan of course being what Francis Schaeffer called, "personal peace and affluence."

I didn't write the book, "The Road to Serfdom." F. A. Hayek wrote it a long time ago, even before I was born. The book basically describes the rise of pre WWII fascism in Europe, along with the compassion and complacency of what would soon be the Allies against Hitler and Mussolini. Hayek's thesis basically warns about establishing what American pundits are now calling "European style socialism" during the reconstruction after the close of the war. All I did

was just merge the two to make a somewhat logical point.

This road in Europe has pretty much been an autobahn, with really the only barrier being Margaret Thatcher's British experiment in the 1980s, which found a following in America under President Reagan. In true American style, we however introduced steroids to the mix, pumping up everyone with mass body building exercises of cheap credit, expansive monetary policy, and real estate speculation.

As with drug steroids, economic steroids might help your major league career, but once drug testing and old age begin to show their effects, life goes down in a hurry. Can I get a witness on what has happened since mid 2007? Amen!

Along the way auto companies, designed bigger, safer, and dare I say more luxurious cars, so even peasants could feel like royalty. We even found a way to put that luxury into trucks



and especially SUV trucks. Along with the bigger is better, came the road to highly leveraged financing and auto company profits.

Recently has come the push for hybrid cars, which are really 1980s econo boxes hyped up with the aforementioned luxury, batteries and an electric motor. The hi tech batteries are supposed to “last the life of the vehicle.” But if you try to find a definition of the “life of the vehicle” you will find it defined pretty much as what “is, is.” I suspect the life of the vehicle is really the five or six years it takes you to pay for it.

What hybrids really are is expensive one person commuter boxes for wealthy professionals to drive back and forth to work daily, and maybe a few times a year take it on a trip outside the urban sprawl, where the range of a true electric vehicle would run out of juice. So for this added weight, you pay another ten grand or so, get the warm fuzzy that marketing says, “You are saving the environment.” And this time foreign automakers are getting the profits.

Of course environmental earth saving serfs, don't do cost benefit analyses of their lifestyles. Saving the earth from someone else's consumption is all that matters. That true cost benefit would probably show that even in America, taking public transportation to work, and having a used vehicle of almost any persuasion for those infrequent trips to, or through, uncivilization is the cost effective way to go.

This logically brings us back to the gas guzzling SUVs and their pickup relatives. For some time now I have been doing an unscientific empirical analysis of these vehicles and what is emerging seems to be the need for these awe full rigs, to haul or pull some other type of warm fuzzy. Those warm fuzzies are really as diverse as the American people, and their credit applications.

That is all gone now. US taxpayers now own 60 of Government Motors, our Canadian friends to the north about 12 . This temporary solution will now be fixed by a new and leaner car company run by government bureaucrats and

union officials to build smaller, more fuel efficient, green cars, for a market niche that may not even exist. Chrysler is soon to be owned by Fiat, which by government fiat seems to now be a done deal. Ford because of pre meltdown leverage is still trying to stay out of bankruptcy. So far wishful thinking and hindsight are the best determinates of America's future market for new warm fuzzy automobiles.

Interest rates on home mortgages are on the rise, squeezed out of the market by government spending. A thirty year fixed mortgage is now about sixty basis points higher than it was just a month ago. Increasing the money supply and debt to support all government spending will continue to force those rates higher, and depress housing prices further, in a market, which still has not really hit bottom from the burst of the warm fuzzy speculative bubble.

Then there is my favorite warm fuzzy scam, oil prices. With a world economic recovery, led by China, and expected this fall, oil has now climbed to over 71 this morning. Of course some of this is related to the de facto devaluation of the dollar. It is amazing that now all sorts of alternative energy opportunities are close to being marginally profitable. The best way to do that is enact the Presidents cap and trade energy tax, which will suppress demand even more. So we will not grow our way out of global warming, China will make a lot of stuff the rest of the world, and especially Americans, can not afford to buy, and everything will be peachy keen again.

So if we have not yet arrived at the Serf Stop, it is not all that distant. Instead of finding security in feudal Lords to provide actual physical security from hostile neighbors, we have developed a similar hierarchy that offers instead a warm fuzzy material security in return for subservience. We look to our job and, at this time, classic F. A. Hayek government control of wealth distribution, to provide an elusive sense of temporal security.

President Obama gave a speech yesterday talking about getting the federal government on a pay as you go basis. It didn't get much press, maybe because no one thought it was true, either in stark disbelief on the right, or complete incomprehension on the left. It is interesting with federal tax revenues down 34 this year that even this president would mention sound federal budgeting.

The thing about serfdom to keep in mind however is that it is not a permanent destination, Change we can really believe in is just on the other side of the Serf Stop, but to get to that point we must look forward rather than backward. There is now a financial chasm between the last quarter century to today. Nostalgia for the good old days needs to be tempered with a heavy dose of present and future reality. That reality will quickly need to focus upon individual initiative, which has long been the hallmark of the American experiment.

For the short term that is going to include inflationary pressure brought about by excessive government spending, and governmental revenue shortfalls. This in turn will decrease the value of the dollar as the means of foreign exchange and increase interest rates. A return to prosperity based on a steady but slow increase of the monetary base, coupled with a gradual expansion of leveraged consumer credit has been washed away in the recent chasm creating economic tsunami.

So where do we go?

What we have long preached on these pages is to look at the underlying energetics rather than all the marketing hype.

For example look at true electric cars for commuters wealthy enough not to need to take public transportation. Some of those cars will be new creations; some will be retrofit from today's small cars, many using old fashioned inexpensive, easily recyclable lead acid batteries. They will have limited range but will do their job better than the infernal combustion engines they replace. For those longer trips and hauling and towing toys, keep that old gas hog in the other garage bay.

One thing the auto industry has done is to increase the vehicle expected life to about beyond a couple of hundred thousand miles. At five thousand miles a year of real trips, that will make your Cadillac Escalade a classic using the Washington State standard of 30 years and still have 10 to 20 years of useful life remaining without major repairs.

When we think of the service industry today we think of two sectors. One relates to providing and the maintenance of our warm fuzzy material conveniences. The other relates to warm fuzzy personal conveniences and experiences. Both of those sectors are in place today along with combinations, which fit within the concept of do it yourself, or remuddling.

Part of the reason remuddling is so extensive is that people can't afford to hire professionals to do that task. This because they are so over extended financially that they can't afford to hire someone to do the job. Put another way someone who has a billing rate of 100 and really makes 25 plus benefits or more per hour is unwilling to pay someone else with a billing rate of 40 per hour to do the job right. Of course part of the reasoning behind this is the reality that 50 per hour service may only be worth 10, but that same reasoning can be extended upward to high paid executive compensation as well. So as Forrest Gump used to say, "Stupid is as stupid does," and if you are knowledgeable enough to understand true quality, stupid also shows.

What is really missing from American culture however is what those socialist Europeans take for granted. That is at least a month off from work each year to travel or just enjoy life. Americans like in no other western culture, backload the things they enjoy doing personally for that golden age of retirement. That retirement, which for many and soon to be many more, has evaporated in recent months.

As I was coming into adulthood I remember futuristic tales on how we soon would be only working four days a week and have a couple of months off to enjoy the more important things of life. That dream evaporated during the Reagan Revolution when expected workweeks for professionals extended to sixty hours and beyond. For the self employed not only did you have to do your own work, you had to be your own secretary and janitor. Therein developed the concept of 24/7.

What this really shows is idolatry in its purest form. The gods that need appeasement are highly diversified, but all lead to the love of Mammon. The major limited resource that is continually sacrificed is time. That time and the ability to control it, is

essentially what separates humanity from the rest of God's creation.

No matter our religion, or lack thereof, every human being on the face of the earth recognizes the cognitive reality of time and its passing. The great wealth producing opportunity facing each human, who lives beyond the basic subsistence level, is to again seek control of your time and thereby develop your own unique, God given talents and aspirations.

This economic opportunity facing the world, as the meltdown of the warm fuzzy link continues, again will give us all the opportunity for serfs to become human again. The basic premise behind that paradigm shift is to realize, we are not gods, but we are God's gifts to the world.

In that concept we will see materialism quite differently. Instead of investing in our backloaded retirement we will invest our money in real people today, so that we can all become gifts to one another. That return cannot be washed away by economic floods, for it changes lives of others for eternity. That is truly an eternal retirement worth the investment.

Think this week, of how you might actually enrich the lives of other people. It is not a give to get paradigm, but more a give to truly live paradigm. In living to give, puts life, time, and money in their proper perspective. Therein lies the opportunity for this early part of the twenty first century. Succinctly stated, "To be a blessing by which you will be blessed."