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The Effrontery Frontier

This is an impossible story of how to create a new frontier of enterprise opportunities, in a land led by leaders that believe they know how to improve the unbroken, and create reality by their words and nothing else.

The tale is a brash attempt to create and Effrontery Frontier, much like the settling of the American west, which was the mechanism that provided the emphasis for prosperity and growth until approximately a century ago.

The need for the Effrontery Frontier is shown in the reality that all new jobs are really created in startup companies as we noted last week with the reference to the Kauffman Foundation Report. Sadly current enterprise and political leadership focuses upon a generation of debt driven consumption with globally produced disposable goods as the sole means of the world's economic growth.

Through some clandestine process that was slipped by the

American people, the United States decided to become the financier of this scam, as we shipped our wealth-producing infrastructure offshore. Then through environmental imperialism we sought to turn our public lands into wilderness and parklands through conscious neglect. The Effrontery Frontier will slowly bring back the wealth, building upon the industrial revolution but not subservient to it.

Some would say that the current problems began with the rise of progressivism of that same vintage, but to divorce progressivism's birth from the death of the real frontier does a gross injustice to both endeavors; for good, the not so good, and the down right repugnant.

With the real frontier, the expanse made real opportunity, just over the horizon, whether that was just the visible skyline, or several thousand miles distant. Within that environment, a shopkeeper, the son of a shopkeeper, could become a cattle rancher, or a prospector and a



miner — or the other way around. The possibilities were only limited by you and your ability to work hard and to learn from your mistakes.

It seems a natural progression, with the maturity of natural opportunity would come the desire to move towards the development of human centered ways to make those past opportunities continue. Since there was really nowhere to run, institutions would need to be developed wherein, if we really didn't like one another, we might at least not kill one another.

What we have missed in recording the history of the last century however, is the reality that the physical frontier kept us in contact with the natural laws that govern God's creation. Whether we liked it or not, the weather, the bugs, and the furry creatures all had significant roles to play in the daily operations of our lives.

In order to survive in the increasingly urban world, the generalist, as typified by Jefferson's yeoman farmer, was replaced with the specialist industrial factory worker, trade, or service provider. This changed the work ethic, from a struggle with the forces of nature, to a struggle for a place at the table with your fellow man.

After a century following that course of action, we are finding out that this urbanization frontier is not working like it did before. That is simply because just as the natural frontier closed a century earlier, urbanization has its limits also. The problem is that current American leadership, as well as leadership around the world, does not realize that frontiers are by their very nature a natural dynamic of God's creation of this universe. You either move on, or get left behind. We are looking to twentieth century models to provide twenty-first century solutions.

I would propose that this twenty-first century frontier must again focus upon the freedom of the individual and not the egalitarian progressive-collective good. We shall call this the Effrontery Frontier, for its insolent and impertinent behavior towards the means that we have taken for granted for so long, because they deny the fundamentals of human creativity and individual uniqueness.

So since $1 + 1 = 2$, if we combine the natural frontier with the progressive frontier, we shall

be able to get a glimpse of the stupendous changes that are in play as this Effrontery Frontier begins to reorder human societies. Since just like the natural frontier focused upon individual initiative, so will the Effrontery Frontier, however here we see a different cooperation between the individual and the broader community, not just as with creation, but also with our fellow man.

My grandfather and his father homesteaded in the Okanogan Highlands of north central Washington about a century ago. The reason they were able to do that was that the land they homesteaded had been part of the Colville Indian Reservation from its founding by presidential Executive Order in 1873. Then in 1900 the north half of the reservation was opened to settlement by whites, as it had been opened to mining a decade earlier.

Together they were able to homestead 320 acres of marginal ground, and develop the land to obtain title. There were however a couple of problems that really are not of recorded history. First of all ownership of the bottomland of the small valley through which Bannan Creek flowed, was maintained by the local Indians as allotments. Furthermore even 320 acres, at an elevation of 2800 feet in the Okanogan Highland, might only provide for subsistence in the best of times. Currently the cattle ranches that exist in the area probably are over ten times that size and include the bottomlands for hayfields and include grazing rights on nearby National Forests lands. Even then it is hard work to make a living in that natural environment, work most Americans are now unable to and definitely unwilling to perform.

When I was just a kid I was told stories about how my dad's black sheep grandpa had abandoned his wife and farm and headed for California. As a result my dad's father had to return to take over the place with his young family. There my dad attended a one-room school in Anglin from the first to the third grades, before they were able to move to Colville. Looking back at the reality of the situation, James H. Bannan's exodus to California seems like the only sane family decision made during that period.

This tale is brought forth as a manner to explain the government provisions to develop the frontier. Those were essentially three, the patenting of mining claims, the homestead provisions, and the land grants to railroads. The biggest of these were the land grants

to railroads, the mining provisions still are on the books, but it would be a very difficult regulatory endeavor, and the homestead provisions were the most popular for poor people trying to become land stakeholders.

In his book, "Beyond the Hundredth Meridian: John Wesley Powell and the Second Opening of the West" Montana author Wallace Stegner outlines the homesteading guidelines of John Wesley Powell. Powell was the first to travel through the Grand Canyon by boat, and was the head of the Geological Survey and spent much of his life mapping and understanding the American west, the land, and its people.

Powell's homestead recommendations were founded around a relationship with water and proved to be quite accurate considering the reality of history. With abundant water a homestead family could do quite well with 40 acres, with limited water that homestead could require a thousand acres or more. Instead federal homestead laws were a one piece fits all circumstance of 160 acres each. That provision was really a waste of human resources in the case of the Bannion homesteads in the Okanogan Highlands, but basically still does prove the extent that people will go to with the hope of improving their human condition and to own private property. Putting homesteading in context, some say it worked, other say it was a government boondoggle.

As far as the railroad land grants, only the transcontinental Great Northern, which was built by Jim Hill, was constructed without land grants, and it was the only line that maintained sustaining profitability after construction. This begs the question, as to whether the other transcontinental lines were developed by railroad entrepreneurs or land speculators? Land grant railroads however had a lot of land to sell and they sold it cheap to those who had money to buy and build a prosperous farm or ranch of sufficient size to create a sustainable rural economy.

Furthermore Hill's railroad trust became the focus of Teddy Roosevelt's trust busting efforts, The BNSF (Burlington Northern Santa Fe) is the residual of Hill's efforts a century ago. Whether that is a good or bad thing is well beyond the scope of this article.

This all shows that the Second Opening of the West really worked in spite of the federal government inducements. With the Third American Frontier of Effrontery, governance at all levels; especially in the form of regulations will be Effrontery's greatest impediment.

As we outlined last week the Effrontery is a Wild West created within the existing infrastructure, but free from its federal, state, and local entanglements. Put in simple terms the Effrontery Frontier is a free trade zone, of risky opportunities, that must transition back, over time, into the world of boring mediocrity. Last week we proposed transitions as a total of five years, or three years of positive cash flow, or a market cap of \$5 million, or some combination. Wealth created initially in Effrontery would be free of capital gains in the outside world, but wealth created after Effrontery would be subject to regular taxation rules.

To move into the Effrontery Frontier all you need to do is put together an Effrontery plan and keep it updated. That plan basically says what you are planning to do in Effrontery and how you plan to transition out of Effrontery. That Effrontery Plan is basically your prospectus to solicit investors and investors themselves are totally responsible for doing their own due diligence. For essentially Effrontery state lease details you must pay an initial Effrontery registration fee, say \$25,000; file quarterly reports of say \$1000, and an annual report of say \$5000. That is it. Current jurisdictions closest to the action should handle the majority of the paperwork, for they must provide the initial infrastructure, but will also retain anticipated returns.

The problems in the United States currently are exacerbated by the government insistence on micromanaging and over regulating virtually everything. While this plays mightily into president Obama's few strengths, to blame him, or even George W. Bush is grossly simplistic. This undemanding outlook fits again with the sound bite desires of the media, no (sic) it all pundits, and a political class more interested in power and continuance of same, than they are in governance.

For example our Wonder Springs concept currently has a number of "shovel ready projects" that require outside funding. With tight financial controls they could probably be brought into reality over time for about \$5 hundred thousand. To do it rapidly within an

Effrontery plan, about \$2 million would make it a lot of fun and would produce a lot of self-sustaining wealth rapidly. To do the Effrontery plan in this current environment, but to factor in the current uncertainties, would mean we could start with the \$2 million, but I would need to know that there was another \$8 million in case changes toward stability do not occur and this economic chaos continues for a decade as with the Great Depression.

I wrote about the impossibility of an Effrontery Frontier at this beginning. However as long as everyone is wishing and hoping that things will get better under the current business environment, or those changes proposed by their adversaries, they all are at least guilty of denial of current reality. The industrial revolution based upon big specialized enterprise dinosaurs and debt financed gross consumerism are all truly endangered species.

These organizations don't create jobs, the Kauffman Report above, with statistics dating from the 1970s, proves the point. Leveraged debt driven mergers and acquisitions cost jobs and consolidate existing wealth. But to call crony capitalism and Laissez-Faire scoundrels' true representatives of free market enterprise comes from a worldview that attempts to give its Marxist roots contemporary legitimacy. In reality they are both heads and tails of the same Social Darwinist religion, and Charles Darwin if he were alive, would probably have them both excommunicated.

In that light you hear how society has evolved in the last century. That means we have adapted from stupid rural bumpkins into a cosmopolitan urban society of know it all intellectuals. There is one problem with that analogy and it comes from all places, the natural law of the survival of the fittest. The so called ascending evolution is really a simplification scam, that in the process, here defined as evolution, is really a simplification of both the intellectual and the physical diversity of society and the denial of natural reality beyond the urban ghetto and suburb.

That means in the jargon of the Effrontery Frontier, that these smart aleck elites can't compete in a real world where true survival and sustainable security are desired. Furthermore this dumbed down intellectual worldview is the real cause of our current travail. To think that it can lead us out of this slough of despair requires a faith in humanity beyond the realm of sanity.

Creating and operating an Effrontery Frontier, will again begin the process of creating jobs, wealth, and economic diversity, which a century of progressive entropy bungled through. It is time to move beyond "Change we can believe in," into a world in which "change is the only constant, and hence never needs to become catastrophic."