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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

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No Skin In The Game XI

Years ago I bought a John Denver live concert download. Some place, towards the end of the concert, as he was introducing one of the songs, you could sense the audience tension about something he was about to do; to which he responded, "This is my show!"

I had planned to wrap up this no skin series in the next couple of weeks, this week dealing with the specifics of how a new entrepreneur culture might be established in America, followed up with a final week of putting that culture into a new economic worldview, using both natural law and more traditional economic reporting. But some things happened last week, out there in the decline of the American dream; that really hacked me off; so this week we will deal with that situation, after all this is my show. That also means that the American economic problem is probably much more serious than I previously contemplated; hence we will shoot for winding this up in fourteen episodes.

First however, after my visit last

week from a little purple dinosaur named Barney, I received an email from him later in the week that included the Barney Law of Economic Consequences:

The Barney Law: *The positive aggregate cultural result of all economic dinosaur and related troglodyte dinking and dithering is always less than the square root of the sum of the unintended consequences of the best economic models.*

When you stop to think about it seriously, the happenings that so upset me, do follow The Barney Law perfectly, and in proper contemporary context, the dinosaurs and their troglodyte politician flunkies seriously think they are doing the right thing.

So let us set last week's timeline and then work through each event in order:

16 JUNE: Representative Anthony Weiner, Democrat, New York, friend with the Clintons says he will resign his seat over Weinergate.



16 JUNE: U. S. Senate votes to ban corn ethanol subsidies.

16 JUNE: The Republicans in House of Representatives state eliminating ethanol subsidies is a tax hike; hence they will do nothing to repeal these subsidies.

17 JUNE: Commemorating last year's Obama administration kick off of Recovery Summer, House Speaker John Boehner, issues a press release saying 150 leading economists support "The House Republican Plan For America's Job Creators — Empowering Families, Small Businesses and Entrepreneurs."

18 JUNE: I download and read The Plan, think you have got to be kidding me, are these folks truly serious about this? From what regressive gene pool, do these troglodytes hail?

Then I scream: *Barney, your Law is at work in the American Congress!*

I listed the Weiner resignation first on my 16 June list, because, in the nature of some semblance of tensioned analysis, I figured the Democrats and the Obama Administration should not escape this out pouring of troglodyte contempt unscathed. God knows they are providing nothing of substance to tension the stupidity of a number of the Republican proposals.

The legacy of Bill Clinton, outside liberal political circles, still rests with his famous quotations: "I did not have sex with that woman!" and "That all depends what your definition of is; is!" For the facts underlying these remarks, he was impeached as president; along with Andrew Johnson, but the Senate convicted neither man.

Representative Weiner was continually facing a growing litany of photographs of himself, dressed, or not, in a fashion genre not acceptable to a distinguished member of the United States House of Representatives. So Weiner has said he will resign his seat, which, though not big news, I understand took place on Monday.

In the case of both President Clinton and Representative Weiner, these dumb acts reflect more upon the person than the office, and had limited international repercussions.

Much more serious to America's future was the Obama administration's push for a \$2.1 billion loan guarantee given to the Brazilian nationalized energy company Petrobras, to do deep water drilling; under terms that the administration will not allow for American market driven energy companies in the Gulf of Mexico. Brazil just happens to be the second largest economy in the Americas and seventh overall according to the CIA World Fact Book (which will be the source of GDP data we will use later).

In the context of American conservative political thought, Brazil is a very liberal-socialist-progressive-big government state. The new Brazilian president Dilma Rousseff is considered to be a communist and spent time in jail as a Marxist guerrilla. Except for the guerrilla activity, Barack Obama has a very similar worldview, and would find nothing wrong, in fact it would seem like a grand idea, to provide this progressive type of assistance to a country trying to help its people through stateism and the redistribution of all wealth, even if it negligently affects the United States.

My grandmother who was the third oldest in a family of ten children, was very proud that she was able to complete the eighth grade as she was growing up on a homestead over a century ago. I doubt she would find Barack Obama wanting to help Brazil's economic future nothing more than a familiarity with that type of education, and nothing more sinister.

So now we are back to the bi-partisan vote in the Senate to get rid of one of two of President George W. Bush's most imbecilic endeavors, banning the light bulb in favor of the compact fluorescent lamp (CFL), and the ethanol boondoggle. Both actions are totally crony capitalist stinky in nature.

The reason I read that the house would not look at repealing the ethanol tax break was that this was akin to a tax hike and that was not going to happen during the current budget-deficit-debt limit debate. Since we are talking about forms of rural generated energy this seems to remind me of a Ronald Reagan remark about a Republican giving a speech in a Democrat stronghold—only this time it is the Democrat giving the speech from a Republican platform.

Back when I got out of the military, I bought a small pickup camper, put it on the back of my dad's pickup, took it over to Cheney, and set it on the ground, and used it as my home as I took some classes

at Eastern Washington University, but mostly to be near the college placement office.

One of the classes I took was a course in Ecological Energetics. In that course I learned that corn production, because of the intensive nature of American agriculture, the requirements for fuel, fertilizer and similar high energetic demands of growing corn, for every two energy equivalents (btu, cal, etc.) you used to grow the corn, the harvested corn returned just one of those energy units.

Now we are to believe that the corn-ethanol technology has so changed that we can reduce that energy deficit by running it through a biological process to convert the corn carbohydrate to sugar and then to ethanol, which in itself is highly energy inefficient, and abracadabra we have a great new biofuel source of the energy of the future, after all it works well for Brazil.

The ethanol lobby doesn't tell you is Brazil does it with sugarcane and its by products bagasse and molasses. Furthermore it works well in Brazil because Brazil is a tropical country, the United States is a temperate country. What that means is that the sun shines a lot brighter in Brazil than it does in the United States. In a more complex scientific term, the isolation, which means the sun's radiant energy reaching the earth in the tropics is much energetically stronger and thus grows crops faster and differently than when it hits the earth more indirectly in the temperate zones.

Of course there are climatic exceptions to this general rule, but those exceptions are not going to change the isolation reality, no matter what the ethanol lobby says, and as long as they have that 45 cent per gallon subsidy and that 54 cent per gallon import tariff, they have a lot of money to lobby for Reagan's fertilizer platform exemption.

Actually a couple of years ago I did read a corn-ethanol lobby research paper which stated under the right conditions, and you give really good energy credits for the use of ethanol byproducts for animal feed, there really was a positive net energy balance. However I suppose if you looked at using the corn directly for people and animal food that would add another unintended extraneous variable to this bimodal model.

Furthermore, to really make the whole thing more complex in the context of economics and biodiversity, we must consider the corn varieties suitable for intensive American agriculture are really quite limited. But with the passage of NAFTA, the small Mexican farmer could no longer profitably grow one of their up to 5000 corn varieties, because they could not compete with the energy and the economic subsidies given to American corn farmers. Then perhaps the only job he can find to feed his family is working for one of the Mexican Drug Cartels. Aren't all cartels essentially the same?

Moving right along, that brings us to the House Republicans Plan to save America endorsed by 150 leading economists.

WOW! Ten pages with lots of pictures, written in some terse style, that my text analysis software gizmo says contains almost 1900 words, at grade level 14, with a reading ease of 35 (anything much under 50 and things are tending strongly toward the difficult.

When you read the Introduction there is nothing that has not been part of the Republican talking points; since probably Barry Goldwater and we really don't have another yardstick. Yawn!

The Plan then lays out six points where the House Republicans are proposing some sort of solution. We have numbered them below, because not being an Ivy League grad, I found the typefaces and the formatting choices confusing. But so what, all they are trying to do is to communicate with three hundred million Americans, most of them will never bother to read any of this, for they probably never heard anything about it, from either their media talking heads or pundits. The future of the country is at stake after all.

We will just list the major headings and make some short editorial comments where I got particularly disgusted.

1. Empower Small Business Owners and Reduce Regulatory Burdens

That is probably a good place to start, why don't we just sunshine all regulations and start over; the reported burdensome \$1.75 trillion is a big chunk of spare change.

PROBLEM: BURDENSOME REGULATIONS

The greenhouse gas regulations seem very burdensome, for we are well on our way to meeting

those standards just because of a continually tanking economy. Net neutrality is just a bureaucratic attempt to provide untold unintended consequences for something that doesn't need to be fixed.

2. Fix the Tax Code to Help Job Creators

PROBLEM: AMERICA'S GLOBAL COMPETITIVENESS

America's global competitiveness? A flat tax of 20 percent across the board, with no exclusions except for the very poor, would be something that all we bimodal thinkers could agree upon. However just think of all the unemployed tax professionals that would create; just like President Obama's bank tellers and airline check in attendants. But we have replaced those airline workers with the TSA; a prime example of twenty-first century American job growth! We could however retrain the technology displaced to be entrepreneurs and create a wealth of new startup adventures; that is the only place where new jobs are created.

3. Increase Competitiveness for American Manufacturers

PROBLEM: IDLE TRADE AGREEMENTS

This is where I really got steamed. Exports create jobs, sort of; but really invention and innovation create good and better products and jobs—good products create exports.

Then, as their lead argument, the Republicans had the audacity to use the pending free trade agreements with Columbia, Panama and South Korea, which they say were blocked by House Democrats. How about pass them, but more importantly, let's look at national GDP from the reality CIA Fact Book for 2010:

The European Union is the largest world economic unit, but its GDP is an aggregate of all member states, which are enumerated separately. That makes the USA number 1 on the individual list with an annual GDP of \$14.6 trillion. Columbia is number 35, with an annual GDP of \$0.29 trillion. South Korea is number 15 with an annual GDP of \$1.0 trillion. And then there is that economic powerhouse of Panama, number 93 on the list, coming in with a GDP of \$0.027 trillion, a few notches below that starving economic juggernaut North Korea at number 90 (\$0.028 trillion).

I sure love those Republican free traders, for they have helped create the world we have inherited today; but when you really look at the numbers, that communist Brazil is number 7 on the list with an annual GDP of \$2.1 trillion, more than double the other three countries combined.

So House Republicans, to the best of my knowledge, have done nothing (except to bellyache) about President Obama's \$2.1 billion loan guarantee to Petrobras, and in the name of protecting a growing green technology, give that corn lobby a \$0.54 per gallon tariff on imported ethanol (most which would come from Brazil, but could be a isolation development tool in Africa as well) and a \$0.45 per gallon boondoggle, let me see: "Congress should eliminate the special interest tax breaks that litter the (tax) code." Then there are the free market inequities, in both corn and sugar commodity markets, as unintended consequences of the bimodal corn lobby and electioneering of troglodyte politicians.

4. Encourage Entrepreneurship and Growth

This whole section really has nothing to do with providing jobs for virtually all the people that are now out of work, with no hope for the first time, or again having, a well paying job in either services or manufacturing. Trickle down economics; doesn't! We will generally deal with the Republican solutions to the following problems in a coming episode.

PROBLEM: PATENT BACKLOGS

PROBLEM: VISA SYSTEM FOR HIGHLY SKILLED

PROBLEM: FDA PRODUCT APPROVAL PROCESS

5. Maximize Domestic Energy Production to Ensure An Energy Policy for the Twenty-First Century

This probably has been the most consistent failure of the American political process over the last fifty years. The president has this illusion that all these green energy sources, essentially solar and wind, can provide enough energy to meet the nation's needs with the right mix of big government taxes and tax incentives. Furthermore we can make methane out of animal waste fertilizer, but then belching cows are more significant contributors to greenhouse gases than vehicles; so we really don't need to discuss fertilizer based green energy platforms. (As the Reagan story link makes clear).

PROBLEM: RISING ENERGY COSTS

All of these renewable energy technologies have been pretty much developed in their present state when I was in graduate school and I have even worked on some productivity tweaks since that time. The application of cheap fossil fuel energy built western culture. The cheap part of that frontier occasion is rapidly disappearing, however when you look at the abundance of all forms of domestic energy, the United States is in the world's strongest economic position. We just need to allow that to happen without: "special interest tax breaks that litter the (tax) code."

6. Pay Down America's Unsustainable Debt Burden and Start Living Within Our Means

Herein lies the near term economic challenges that face not only the United States, but also the rest of the world. For decades the all too common metaphor of "kicking the can down the road" had become the modus operandi for insuring present prosperity and current political power. Those days are over, political leadership, must seriously look at the role of all forms of government within human culture, and necessarily the means to finance that role.

It seems that the Democrats have no idea or interest in being part of that solution. However tax cuts and deficit reductions cannot be the only tools to forge that new governmental role.

PROBLEM: THE NATIONAL DEBT

The question remains: Do the Republicans, not only in the House of Representatives, but also as a political party, have the intellectual complexity, moral conscience and integrity to provide a road building blueprint to the future? In that illumination, this GOP plan is more an exercise in political gamesmanship rather than something of true substance. This then may eventually lead to kicking the can off the cliff.