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Telling Details

By ROBERT GORE, *Financial Editor*



Writers are advised to avoid descriptions that read like catalogs, and instead use a few telling details that convey to the reader the essence of what's being described. In the same vein, a few details may be all that's necessary to understand the global economy and where it's headed.

Detail one: the government of Portugal recently issued 12-month debt at a negative interest rate ("The Mad Euro Project Just Got A Lot Madder," by Don Quijones). Detail two: the Chinese producer price index (PPI) has fallen for 44 straight months ("The Great Fall Of China Started At Least 4 Years Ago," by Raúl Ilargi Meijer). Detail three: the so-called FANG stocks—Facebook, Amazon, Netflix, and Google—have accounted for the S&P 500's entire 1 percent gain this year (as of November 20). Their market capitalizations have gone up 60 percent versus a combined increase in earnings of 13 percent. Without those

four, the S&P is down 2.5 percent ("When Wall Street Gets DeFANGed——Look Out Below!" by David Stockman).

It is a truism of human psychology that a dollar today is worth more to us than a dollar in the future. To be induced to give up a dollar today, we need to be paid more than a dollar in the future. That premium is interest, and the psychological truism implies that it will always be at a positive rate. How then is Portugal able to borrow money and repay less than the amount it's borrowing twelve months hence? It's like seeing water run uphill.

There is an economic cult that infests central banks and believes, against all evidence, that debt powers economies and that by manipulating interest rates, economies can be manipulated. Press interest rates low enough and the economy will flourish. Businesses will borrow and invest in new productive capacity and jobs. Consumers will head to the malls. Speculators will bid up the price of financial assets and higher balances on brokerage statements will prompt more spending and investment.

It doesn't work. While a lower interest rate may prompt an immediate increase in business borrowing, over time markets adjust to the new rate and the prevailing rate of return equilibrates to that rate. The last six years have demonstrated that taking central bank-administered rates to zero does not promote economic expansion, especially for developed world economies already overly indebted and plagued by governments addicted to economic intervention and welfare-state spending. But central bankers are like the medieval "doctors" who bled their patients to death. Having taken rates to zero they're prescribing more leaches: negative rates. Mario Draghi, head of the European Central Bank, pledges to buy debt at negative yields. Speculators front run his pledge, buying an idiot's ticket to ruin knowing a bigger idiot will pay a higher price. And Portugal, whose dire financials would merit double-digit interest rates in rational credit markets, gets paid to borrow.

Detail two: China joined a global debt binge after the financial crisis of 2007-2009. Debt funded booms in domestic consumption and investment in infrastructure, factories, houses, apartments, malls, and entire cities. Debt in the US and Europe funded their consumption of Chinese exports. China recycled the proceeds from its trade surpluses back into the debt of its customers—vendor financing.

China's PPI deflation started in March 2012: producer demand shifted downward relative to supply, taking prices with it. Debt was producing diminishing returns and debt service was exacting an increasing toll on its economy. China's "solution" has been more leaches: more debt. (*Continued on page 2*).

Obama Reveals Contempt For Women

By T. L. Davis



It is not often that a leftist liberal reveals their true feelings, which are typically held in check by the cocoon of deception they are most comfortable with, so it was startling to hear Barack Obama denigrate women with such openness. In a response to a question concerning the debate as to whether the United States should allow Syrian refugees into the country, Barack Obama mocked Republicans by stating that they were afraid of widows and orphans. He said: "Apparently they are scared of widows and orphans coming into the United States of America..."

Of course, it is Barack Obama's deceptive nature to portray the Syrian refugees as widows and orphans, though 76 percent of the refugees are young, military-age single men, or about 97 percent of all jihadists across the globe. But, in his effort to portray Republicans as scared little children themselves, he unwittingly admitted that he did not consider women capable of the sort of organization and dedication it would take to pull off an organized attack.

To Barack Obama, women are meek, incompetent rubes.

They are defenseless and incapable of providing for their own, but are in need of government coddling, assistance and direction. While he considers men a concern in the battle for Islamic supremacy, he sees no threat from women at all.

This is one reason not to trust Barack Obama with the security of the nation. He is incapable, or worse, complicit in the dangers presented by the vast majority of male, military-aged Syrian refugees, but is likewise incapable of seeing women as a threat. This is particularly startling since the second wave of terrorist activity in France was thwarted by a tip to local authorities where they encountered a female suicide bomber, who detonated her bomb during the raid.

This woman, who would not have been considered even a slight threat due to her gender by Barack Obama, detonated a bomb while being investigated. In Barack Obama's America, she never would have been tracked, never would have been questioned, never would have been suspected and had she been suspected, those insinuations would have been disregarded because she is a useless, weak, ineffective and incompetent woman.

Thank you, Barack, for some honesty, for once.

The Right Time Will Never Come

By Paul Rosenberg



Lots of good people are frustrated with the world, and I understand that only too well. They are, furthermore, eager for the world to improve, and I respect that a great deal.

Their problem arises, however, right on the heels of these desires, when they ask the question, "What should I do?" And that's where the wheels fall off.

All the Popular Answers Are Wrong

The world is full of people who are glad to tell you what to do. They have carefully thought out arguments as to why their plan is the right one and why everyone else's is wrong. They'll encourage you to commit to them, and they'll try to surround you with people who have already chosen their plan. If you join, you'll get lots of pats on the back and assurances that you're a good person.

But all those ways are wrong. They offer you fast, cheap self-esteem. They offer you a fast track to feeling useful, important, and wanted. And all you have to do is join their very pleasant crowd.

Let me make this very clear: *There is no blueprint for freedom. There will be no great plan to follow.* People who say they have such a thing, while they may be well-meaning, bright, and even respectable, are moving in the wrong direction. (And I truly don't mean to criticize here; we've all made our mistakes.) Here's the core of the issue:

If we want a world that is safe for individuals, we'll have to create it *as* individuals, not as groups.

Groups beget after their own kind, and individuals beget after their own kind.

I'm not the first person to decide this, by the way; here's what Albert Schweitzer had to say on the subject many years ago:

The unnatural way of spreading ideas must be opposed by the natural one, which goes from man to man and relies solely on the truth of the thoughts and the hearer's receptiveness for new truth.

The Easiest Thing to Do

Following someone else's plan is the easy way. It saves us from responsibility. It allows us to deflect the blame, at least a little, if later we're found to be wrong. This easy way, however, is a wrong way.

There's a great line from Steven Stills's song, "The Southern Cross," that goes like this:

And we never failed to fail;
it was the easiest thing to do.

It will always be the easiest thing to go downward into servitude. That is the current condition of the world, with its dominance-obsessed and status-worshiping inertia. You can go downward quickly by handing your will to the status quo, or you can go slowly by standing still. But until you act, *solely upon your own judgment*, you're not going to go upward.

Are You Saying...?

Yes, I'm saying that you have to make your own decision, all alone, and that you have to raise the courage to start acting upon it by yourself, with no leader telling you the best choice, with no famous author guiding you, and with no authority sanctifying the path for you.

You'll have to choose, all by yourself. And you'll have to face all the fears that hold you back from stepping out... you'll have to push past them... you'll have to make your own legs start walking. (*Continued on page 2*).

Telling Details (Continued from page 1)

Chinese government statisticians dutifully count each new factory, apartment complex, and addition to infrastructure in their GDP tally. However, new facilities operate at a loss, apartments join hundreds of thousands across the country standing vacant, few cars are seen on many of the brand new roads and bridges, and some of the new cities are virtually uninhabited. China's string of negative PPI readings offers a preview for the global economy: deflation and debt contraction.

Speculation and the rise of financial asset prices are not indicators of economic vitality. Rather, speculation is the last economic activity in which debt has produced a positive return. Negative interest rates imply that the prevailing rate of return could go negative: borrowing money to fund investments that lose money! That prospect may seem fanciful, but speculation is close to it, bearing a hugely disproportionate probability of loss.

Corporate managers are spending more on share repurchases—speculating on their corporation's stock price—than their corporations' free cash flow. There is a self-serving element to this. A significant share of executive compensation is stock options, but another consideration has been overlooked. Managers face a dearth of productive investments. Years of cheap debt have already funded most plausible capital projects. Commodities, intermediate, and finished goods markets are glutted and prices are falling. Debt, welfare state spending, and regulation have slowed many economies to a crawl, and put some of them in reverse. In what are managers supposed to invest? Might as well take a flier on the stock market; the potential gain of a gamble is better than a certain loss.

Detail three: capital is being destroyed or is fleeing glutted industries with burdensome debt and negative rates of return. Those characterizations apply to an ever-expanding swath of the overall economy, and are moving up the production chain from raw materials to transportation services, intermediate and finished goods, and retail. It is only a matter of time before they spread to services. The progression has been reflected in the stock market, where gains are confined to an ever shrinking number of stocks.

Investors have crowded into Facebook, Amazon, Netflix, and Google because they are among the few companies that continue to show increased profits; exemplars in a sector—high technology—that many investors hope is immune from the forces of economics. However, on a trailing twelve months basis, their price to earnings ratio is an unweighted average of 356.88, dragged down by Google's "meager" 31.89 (all figures from Yahoo Finance). The FANG companies are wonders to behold, but their S&P-supporting valuations say nothing about the economy. They are instead an indication that, in David Stockman's words, "[T]he gamblers are piling on the last train out of the station." No company, not even the FANGs, are immune from the forces of economics; they are much better shorts than longs here.

Negative interest rates, glutted product markets, falling prices, shrinking global trade, plunging shipping rates, fading retail activity, and the desperate, manic piling into the FANG stocks say volumes about the economy. **Winter is coming, and like the Game of Thrones version, it will be years before spring follows.**

The Right Time Will Never Come (Continued from page 1)

That, my friends, is the price of progress... and we each have to pay it, or not pay it, alone.

We Should Act Without a Plan?

Emphatically yes. The central issue here is not following a plan, but dragging ourselves out of stasis and taking some kind of initiative.

Unless you're making some kind of wild, violent choice, almost any choice you make is a good one. Your central necessity is to unfreeze yourself and start moving. Once you're in motion, it's easy to correct your course. But if you never move, you'll just keep sliding down the majority's path, regardless of how much you complain.

In our time, most of the good people in the world remain motionless. We complain about our local fiefdom's abuses, of course, but that's about all. That's the seduction of "democracy," you see: It magically turns complaints into progress.

Except that the magic of democracy never really shows up. Still, it's the easiest thing to do. And so we complain and we wait, but we do not act.

But again: *There's never going to be a perfect plan and there's never going to be a right time. If you wait for them, you'll wait forever.*

So, pick a spot and start. You probably already have choices in mind: Bitcoin, home school, 3D printing, intentional communities, temporary autonomous zones, agorism, becoming a perpetual traveler, or something else. Get moving. Your central necessity is to face the fear and to act anyway.

And if you'd like to know my favorite choice, here it is: *Sit at a bus stop and talk to people.* You can do that at almost any time and any place.

Who Happens to Whom?

In other words, "Who acts, and who is acted upon?"

As an old coworker of mine used to say, "He who hesitates is lost." If you wait, you'll be acted upon. And then you'll have to re-form your plan, and you'll hesitate again. And then you'll be acted upon again... over and over, until you're too old to do much of anything.

The 'right time' never comes. Either we let the world happen to us, or we transcend our fears and we happen to the world.

So, I propose a simple motto for people who actually give a damn:

The world doesn't happen to us. We happen to the world.



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CALENDAR OF EVENTS

Nov 28—Cedar Valley Christmas Craft Fair, Murphy, NC. 10 a.m. till 4 p.m. A Christmas Craft Fair featuring "hand made, homegrown" crafts to be held at the historic L&N Depot in downtown Murphy. In addition to crafts, there will be food to enjoy along with a visit from Santa.

Nov 28—Light Up Blue Ridge, Blue Ridge, GA. Music begins at 10:30 am at the Downtown City Park. Christmas Parade begins at noon. Music events continue throughout the afternoon and evening and ending with Christmas tree lighting at 7:00 pm.

Dec 4—Friday Night Christmas Concert, Blairsville, GA, 7 pm. The North Georgia Chamber Symphony Orchestra will perform a free Christmas Concert at the Union County Court House, downtown Blairsville.

Dec 8—DAV Monthly Meeting, Blairsville, GA, 7 pm – 8 pm. The Disabled American Veterans meet on the 2nd Tuesday of every month at 7pm in the Veterans Center, 78 Old Blue Ridge Hwy. For more info please contact Mike Ruback 954-249-2707.

Dec 10—The Well Armed Woman, Murphy, NC, 6 p.m. A women's group dedicated to educating, equipping & empowering women gun owners. Meeting at Christian Martial Arts Center, 56 Valley River Ave.

Dec 19—Cherokee NC ARES Social Brunch, Murphy, NC, 10 am. Our regularly scheduled meeting on the 3rd Saturday each month. This is an opportunity for a social gathering and it will not involve any formal presentations or training. All those interested in amateur radio or just a good meal and fellowship are invited to attend. XYLs welcome! Meeting at Main Street USA, Hiwassee St.

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