



The Wonder Springs Chronicle

9 November 2011; Volume 13, Number 46

The Wonder Springs Chronicle

Contact Information:

Jerry Bannon

Publisher

Wonder Springs

36 Merkel Road

Kettle Falls, Washington 99141

phone: 509.496.5855

blog: www.wondersprings.org email:

jerryb@wondersprings.org

chronicle@wondersprings.org

*©2011; non-commercial education
& forwarding encouraged, please
give a citation credit all other rights
reserved. This work is licensed under
a Creative Commons Attribution-
Noncommercial-No Derivative
Works 3.0 United States License.*

*For past Chronicle archives or to
subscribe to this weekly email please
visit our web site at:
www.wondersprings.org*

The Third Opening of the West: *Part 3 — Growing Jobs*

On more than one occasion you have offended me, but in my qualities both as Christian and philosopher I have always forgiven you and only pitied you for your errors.

— *Nicola Tesla, Inventor, Engineer, Philosopher, 1856-1943*

Last week, October jobs numbers were reported. The net numbers were 100,000, a number below those required to keep up with population growth.

So where are all the jobs?

There really is a common sense reason for the lack of jobs. You won't hear it from the politicians, the financial gurus, or the economists. Actually the chance of you reading it anywhere other than right here at the Wonder Springs Chronicle is slim to none!

Simply the reason there are no jobs is the fact that job creation throughout the history of mankind has been totally asset based. In a faux world, in which it is believed that universal debt financing is the basis for economic growth — is simply wrong.

Furthermore the simple reason

the debt-myth-lie is continually broadcast ad nauseam is that “them that pitches this hype don't know no better.” As an example the first rule of educating an industrial age specialist is to throw common sense out the window, because the world is too complex to be understood beyond the simple part we all play in the production of goods and services game. Hence we all need to specialize; that is the current universal jobs paradigm.

As we have continually pitched on these pages for at least a year and a half, jobs are created by startup, entrepreneurial enterprises. These startup job creators cannot afford to hire specialists, except as outside contractors. In a startup business, whether it is a copy shop, or farm, or repair business, or professional service you need people who are ready willing and



able to perform a number of diverse tasks and do them all well.

All prosperous enterprise endeavors do not need an educational system that teaches potential employees to believe they deserve rewards for just showing up, but never finishing anything, who have absolutely no concept of true excellence, or the competitive nature of the real world, are not needed, and they only get in the way. This is even more reality in a startup.

The great difference between the current participants in the Occupy whatever, the 60s and 70s flower children and the Vietnam War protestors is that way back then the object was to get out of the way. Out of the war, out of the culture, "turn in, turn on and drop out." Today's occupy groupies think that by getting in the way, that somehow makes them important. When in reality, they are specialists in nothing that the real world needs, and they were essentially forced into debt, maybe up to \$100,000 to reinforce that reality.

Sadly most of these people were not alive when we started down this steep path to Gomorrah. I wasn't old enough to vote in 1964 when Lyndon Johnson defeated Barry Goldwater. But there are similarities with the election of Barack Obama in 2008. Generally, much of Johnson's victory margin was not so much an endorsement of Johnson, as a vote against Goldwater. Americans are generally conservative, but they were not as conservative as Senator Goldwater.

With the election of Barack Obama, his victory margin was not so much an endorsement of his "hope and change" agenda, but rather a vote against the continuation of the Republican reign of George W. Bush.

Richard Nixon won the 1968 election over Hubert Humphrey and George Wallace. I never voted for Mr. Nixon either time, because as I used to say back then, "If the United States can handle eight years of Richard Nixon, it is a lot stronger than I can imagine."

Thanks to the Watergate Scandal we didn't have eight years of Richard Nixon, but this has been just a long introduction to show that we really have Richard Nixon to thank for the predominance of

this current mess. Our current economic woes rest on three Nixon Administration distinctives: Fiat Money, the All-Volunteer Military and Chiefly Nationalized Agricultural Subsidies.

Of course Nixon was just trying to fix the financial problems that he inherited from the Johnson Administration. So what really happened, to use the current metaphor, under Nixon we began the kicking the can down the road form of leadership.

Under any form of sound money, even fiat money, the debt supercycle could have never been created.

Without the All-Volunteer Military we would have never gone into Afghanistan or Iraq, and there is a strong possibility that 9-11 would have never happened.

With even a semblance of free markets in agriculture, our current industrial food system would not be so totally dependent on unsustainable practices, and we would not be funding below cost of production subsidies to crony agribusiness and fast food service providers.

Where are the jobs? Thanks to the above, how can you grow jobs when we have no current fertile soil in which to plant the seeds of job creation? Furthermore we have so cannibalized, through excessive debt leverage, the jobs planting equipment itself; which means we must also rebuild that entrepreneurial infrastructure.

Common sense tells us we need to start at the beginning, the real beginning. At the Wonder Springs Chronicle we have what would be described as a "primitive" young earth worldview. That is the only worldview consistent with the creation story in the Bible, but also the only worldview that takes into account and gives a reasonable basis for the complex world in which we live.

To say that our present world evolved out of universal chaos takes more blind faith, or something much worse, since it requires the increasing natural complexity, to develop order contrary to all the natural laws of thermodynamics, energetics, biology and chemistry.

But what our modern evolved world fails to understand is that, no matter what road you choose to get to the present, that road simply runs from randomness to organized complexity, complexity way

too interrelated for the individual or a community to fully grasp. Yet our very human desire is to take that complexity and make it simple enough for us to not only understand, but also to manipulate it to suit our desires for security and individual and corporate achievement, in both the broadest and in the most specific senses.

As we touched upon last week our global banking system of finance, debt, and leverage based upon the “universal law of compound interest” is totally inadequate to deal with the risk premiums necessary to protect the real uncertainty involved in the process of essentially creating order out of some measure of chaos. Yet this is the very fundamental process required to create jobs and to ensure continual growth within any simplified economic model of the natural world.

The result is that the only growth sector that truly finds opportunity within the current world are those who speculatively invest compound interest funds, wherever they can find them, keeping any rewards for themselves and to walk away when their bets on their own genius go wrong. This leaves the true bankers and the broader human community on the financial hook for the fallout.

We are not going to change that process by more regulations, taxes, austerity measures or any other status quo process. Greece is still going to default, because no matter how collectively high and mighty, or how individual greedy you look at the euro and the European Union. The so called Club Med is still going to take advantage of the current system, leaving the Germans and other more financially conservative countries to pay the bills.

The fundamental paradigm of reality that our modern world fails to realize, is that the buck always ends with accountability and no matter where you draw the line, those beyond the line must be eventually held accountable for their behavior. But the way the world works now is that they are given a pass, because the whole world cannot “risk” the consequences of their deals. In our house of economic cards, virtually all collective good is too big to fail, even though that failure is the only solution that will ultimately solve the problem.

Our solution in a powerful way must redefine capitalism, because capitalism is built upon the banking principle of compound interest. What made it work until the beginning of the twentieth century was the open frontier that adequately, if not fairly, distributed the true risk premium to the pioneers, however you may wish to define the pioneer concept.

For over a century we have been living on essentially the compound interest of those pioneering investments. Those pioneer investments were almost totally sweat equity investments, in that the total financial outlays were well within the scope of individual and the closely knit local community.

The problem with the twentieth century is that we “evolved” in our thinking, simplifying that pioneer ecosystem, by not continuing along the path of complex diversity, but introducing “collective” simplicity to manage complexity, so that the individual became the servant, if not the serf of the Industrial Age, of first manufactured goods, but eventually manufactured everything, including food, services and human jobs. In blunt terms our world became a universe of unitaskers.

So today, in the early twenty-first century, the evolved solution is to redux the twentieth. The Liberal solution is to do this through industrialized government. The conservative solution is to do it through a continuation of enterprise industrialization. Neither process even begins to understand the nature of compound interest risk we must at least acknowledge, if we are to allow an environment of job creation to essentially create itself. This solution must, at least in some degree, replace the old nineteenth century pioneer sweat equity with capital financial equity.

We call these new job creation environments “Entrepreneurial Pioneer Areas” (EPAs). In Herman Cain’s 9-9-9 Plan he uses the concept of urban Empowerment Zones, to promote economic renewal. Following in current Republican doctrines, the other presidential candidates seem to be content to allow simplistic tax cuts and spending cuts to redux twentieth century industrialism.

As far as president Obama’s Jobs Bill, he even more so, doesn’t seem to grasp anything beyond historic twentieth century Collective Elitist simplistic thinking.

Our correct answer is: None of the above will get the jobs job done.

The Industrial Age basically relied on urbanization and factory jobs to provide the goods and eventually the specialized services to empower its economic growth. The other way to spin it is that you can't keep them down on the farm, when the only economic opportunity results in the depopulating of the rural west, because true subsistence isn't an easy life.

The Third Opening of the West is the only viable alternative, as the Industrial Age Shining City on a Hill continues to become economically and energetically unsustainable. I fully realize that Shining City metaphor is perhaps the greatest example of American exceptionalism — a true religion. From the early religious Pilgrims through the Reagan Revolution to today, that Babylonian city concept is the vision of all elitists, wherever they may stand along the political or the religious spectrums.

Furthermore throughout the twentieth century, city life not only provided financial security it also provided cultural benefits increasingly no longer available in rural areas. But until the closing of the frontier, the Second Opening of the west provided all the cultural benefits of the city, as well as the economic opportunities that were not available in the city, except to the financial elite. Human beings, no matter where they may live, by their nature create complex communities and cultures only limited by the availability of their resources.

That history is slowly repeating itself a century later, except for the Third Opening of the West has yet to provide any economic opportunities, because there is no access to capital except, leverage capital based upon unrealistic industrial growth paradigms. As a result we have not just a jobless recovery, but job growth that hasn't kept pace with the increase in population.

In our criticism of Herman Cain's 9-9-9 Plan we said that EPAs should basically include all the red areas of the red-blue political divisions, which have been defined down to the county level.

EPA general provisions include no capital gains on the first \$10 million forever. All Blue Area regulations, which have been promulgated to control urbanization, would be eliminated. All government agencies that exist must be altered from the

paradigm of "You can't do that!" to "How can we help you achieve these minimal regulations."

I used to tell would be entrepreneurs that you can buy an urban lot for a million dollars, but there are whole small towns in rural America that can be purchased for a million dollars. While that is just a talking point; the reality is that we are slowly developing the twentieth century infrastructure of wireless and fiber optic bandwidth in rural areas.

These are functions of government-private cooperation, just as electrification and telephone communications were functions of government-private partnerships during the closing of the physical frontier. However much of the current infrastructure hype is really about fixing the stuff that should have been handled through proper maintenance, which in itself would have been a true source of sustainable jobs.

Furthermore under the surface of all the green energy hyperbola and hubris is the reality that these technologies really are best operated as direct current electrical systems. That means that to serve urban areas it must be converted to alternating current for transfer over the electrical grid, even the smart grid. However in less dense human environments, there are true advantages to direct current. Advantages we lost when Thomas Edison's electrical vision lost out to Nikola Tesla's alternating grid.

Just like rural life lost out to urban growth during twentieth century industrialism, in the twenty-first century economic opportunities of rural areas will begin to create not only jobs but also true wealth based upon common sense principles of humanity and not just wishful thinking, financed by leveraged debt. These opportunities will not create any shining cities, but diverse communities of knowledgeable individuals living a lifestyle much more complex, than will be available in decaying industrial urban centers.

The Third Opening of the West will change the American Landscape in a way that will provide economic and cultural opportunities, because of the reality natural law principles of diversity and sustainability will always provide more opportunity than can be provided by simplistic human cultural manipulations fostered by a simplistic unrealistic worldview.