

Tuesday, November 29, 2005

Why I want free markets and honest money

This post was gelling in my mind prior to yesterday's fall of the Liberal government, but now that every political hack in the vicinity is going to bombard me with lies promises for "change" I'll outline the kind of changes we need to see and why there is no politician equipped to attempt to deliver it.

I'm currently reading two books: Empire of Debt by the Daily Reckoning's Bill Bonner and Addison Wiggins, and The Monetary Elite Vs. Gold's Honest Discipline by Vincent LoCascio, whom in an act of supreme flattery, sent me a copy asking for my thoughts.

The former cautions against the folly of "world improving", proving the old adage of the road to hell and demonstrating how the unbridled fiscal disaster looming in the world today is a direct consequence of a desire to think up what is best for other people, and then setting about to impose those improvements upon a hapless world.

The latter argues for "honest money", describing in excruciating detail why what we have today is anything but, and why as a result of this, markets are not free the system is not stable and that things we take for granted as "normal", such as inflation and boom-bust business cycles, aren't. They are symptoms of an aberrant monetary system.

When I reflect on material such as this I realize that at heart, I'm a free market conservative in a lonely place. It's loney here because what passes for "free markets" in this day and age are really heavily rigged ponzi-schemes based on debt financing, and what passes for "conservatives" are actually magical thinking "New Economy" flakes using pixie dust to cut taxes, goose spending, borrow more money than is made and somehow come out "wealthier" on the other end.

Ideologies are dangerous things, but as a political animal I find myself in abject disagreement with the status quo in the West today, how things are run, what is promoted as "beneficial" and what are true motivations are, that I find myself frequenting the fringes of the political sphere, places where eccentric libertarians hang out and even other places where left leaning collectivists gather to "stick it to the man".

This latter group misunderstands free-market economic conservatism as much as the fake, conservative wannabees do themselves. I'm sure if they understood it, they would embrace it.

Dishonest money booby-traps the system.

Honest money would mitigate what I call "the rampant pursuit of money" (i.e. "Rampant Capitalism"). Rampant Capitalism is not greed for greed's sake but it is a horrible, unnatural side-effect of a dishonest monetary system. Because of inflation, which always recall is neither natural or inevitable, earnings and savings are eroded. It is a form of theft. If you go out and make a million dollars, you can't just take it off the table and retire. Especially if you're reasonably young, say under 50. Odds are you'll outlive your money because it inexorably loses its purchasing power over time, thanks to politicians and bankers who keep devaluing your million dollars by endlessly printing up billions upon billions more and then buying votes with it.

Business owners and entrepreneurs tend to understand this more acutely, and the only "cure" for this is to try to invest any retained earnings or savings into investment vehicles whose rate of return is higher than the inflation rate. This is exacerbated in today's climate where interest rates are held artificially low and the widely reported inflation rates are routinely manipulated to make them more palatable (i.e. reporting them ex-food and ex-energy because nobody eats or heats their home). The result is a treadmill and short sited investment horizons which blur into daytrading and speculation.

Money that would have been well enough left in a savings account somewhere and preserving its buying power for a generation joins a frantic lemming-like rush around the world for returns on investment exceeding the destruction wrought by inflation: carry trades evolve, leverage is sought through margin, complex derivatives arise, it becomes "hot money".

A dumbed-down picture of the cycle, as enabled by dishonest money and world improving looks like this: A politician steps forward to tell us what his vision of what is best for everybody is. He makes promises so that if many people back his vision, he will distribute money from the few to the many (this is the only way the economics of vote buying works) The politician is elected and he proceeds to improve the edges of the empire Money is created to pay for the votes (promises, entitlement programs) More money is created to finance the improvement of the world (wars are expensive) next electoral cycle starts after a few of these, the next boom-bust business cycle starts

I think that complaints about "rampant capitalism" and "unbridled market forces" are really complaints about things that impede free markets and if leftists understood that, they'd turn into libertarians overnight.

When collectivist systems fail it usually reveals the folly of central planning and how it is often the most clueless way to try to organize a society.

So the failings in capitalism and socialism turn out to have one common element: a government run by a panel of short-sited monkeys deciding what's best for everybody else.

I think where libertarians differ from leftists is that the former understand that governments are part of the problem, and the solution is a minimal government whose function shouldn't stray too far beyond protecting the rights of the individual,

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while leftists don't like the governments that routinely get elected and think things will improve drastically if their idea of a big government was able to run the show for awhile.

My personal belief is that it is illogical bordering on delusional to think anybody knows what's best for anybody else. It's hard enough getting through your own life without getting smucked by a car on the way home from work, how are you supposed to know what everybody else is supposed to do?

Get rid of 99% of the government, make money honest, and everybody mind their own business. What could be so hard about that?

Posted by Mark Jeftovic in Armchair Analysis at 16:15

Monday, November 28, 2005

Domain suffixes not an endangered species

I've seen several references to the firm that wants to get rid of net suffixes over the weekend, and at the risk of sounding like a stuffy curmudgeon I have to state my suspicion that it is at least partially attributable to a "slow technews weekend" after the US Thanksgiving. From monday morning's vantage point this outfit's 15 seconds of fame have probably already expired.

At first glance I thought this was another doomed protocol to sit on top of the DNS layer like the long defunct Realnames but further reading reveals this to be just another alternate root server initiative.

Whenever these things are brought to my attention I am quick to concede a few points: There is nothing revolutionary or innovative about creating an alternative root structure. All it takes is a nameserver. You can load anything you want into your root hints file and then try to convince people to use it. The current state of the DNS and the internet naming structure is built entirely on consensus and held together by convention. Thus, it is theoretically possible to alter consensus and change convention. There probably exist already "private" roots outside of the legacy namespace which are not visible to the world at large and this is intentional and by design (most VPNs can fit in the category but I suspect there are "pseudo-public" ones. My theoretical example has always posited the existence of a .CDC root for the Cult of the Dead Cow hacker group)

In practical terms, all you have to do is convince every nameserver operator in the world to change their root hints to [insert magic bullet solution to all the world's naming ills here] and if enough parties do it, absolute chaos will reign supreme until 100% uptake is achieved.

100% uptake will never be achieved. I have a friend who once made an apt analogy: "convince every car owner in the world to change their tires on the same day".

Thus, the best an alternative root structure can hope to achieve is to cause permanent and lasting damage, to in effect "break the internet".

If not enough parties do it, it will sink into the internet graveyard where all the other alternative root structures go to die. (It is a place that runs exclusively on IPv8 and INEGroup's Bindplus software has a de facto monopoly)

People may ask: Would easyDNS "support" these alternative roots? Our reply is that we'll provide DNS for anything our members want DNS for. If you want to give some company \$1000 USD to register "mycompany" as a Top Level Domain in a namespace nobody else on the planet can see, we'll provide DNS for it on request. It's your money. (We will caution you up front that this borders on vapourware) but to us it's just another zone in our nameservers (one that doesn't get a whole lot of queries).

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 10:01

Friday, November 25, 2005

Thieves and other opponents of property rights lament ETR ruling

I was driving to an appointment last night listening to talk radio and heard whiner after whiner complaining about recent court decision that empowers the operators of the privately owned and operated ETR (express toll route) to prevent toll route debtors from having their license plates renewed until they pay up.

This is a new turn of events and people who owe the ETR money are plenty steamed about it. Calls were coming in from people who owed upwards of \$4,000 and \$5,000. They're upset. They assumed they would be able to continue stealing services forever. Now that they've been caught out they're all armchair experts on why the ETR is a bad idea and should never have been allowed to happen in the first place.

Here's a newsflash: if it's a bad idea, if you think privately owned and operated roads are such a bad thing then don't drive on them. Could it be any simpler?

Now here's a few facts of life: oil is getting more expensive, not cheaper. Mark my words, the days of three-digit oil prices aren't far off and when they get here, they'll be here to stay.

The same people today who complain about the end of their ability to steal services from the ETR will be the same people tomorrow complaining about the price of gas when it heads north of \$2/litre and more. They will argue for government price caps.

At the same time, these people have lives of their own, they work, they own businesses, and when they start demanding their right to steal services from private property owners or demanding government imposed price caps on gas I will say "why don't we put a government imposed cap on your wages too, then?" If they own a candy store, I will start demanding the right to walk in, help myself to the finest chocolate they have, and walk right out.

How will these people justify having other people's property rights stricken down and their own upheld in the same breath?

Toll roads are good and gas prices must rise according to the laws of supply-and-demand. Why? Because that's the natural and fair way to reign in consumption in a future where demand would otherwise outstrip supply.

Environmentalists should be all over privately owned toll roads and market dictated gas prices.

Complainers should go join the communist party, because that's what they're arguing for.

Posted by Mark Jeftovic in Armchair Analysis at 11:23