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**Gary's Note:** Just when you think you can get back to getting something for little or nothing...Reality punches you square in the face. James Howard Kunstler tells us to keep our guard up because things are bound to get a lot rougher, especially in a nation of people who won't deal with reality.

## Reality Receding

By James Howard Kunstler

September 17, 2009

Saratoga Springs, New York, U.S.A.

Now that everybody in the USA, from the janitors in their man-caves to the president addressing congress, has declared the "recession" over, is exactly the moment when what's left of the so-called economy is most likely to implode. If there were still shoeshine boys on Wall Street, they'd be starting their own hedge funds now, and CNBC's Larry Kudlow would be toasting them in the Grill Room of The Four Seasons. What we've seen in the vaunted rally for the last six months is the triumph of wishing over facts, combined with the most arrant market manipulation by floundering banks backstopped by a panicked government — all pounding sand down a rat-hole of hopeless non-performing debt, while pretending that the machinery of capital finance still grinds on.

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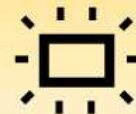
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Despite what a few elderly Mr. Naturals may say about abolishing "capitalism," we're not going to have an advanced economy without a coherent banking system, and by *advanced economy* I mean one in which the lights stay on. By *coherent* I mean a system that is able to deploy accumulated wealth for productive purposes, in the service of continuing civilization. (And, yes, I know that the followers of Daniel Quinn are not so sure that civilization is worth the trouble, but unless you support the killing-off of about six billion humans right away, things on Earth are not favorably disposed just now for a return to hunting-and-gathering.)

I would hasten to cut through the fog of despair to reassert — for the thousandth time — that a true American perestroika is possible, if the public could overcome the plague of cognitive dissonance sweeping the land and form a consensus for action that comports with reality's agenda. But that is looking less and less likely. Instead, what we see is a rush into delusion, seasoned with grievance and gall. Spectacles like last weekend's march on Washington don't happen for no reason, of course. From where I sit, the uproar can be attributed to comprehensively bad American leadership, a crisis in authority and legitimacy that has left a functional vacuum in every executive office throughout the land — from the White House to the state houses, to the lairs of the CEOs, to the towers of the deans and department chairs, to the glitzy sets of the nightly news deliverers, to the makeshift quarters of the NGO chiefs. In former times, clueless and impotent leaders stuck their heads in the sand. Nowadays, with pandemic narcissism abroad in the land, the heads are more usually inserted into the aperture that leads into the large bowel...

But I indulge in diverting oburgation when I should perhaps explain this American perestroika more clearly. The Russian word roughly translates to "restructuring." They

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flubbed it in 1989 because their system was too ossified and too far gone — though history and circumstance eventually did it for them. A similar outcome is possible here, too, in which things just have to completely fall apart before emergent reorganization occurs. But you can be sure that if we allow this to happen, an awful lot of things will get smashed along the way, including lives, careers, families, property, and cherished institutions.

This monster we call the economy is not just an endless series of charts and graphs — it's how we live, and that has to change, whether we like it or not. Now, it is obviously a huge problem that a majority of Americans don't like the idea. If they were true patriots, instead of overfed cowards and sado-masochists, they'd be inspired by the prospect. But something terrible has happened to our national character since the triumphal glow of World War Two wore off. I just hope that the Palinites and the myrmidons of Glen Beck don't destroy what's left of this country in a WWF-style "revolution." In the best societies, such are marginalized by a kinder and sturdier consensus about justice. In America today, the center is not holding because there is no center.

American perestroika really boils down to this: we have to rescale the activities of daily life to a level consistent with the mandates of the future, especially the ones having to do with available energy and capital. We have to dismantle things that have no future and rebuild things that will allow daily life to function. We have to say goodbye to big box shopping and rebuild Main Street. More people will be needed to work in farming and fewer in tourism, public relations, gambling, and party planning. We have to make some basic useful products in this country again. We have to systematically decommission suburbia and reactivate our small towns and small cities. We have to prepare for the contraction of our large cities. We have to let the sun set on Happy Motoring and rebuild our trains, transit systems, harbors, and inland waterways. We have to reorganize schooling at a much more modest level. We have to close down most of the overseas military bases we're operating and conclude our wars in Asia. Mostly, we have to recover a national sense of common purpose and common decency. There is obviously a lot of work to do in the list above, which could translate into paychecks and careers — but not if we direct all our resources into propping up the failing structures of yesterday.

-----Special-----

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When the Dow plummeted in 2008, readers of [this elite recommendation service](#) could have banked \$232,381 in pure profit.

This year, they could be up \$91,127 and even more!

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The most dangerous illusion, of course, is a belief that we can return to a hyped up turbo debt "consumer" economy — and perhaps the most disappointing thing about Barack Obama, is his incessant cheerleading for a "recovery" to what is already lost and unrecoverable. The man who ran for office on "change" doesn't really have the stomach for it. But, of course, events are in the driver's seat now, not personalities, even charming ones. I'd venture to say that if Mr. Obama thinks he's seen a crisis, and gotten through it, then he ain't seen nothin' yet. We are for sure not returning to the kind of credit orgy that made the last twenty years such a nauseating spectacle — of which, by the way, the misfeasances and wretched excesses of Wall Street were just one manifestation.

Some theorists out there say that economy follows mood, not vice-versa, and that the anger and sourness on display around the USA, in events like the weekend Washington march, is a clear sign that tectonic shifts in the structures of everyday life are sure to follow. There are too many truly good and intelligent people in this country, to leave our fate to the Palins and the Glen Becks [and Obamas—ed.] But the good people had better man up and start telling the truth with some conviction that the truth matters.

Regards,  
James Howard Kunstler



## A Parting Shot...

Say! Isn't anybody editing this thing? A Shooter points out, "Gary, speaking of education... people are **hanged**; clothing is **hung**."

Ironically, I've lost many friends and alienated a handful of family members by pointing out the very same thing every chance I've gotten. Good catch!

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And a subscriber to every single one of our newsletters is annoyed with me...

**I didn't think you'd post a quote from the vaunted Austrian economist Friedrich Hayek that is counter to your Ayn Rand, L.Neil Smith libertarian fantasy world. And you didn't surprise me by not doing so, I expect it of someone that relishes their John Galt as much as you apparently do.**

**I'm sending it again, because maybe you'll do your readers the service of pointing out that an economist that Agora venerates disagrees. It would be even better if you include something besides fear mongering about a public insurance option. After all public (land grant) colleges haven't put Harvard or Princeton out of business, somehow a limited option for health insurance access will destroy Aetna and Cigna?**

Just so I can stop getting harassing email about this, allow me to address it by sending you all where I sent him. [Michael F. Cannon over at the Cato Institute](#) already addressed this last year when he countered a point made by Michael Lind (who has written books defending Hamilton and Lincoln and whose opinion is therefore highly suspect). Any emphases are mine.

Lind further attempts to inoculate Obama from the charge of socialism by associating the candidate with that great anti-socialist Friedrich Hayek. Lind describes Hayek's [Road to Serfdom](#) as "the bible of free-market libertarians," and refers to the part where Hayek writes:

"Nor is there any reason why the state should not assist the individuals in providing for those common hazards of life against which, because of their uncertainty, few individuals can make adequate provision. Where, as in the case of sickness...neither the desire to avoid such calamities nor the efforts to overcome their consequences are, as a rule, weakened by the provision of assistance — where, in short, we deal with genuinely insurable risks — the case for the state's helping to organize a comprehensive system of social insurance is very strong. There are many points of detail where those wishing to preserve the competitive system and those wishing to supercede [sic] it by something different will disagree on the details of such schemes; and it is possible under the name of social insurance to introduce measures which tend to make competition more or less ineffective. But there is no incompatibility in principle between the state's providing greater security in this way and the preservation of individual freedom."

When Hayek wrote that in 1943, the world had little experience with health insurance at all, much less with market provision of health insurance. Today, we have lots of experience with the former and [enough experience with the latter](#) to know that markets "can make adequate provision" of health insurance for more than just a "few individuals." In 1943, Hayek and his contemporaries also knew little about how health insurance affects the incidence of health "losses." Today, we have lots of evidence to show that [moral hazard is real](#) and — as Hayek would predict — governments have only [the bluntest of tools](#) for dealing with it. Finally, [universal-coverage](#) schemes have come to consume such considerable shares of workers' earnings, as well as [other aspects of individual self-determination](#), that it is implausible to suggest that socialized medicine is compatible with individual freedom.

**In short, Hayek was wrong here.** (So much for the whole "bible" thing.) Even if Hayek were right, that wouldn't make Obama's health plan any less reliant on centralized planning — i.e., any less socialist.

Prediction: this won't satisfy my complaining reader and he'll send me another challenging email. I just have that feeling.

**Just cannot sit idly by (in case I happen to be the only one who writes) and let the comments by the person that compared Lemay, Reagan et al with Hitler and Stalin (they forgot Tojo and PoIPot).**

**But suffice it to say, such attitudes (I'll not label it sanctimonious) never existed until the modern era, because those that felt that way ended up slaves, or dead. History is replete with examples of those who would have imposed their ways upon others. Maybe even further back than Nimrod of bible fame. Call it a human flaw.**

**The irony does not escape me how this person would not even be able to voice their opinion had it not been for those vulgar likes from the west. Moral equivalency strikes again.**

**I enjoy the "waste of time" myself. Thanks.**

You're welcome.

Yes, we do seem to be as prone to violence and internecine slaughter as one would expect of biological types. It's in our nature to seek reproductive dominance, to fight for land and resources, and to use coercion at every turn. Genes that code for those tendencies tend to out-reproduce those that code for singing "Kumbaya."

Call no man happy...unless he has given up hope for the species...

I myself am happy enough, Shooters. Hope you're happy, too.

Today in *Morning Whiskey* Byron explains why the story he's been telling is important to the heats and minds this here bar...

Lemay played a big role in shaping the modern world, in the 1940s, 1950s and 1960s. Lemay's world is, in many respects, the route that history took to arrive at our world today...

Then there's the OTHER reason why I'm writing about Lemay — because I'm not just writing about Lemay.

I'm writing about NOW! I keep saying, "Cometh the hour, cometh the man." And Lemay was the "man" for the "hour" at a certain time. That's the history. But what about NOW?

Can we in the U.S., today, recognize our own "hour?" Because that hour is upon us — NOW! We live on the cusp of Peak Oil. We live in a world where the U.S. dollar is poised for a crash. The U.S. is a nation that appears more and more unable to govern itself for the long haul. That's for starters.

**Ours is a complex civilization that could quickly collapse — in every sense of the word.** Really, we've built a society, economy and political process that's utterly poised for a takedown. It could be the grid powering off (recall August 2003), natural disaster (Katrina writ large) or the dollar cratering (they're working on it). We're set up for an asymmetrical hit...

Is anyone out there putting together a comprehensive energy policy with the vision, drive and speed with which Lemay built the Strategic Air Command (SAC)?

At the Federal Reserve, is Ben Bernanke — recently reappointed as Chairman — really the Curtis Lemay of monetary policy, to defend the dollar over the long haul?

Is the Securities and Exchange Commission guarding the capital markets against the looters of Wall Street? Really, SEC is no SAC.

What's that old saying? If you don't study history, you're "condemned to repeat it?"

And do you know something else? You might even die.

So lighten up, shooters. Sit back. Take another nip. Enjoy the cigar smoke. I've got more stories. Lots of 'em.

A few of you took exception to that last critic of the bar who energetically unsubscribed...

**Hi Gary,**

**I tell ya that last complaint about the gloom and doom just made me laugh. Here is a gentleman, I think, that is in actually following the majority of the Agora information and suggestions and then gets bored with the information. I tell ya I love all the conflict and ideas that are presented because it makes me think. I don't take everything that everyone writes here to heart. I think about what they say critically and I can agree or disagree. It is very refreshing to look at the point of view that is presented and determine if it is viable, truthful, or just plain ole bullsh\*t. Some of it is over the top at times.**

**I love Kunstler and Stott and Linda. They are all different people with different lives and thoughts, and that is what make the bar such a great place to visit.**

**Hey barkeep, set up a few more shots and let's all get loose and express what we believe. I tell ya a few shots always brings out the truth of what people really think.**

Shooter, I feel very, very close to you right now. Were you in my physical presence, you'd be in serious danger of a man-hug.

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But that could just be the whiskey talking.

Would you like the whiskey to talk for you, too? Then belly up to the bar, Shooters...

The virtual *Whiskey Bar* is open!

Those of you who signed up early can expect to receive your free *Whiskey & Gunpowder* tee-shirt in the mail within a couple of weeks.

And I smell a weekend edition!

I got so many letters this week and there's so much I had to leave out of this here little editorial section...I didn't even tell you the immediate future of the *Whiskey Bunker*...

How would you Shooters feel if an episode of *Whiskey* wended its way into your inbox on a Saturday? No article per se; just a few notes from your editor and a couple of letters...

Let me know you'd feel about getting a dose of the Parting Shot on Saturday by writing to me here: [gary@whiskeyandgunpowder.com](mailto:gary@whiskeyandgunpowder.com).

Either way, I'll surely meet up with you again tomorrow. Till then.

Regards,  
Gary Gibson  
Managing Editor, *Whiskey & Gunpowder*



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