

Businesses and Jobs 8 January 2011

How is prosperity and wealth created?

Wealth is created by mining raw materials from the ground, farming plants and animals from the soil, and value adding to these raw materials through manufacturing.

All this can and is labor and capital intensive. For one to risk time and money on these enterprises, one needs to have an expectation of a profit. For a safe and productive business environment, there must be a stable money unit, sound monetary policy, fair taxes, and reasonable rules.

The fairest human environment is the one we HAD under common law. Common law is the heritage of our civilization, based on natural law, discovered by reason, and built up by case law, or experience.

The principles are summarized in 2 sentences, on which all religions, political and world views can agree:

- 1) Do all you have agreed to do. This is the basis of all contract law, and fair business.
- 2) Do not encroach on other persons or their property. This is the basis for tort law and criminal law.

No one would want to live in a society where these 2 laws are not the rule. But many think that while no person should transgress these 2 most basic principles, the government can violate these 2 rules whenever officials want to. But some of us think that a government that is not held to the same principles the rest of us must live under for fairness and justice, is itself unfair and lawless.

What hinders prosperity and wealth creation?

But now, rather than common law, we have political law, which is laws made according to the whims of people, whenever they can get a majority vote. Rarely are these thousands of rules ever tested to see if they are in harmony with the 2 rules for peaceful human co-existence on which we all can agree. The result is burdensome and capricious rules that hinder wealth creation and prosperity.

These myriad of rules are combined with a tax system that is complex, full of special favors for privileged classes, and subject to change with each new meeting of the legislature. Hardly an environment conducive to risking much money and effort.

So, instead of government being the referee, to see that violations of these 2 principles are corrected, we now have a blizzard of rules that allegedly are to prevent someone from potentially harming another. All these rules are justified as being for the public good.

Under our former way of common law, if there was no harm and no victim, there was no crime. If there was an offense, there was punishment and restitution. When there is a real crime now, violators go to prison and become a further burden on the productivity of the people producing real wealth.

Now, under political law, one can be fined or lose property or liberty for a mere paper work failure.

NO HARM, NO FOUL should be our watchword.

There is a liberty and freedom solution for nearly every government intervention against people and business. My suggestion is that we intentionally look for these. I can recommend sources.

(The Market for Liberty, by Morris and Lind Tannehill)

Prosperity will be the inevitable by product of liberty. It always is.

MINING

Mining is essential to prosperity. If we do not mine for our raw materials, we are poorer, and must buy them from others who will gain our wealth. We cannot even have any "clean energy" industry, unless someone mines the valuable metals, makes the products, and ship them here. Without a mining industry, we are hostage to the markets of others. We are not making our own destiny, but are servants to those who produce the raw materials.

Creating wealth is different from creating value. I can create value for you if I shine your shoes. You can create value for me if you wash my laundry. Neither creates wealth. We only trade our wealth for something of value. Those who create wealth will prosper more than those who only trade value.

Consider tourism. Who can most afford to come to Montana and trade their wealth for our value? It is those in wealth producing industries.

The legislature wants to gather ideas about creating job opportunities, and improving the businesses climate in the state. A better question is how do we create prosperity in Montana? If we know what brings prosperity, we can answer the questions about business climate, and get the jobs that result from productive and robust businesses.

I came here to talk about mining. I want to introduce the topic of the greatest robbery in

the history of Montana. This crime has been largely unnoticed, the perpetrators have been handsomely rewarded, and the people of Montana are being impoverished. This will be a short look at how we were robbed, and how we regain our lost treasure and achieve prosperity again.

Documents that define our history of grievances and provide the solutions:

- Declaration of Independence
- Articles of Confederation
- Constitution and Bill of Rights

Documents that declare how private property boundaries will be defined and how the natural resources contained in them will be extracted and developed :

Mining Act of 1872, 1890 and 1891

Some brief historical markers are needed here to set the stage.

Montana:

The initial property lines that were defined for the entire Western territories came out of Virginia City.

Of the defined territories, for instance, one was Idaho, Wyoming, into the Dakotas and MT, with the Governor in ID.

During the Civil War however, the discovery of gold in Alder Gulch, Virginia City. MT prompted President Lincoln to maneuver MT into a separate territory which was governed with a Vigilance Committee out of Virginia City. This was the first federal agency intervention in Montana to secure the mineral wealth for the benefit and use by the federal government. The gold was used to underwrite the currency Lincoln used to support the Northern army. The southern Confederate army did not have access to it. This was circumvention of the Constitution by the President.

Following the Civil War the Western Territories needed definition of property rights and the rights to work and develop the natural resources. This led to the development of the Mining Act of 1872 that defined boundaries and usages of resources. The boundaries evolved to include states, counties, municipalities and townships and included both surface and subsurface definitions. These all began in Virginia City with the definition of specific claims, deeds and titles to the minerals, both surface and subsurface.

The development of Montana as a state to become known as the Treasure State was a direct result of the Mining Act of 1872. In the 1880's the development of Montana minerals led to the formation of the Anaconda Copper Co by Marcus Daily and associates. The Anaconda expanded its mining boundaries beyond MT, controlling mineral development from Alaska to Peru. There is a band of minerals that stretches down the spine of the Americas, and it comes close to the surface in places

like Montana. In 1900 Daily formed the first hard asset based metals bank in Butte. Tokens representing values of measured amounts of either gold, silver or copper, were circulated in lieu of U.S. Treasury dollars.

One year later, J.P. Morgan and J.D. Rockefeller convinced Daily to trade the value of the metals of the Anaconda into paper stock of Wall St. corporations. This was the first derivative/fiat transaction against the natural resources of Montana. This is the classic example of pump and dump. Daily died within two years broke and dispirited.

Now we jump forward to the creation of the EPA by Richard Nixon in 1970. This is the second time an agency was created by the federal government and used as a vehicle to capture and confiscate private mineral properties and assets in Montana. The properties of the Anaconda passed down through several ownerships and eventually declared 'unworkable and abandoned' (through law, rule, regulation and political maneuvering).

EPA was devised to circumvent the Mining Act of 1872 and confiscate resources and property on behalf of the federal government. The Mining Act in concert with the Constitution **protects** private property rights and the use of those properties. EPA formed the largest superfund site in America and worked along with our state government to rob MT of its natural resource values. (The Mining Act of 1872 confirms lawful procedure for citizens to acquire property rights in the mineral estate of federal lands)

The State also cooperated with the EPA by maneuvering a cyanide ban to be passed into law. The State was also in collusion with EPA in destroying the infrastructure of the mining industry (smelter, rail lines, mills).

Next came deregulation of power led by the Governor and passed by the Legislature. This effectively shut down mining by escalating energy costs so rapidly that within 48 hours, a megawatt rose from \$18 to over \$300. This became another resource grab as it prevented the mining industry from being able to operate cost effectively.

It is imperative to understand that by denying use of the natural resources it transfers the value of those resources to the confiscating government agency. This is a transfer of wealth away from our Treasure State. Those values no longer can be counted in our coffers, hence devaluing our hard assets. When you have a mining operation extracting minerals, the reserve is valued more than if they are just there.

All of these issues are magnified because we are a border state. It is a matter not unlike Arizona is facing. If we cannot protect ourselves from our government how can we protect from foreign invaders. By the acceptance of 53% of our budget coming from federal funds, we are no longer sovereign. The Wilderness deal that Tester is pushing subverts the Mining Act by once again denying us access to our resources. This disallows us from using our own resources to develop our own

economy. This leads to insolvency and indebtedness to the federal reserve. Instead of contributing to national prosperity, we are dependent on handouts and bailouts.

All this was done at the invitation of the state, under the "conservative agenda" and under Republican leadership.

Solutions:

Educate our Legislators as to the meaning of their oath to the Constitution. There can be no liberty without property rights.

Educate the Legislators about their fiduciary responsibilities to protect the personal property rights of their constituents. This includes deeded land, patented land and businesses.

Educate the Legislators about the Mining Act of 1872 and its relevance to State resource values today. There has to be a campaign to block the pending legislation in Washington to change this Act. The same perversion of this Act is being used to confiscate our forests, water and farming lands above the surface, (ranchero side). (Our two Senators are both equally involved in this heist.)

COORDINATION is our most viable and available tool for taking back control of our natural resources and being able to work with them. This is to be used not just between the State and the federal government but also between the State and local county governments. This is to be used to strengthen our State sovereignty/retained rights.

Examine all legislation from the perspective of whether or not our natural resource values are retained and controlled within our boundaries.

Educate legislators in sound money system (Hyack Austrian theory). A local, state or national sound money system cannot be built without the natural resources and the ability to develop them. Our present national economic demise is a linear result of unsound money. The remedy is in hard metals.
(recommended reading Meltdown by Thomas Woods, Jr.)

Educate about Agenda 21 including the role of U.N. registered NGO's which are prevalent in our state.

greentrackinglibrary.org , freedomadvocates.org

It is only if the above is understood and addressed that business will have the confidence to invest in Montana. Without providing the confidence to business that they will be protected in their property rights, resources and the availability to

effectively have a dialogue with all representatives, Montana will be like any other federally run state. Business will have no reason to do business here. Unless the Legislators clear out those who are robbing us, without compromise, a sound economic system cannot be built. It no longer is permissible to allow politicians to continually invoke government failures to justify destroying individual freedom.

The learning curve is steep and what is at stake is our liberty. These Legislators have the opportunity to take a stand with each vote, and each day during this session they will be determining the future survival of this State and in turn, our Republic.

Let me address a couple of potential objections or questions.

Pollution: We have been falsely told that mining is unreasonable hazardous and cyanide is poisonous. Improperly handled, that is true. The same can be said of just about everything. The chemicals under your kitchen sink are more hazardous than mining processes. The same processes are used every day in chrome plating, muffler shops, and manufacturing without harm. (notice that only cyanide leach MINING was voted out, not the use of the cyanide process. This would not have been tolerated by the public.) Once the chemistry is explained to you, you see it is perfectly commonplace and not hazardous. Mass ignorance of chemistry allowed this fraud to be perpetrated on us. (What does this say about our education system?)

The Berkley Pit: This was turned over to the control of Halliburton and Bechtel, by the EPA, with the assent of former Republican administrations. Instead of separating the useful minerals from the water, with the result of valuable minerals and clean water, they pay someone millions each year, and do not produce any value. This separation process is a very ordinary direct ionization process, and would be done if it were in private hands.

Smokestacks: We have catalytic converter technology that makes the emissions quite clean. Platinum is needed, which would provide another market for our current mines.

SUMMARY

We have to know the goal to determine the way.

We have to ask the right questions to come up with the right answers.

The goal is prosperity and the right question is, how is prosperity created.

Prosperity comes from creating wealth in an environment of common law, with an honest money, and a fair judicial system, unencumbered by capricious rules and high taxes.

The foundation of all wealth is in mining and farming. Montana could be the nation's leader in both, with the result of creating an example of prosperity and security for others to follow.

If the legislature is serious about rebuilding the economy, it will not be done with the ponzi scheme of debt creation, and people trading service for service. It can be done by revitalizing our mining economy, by reasserting protection for private property rights, punishing only real crimes, (harm to people and their lands) and moderating taxes.

I suggest that the legislature form a study group to learn the truth about mining, and set up a path to take us forward to real prosperity again.

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