



# *The* Wonder Springs Chronicle

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## The Wonder Springs Chronicle

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## God in the details; Part 2

Probably the most used negative expression in human history translates roughly into: “Oh, that can never happen!”

Thankfully using those inspiring thoughts, what recently happened in Japan and is continuing to unfold, could never happen. That means what we are seeing reported on the news must be computer modeling, or some Fox News inspired conspiracy theory.

“Oh, that can never happen!” Are the last words of those who die in survival situations. They were also the words of Jews before they became principals in the Nazi holocaust, those who Stalin gave a trip to the Gulag, or became a Mao’s Cultural Revolution participant.

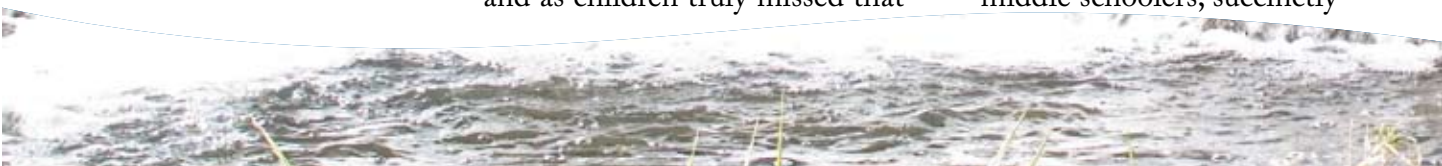
For those of us who had a secure childhood, we may have been saved from that can’t happen reality until we reached our twenties. Those less fortunate may have faced that future much earlier, and as children truly missed that

childhood period of their lives having to continually battle the negative consequences.

As we get older it seems like these significant “can’t happen” moments occur at least every five years. Someway we cope and get by. Something however has happened in the last few years that has sort of upset that reality of these can’t happen moments. They now have also taken on a population dynamic, as well as the more historical individual component.

We are told by our leaders, on the one hand, that words will sort of create a new reality, one in which can’t happen — can’t. On the other, we are told that we need to get our debt under control, or a future of can’t happen will be our daily bread, if we really have any bread at all.

To bring all of this about we have created a universe of noise. The pundits, analysts, and commentators can create seven hundred enlightened words for middle schoolers, succinctly



explaining our can't-will happen future. Politicians, who speak in talking points, more like robots than human beings, propose similar juvenile solutions. This brings us to a fundamental question that nobody has yet to ask, "What happened to all the adults?"

It seems to me, by just looking at a calendar, that the twentieth century ended a decade ago. Yet we are told that if we just get our collective acts together that "Sunshine, lollipops and rainbows" will again be in our future. That era (1965) seems to be a decent target, but it seems that present reality makes that a leap into a Disneyland Fantasy Land rather than into the present reality.

Back in 1965, before Vietnam became such a drag, everything was cheap, the future looked secure, and all we had to do was worry about the Soviet Union and the nuclear effects of the Cold War.

Sadly, I guess, the infrastructure of the United States is still about the same as it was back then. The problem is with oil now over a hundred dollars a barrel and gasoline pushing four bucks, it seems that there would be an opportunity to rebuild the country for a new century. Except that most of the baby boomers are still wondering where their retirement went? It can't happen!

To put it bluntly the present was stolen by an impossible dream that said that a world of managed progressive materialism would last forever. It was just that, a "can't happen" dream, or maybe even a chronic mental illness.

In 1965 the crude oil price was \$3.01 per barrel, (inflation adjusted \$20.81 to July 2010). Gasoline prices from other sources were (\$0.31 - \$2.15 with inflation).

We are told that because of emerging markets, (who will make stuff for us to buy even though we and the rest of the world can no longer afford it) the free market price of oil can go to \$500 a barrel and gasoline in the USA to \$8 or more. Since, as we discussed last week, the current definition of free markets is really no longer free, but more related to crony-speculative-cartel Ponzi schemes, we really have no idea what the natural market prices of any energy is anymore.

The simple truth is that irregardless of what the future price of energy may be, and whatever whims the politicians at all levels may come up with, there is really absolutely no way under current conditions to adapt or build new infrastructure in line with any reasonable energy future based on past conditions.

The President's oil speech last week being a prime example of a myth (of green energy) spun in a lie (that hope and nothing of substance) will change anything. It hasn't worked since 1965 so why should we believe it now?

In 1965 in the United States, governments at all levels were essentially infrastructure providers or facilitators. Beginning with President Johnson's Great Society that role has shifted to poorly managed providers of human services. The great debate about government funding now and into the indefinite future is going to be about ObamaCare, Medicare, Medicaid and Social Security; all essentially frontloaded entitlements.

In the so called private sector, the shift was from making and servicing goods, to obtuse financial services which had as its prime goal, to take as much money as possible from the common wealth, while still providing a world of sunshine, lollipops and rainbows — forever into the future.

To make all of this possible, it has become necessary to make sure that we regulate everything everywhere. That is important because some dude might try to sell you the Brooklyn Bridge and since people are too stupid to understand the con, we will make rules so that can't happen.

So did the people really demand these levels of social services and regulations, or were they just a mechanism for snake oil salesmen, who really brought nothing to the table other than great idea schemes, to make an excessive living compared with their true contribution, at the expense of everyone else?

Regardless of the motives and the tangible results, it was all financed by inflation, true fiat money and debt. It sort of makes you look at the 1965 dude, who was selling shares in the Brooklyn Bridge, look like an upright entrepreneur.

With the Reagan Revolution, the rise of the Neocon military industrial – empire building complex and the demise of true progressive marginal tax rates, the Brooklyn Bridge entrepreneur and the snake

oil salesmen had to find other employment. Therefore they went into politics, to Wall Street, Investment Banking and into leveraged mergers and acquisitions and directly related risk avoidance scams. All faux substitutes for real wealth production.

Thankfully, in this new gig, they made sure that we can't let these faux wealth substitutes die a dinosaur death, they must be bailed out and nurtured because the future of the world's financial markets were-are in jeopardy.

So, as we outlined last week, because of our mining of wealth liquidity, the depth to water is so deep that only the aforementioned can both create and make the money, the rest of the world has no access to any financial liquidity to create anything new.

What is really needed is an enterprise hydrologic cycle. The natural hydrologic cycle is the method by which life is maintained on earth. An enterprise hydrologic cycle will do the same for human enterprises. However nobody will look seriously at that option, because the failure of our American exceptionalism just can't happen.

Since the current money supply is controlled by ex nihilo creation by the Federal Reserve and it has tried, with limited success, to give some value to the dollar against the intended consequences of government, another form of tender will be required. However that change can't happen because we all love sunshine, lollipops and rainbows.

Back in my previous active gold mining days I had the opportunity to meet with a very respectable person who had visited the gold storage vaults below the then World Trade Center in New York City. My guest, who was taken on his visit by one of the descendants of the world's greatest financial families, was completely overwhelmed by what he saw.

He finally garnered up enough courage to ask the purpose behind all the gold. The answer he received was a direct statement of reality. At sometime in the future the world's financial system would become so untenable because of national currency manipulations and other monetary games,

that in order to save the world, it would be put back on an enforced gold standard.

In that case the true golden rule would be the rule of the world. He, who has the gold, makes the rules. I had no reason to doubt and still do not doubt the reality of that description that this man gave to me, but a little present day context is in order.

Gold is one of the ten most rare elements on the earth. Much more is still in the ground than in all the vaults of mankind. As far as we know now all of the world's major gold deposits have or are being developed at this time. This leaves still the majority of the world's gold in small deposits, which really don't fit within the Industrial Age development paradigm that bigger is always better. In other words there is a world of wealth producing opportunities for individuals and small commercial operators, especially if you are willing to accept the above golden rule.

This new golden rule is much more than just financial reality; it is the fact that in order to maintain a semblance of a viable truly world economy, the value of gold will be totally as a standard reserve and not as a currency. Simply put the value of gold will probably need to be pegged to two commas. (\$1,450. to \$1,450,000.) Oh, that can't happen! Well back in the inflationary times of the 1980s the greatly inflated price of gold generally was in the less than one comma range of \$0,300. to \$0,850.

To most people such an authoritarian value for world gold prices makes people think that Big Brother has taken over the world. In reality this makes all the political games being played out at national levels around the world completely meaningless. Is this what is truly meant by one world government, or is it just true sustainable monetary policy?

However this seems to make much more logical sense than a intellectual bunch of well meaning political do-gooders and power hungry thugs coming together in peace and harmony to make a universal world of sunshine, lollipops and rainbows. I might not be all that smart, nor that rich, but I am not crazy!

The biggest flaw in this whole worldly scheme of great big one world government is not the wealth but the energy. The chance to build a world on three-dollar oil and thirty cent gas is gone forever. As is the opportunity to do it with twenty-dollar oil and two buck regular. At least that is true in the current free

market scheme of things.

As we pointed out earlier, the reason that free markets are not natural markets, to some extent is we have to fund a bunch of money sucking black holes within the world's democratic governance schemes. In the enterprise model, that is true as much for excessive regulations as it is social transfer payments, or as more pejoratively called the redistribution of wealth.

Where the world's powerful want to take us can't happen, because it defies the natural laws of physics or what is better described as ecological energetics. Yet in the United States the progressive political leadership seems to think that sunshine, lollipops and rainbows will continue because we will get the money from Hope; whoever she is. Why look at the true energetics, because Hope will find a way!

For their part the Tea Party and the Republicans think that by cutting some \$6.2 trillion in Federal government spending over the next decade they will be able to do what no empire has done in human history and that is to save itself financially by just austerity. This will be done by reforming entitlements and allowing the private sector to create a new past century crony infrastructure. There is no need to look seriously at what governments should and should not do, because a new and better social order will just evolve out of this austere universe. For this they call on Hope for solutions also.

What all this means is the frequency of can't happens are going to continue to become more frequent and more pronounced. The real problem with mathematical modeling is that it can only use historical data to determine the future. By their very nature they can't truly forecast can't happen moments.

We have created a world in which we have eliminated God from everything. That however does not take God out of the details, all it does is eliminate our ability to look at those details and understand both the absolutes of law and also the provisions for grace.

Hence the frequency of can't happens will continue to get more and more pronounced because we are working with an incomplete data set. It is the unintended consequences of these limited solutions that will eventually destroy all of what we thought we knew what we were doing. In essence the can't happen will happen. The real solutions will come from our adaptations to what we know we don't want to see happen. That requires an understanding of things beyond our current can't happen cognitive dissonance.

*The fear of the LORD is the beginning of wisdom; A good understanding have all those who do His commandments; His praise endures forever.* Psalm 111:10