

# Re: Great Untapped Financial Resources for Space Projects

*Source:* <http://sci.tech-archive.net/Archive/sci.space.policy/2005-03/2730.html>

---

*William.Mook\_at\_gmail.com*

*Date:* 03/19/05

Date: 19 Mar 2005 15:53:25 -0800

Eric Chomko wrote:

> *William Mook (william.mook@mokindustries.com) wrote:*

> : *War profitable? I don't think so.*

>

> *Are you sure about that?*

Yes. Warfare destroys wealth. Preparing for war destroys wealth.

> *Someone has to bankroll a war.*

Deficit spending pays for war. This destroys the value of the underlying currency used, regardless of how that currency gets spent.

> *Are you telling me*

> *that bankers don't get rich during war?*

No. Because the value of the currency in which they're paid dwindles away to nothing.

Arms dealers?

No. Defense spending is a very large part of total US spending yet it is very rare that large defense contractors for the US government perform as well as say a software company or a restaurant.

When inflation and interest rates and raw material prices spike upward in the aftermath of actually using the instruments of war, these very same defense contractors are the ones who suffer most – especially if the government decides to cut back defense spending as it did after WW1

> *Oil companies?*

The major oil companies buy oil from producing areas and ship that oil to consuming areas and make money on the margin in doing this. Warfare erases this margin by affecting the value of long-term contracts.

Consider that one of the major causes of the oil supply problems in the 1970s was the economic turmoil caused by the Vietnam war. Here the US spent hundreds of billions of dollars to prosecute a war. This resulted in a massive decline in the value of the US dollar in the years following this war. Since all of the oil contracts which the major oil companies signed with supplier nations were denominated in dollars, this caused huge problems for those oil companies as the value of the dollar declined. This ultimately resulted in supply interruptions and a massive increase in the cost of oil, massive increases in interest rates, with the result that the major oil companies profits evaporated in that period.

It was only the long period of peace in the 1980s, combined with fiscal conservatism that major oil companies returned to profitability.

> *The*  
> *Militray-Industrial-Complex, of which Ike warned us about in his*  
parting  
> *speech as president, has contractors. They don't do well during a*  
war?

No. Eisenhower warned us of spending too much on things that seemed to make us strong because he knew that overspending on preparing for war during times of peace would actually make us weak.

Foolish people may believe that massive government spending on warfare is good for the economy. But the reality is if you have 20% of your population making and tending weapons you've wasted 20% of your capacity to do something useful. For example, that 20% of your economic activity could go toward economic expansion by allowing the money to flow back into market directed capital formation.

If you are so foolish as to actually use those weapons in war, things become considerably worse.

Consider, if the US and USSR would have gone head to head in a nuclear conflict the majority of people now alive in both countries would be dead, the world would be a vast radioactive graveyard, and our ability to produce and consume things would be dramatically reduced. This would be reflected in the value of our currency and other economic measures.

Even small well defined limited conflicts like those of Vietnam have negative economic influence, as the oil difficulties of the 1970s show us.

> *I don't know about you but I wished I had bought various stocks from*  
> *MIC-based companies back in 2002 before the Iraqi invasion.*

<http://www.econlib.org/library/Enc/GovernmentSpending.html>

Halliburton in Dec 28, 1981 closed at \$14.22

Halliburton in Dec 21, 2001 closed at \$13.10

<http://finance.yahoo.com/q/bc?s=HAL&t=my>

There have been recent price rises, but long term I would suggest that Halliburton benefits more from the gradually rising price of oil due to its limited supply, than from warfare or government contracts, which history shows is limited.

> : *All I'm saying that there must be a way for investors to make a buck on*

> : *space travel technology in order to be persuaded to invest in space*

> : *travel technology. The steps I've outlined are a natural consequence*

> : *of this requirement. Investors need to own space borne assets and use*

> : *them in ways that make money. They also need to have a way to vet*

> : *technical proposals. They need to be able to resolve common problems*

> : *together. They need a way to settle claims and disputes. They need*

> : *not to be taxed out of existence.*

>

> *I don't disagree with this.*

>

> : *As far as time–travel goes, yes, its a far out proposition, but this is*

> : *one of the potential benefits of space based technology. The ability*

> : *to create large populations of miniature, charged, and spinning black*

> : *holes and allowing them to interact is an ability that space based*

> : *technology may one day provide us. Having these sorts of gravitic*

> : *dusts make all sorts of interesting things theoretically possible.*

One

> : *of these may include time–travel;*

>

> : <http://www.pbs.org/wgbh/nova/time/sagan.html>

>

> : *Live with it.*

>

> *Cause Sagan said it, it must be true?*

No, the thing is a scientist is speaking seriously about time travel.

Your comments suggested this might not be scientifically based.

> *Heck I bet he's spinning in his*

> *grave right now with the prospect that Voyager is getting its plug pulled.*

I doubt he's doing anything in his grave except perhaps rotting.

> : *According to current law you cannot own a crater on the moon.*

>

> : <http://www.state.gov/t/ac/trt/5181.htm>

>

> : *So, you cannot have your dream.*

>

> *Laws can be changed.*

Sure they can, which was one of my points – they would have to be changed in order for private investors to place big bets on space based assets, technology and resources.

> : *Now, if the law were changed to permit you and others to own things*

> : *like craters on the moon, then there would be an incentive for people*

> : *to spend money to make use of those things they could own. This was*

> : *the whole idea beyond land companies in North America*

>

> : <http://new.oplin.org/evolution/his/hisohco.html>

>

> : *If you let them own it, they will come!*

>

> : *So, these two ideas are related.*

>

> : *Zubrin correctly points this out in his book THE CASE FOR MARS. If you*

> : *could modify the OST to allow privately owned land companies to develop*

> : *a celestial body, or a portion of a celestial body, you would create a*

> : *situation where billions if not trillions of dollars could be raised*

> : *on the prospect of a payoff in the future.*

>

> : *Imagine that you and others could pay serious money for the rights to a*

> : *large chunk of property on the moon or mars say, to a development*

> : *company chartered by the UN or some other suitable governmental body.*

> : *You and your heirs would have rights to that chunk, which you could*

> : *sell off piecemeal as you developed it. This is what folks did in*

> : *England. Absentee landlords in Britain paid for rights in the New*

> : *World to chartered land companies. Those companies bought ships,*

> : *outfitted them, and developed that property and sold off rights to that*

> : *property to earn a profit for the landlords. Settlers who paid for the*

> : *rights settled the land and earned a profit from these efforts.*

>

> *This will undoubtedly happen when we colonize space.*

You've got it backwards. When this happens we will colonize space. The government doesn't need to spend more money on space travel. The government needs to establish conditions so that business can spend more money on space travel.

> : *It didn't matter that it tooks months to cross the Atlantic. It didn't*

> : *matter that no European had set foot on the property. It didn't matter*

> : *that ships had a high chance of being lost altogether. This process*

> : *worked. And it would work today with our current spacefaring*

> : *technology, under the right economic and regulatory conditions.*

>

> *I agree, but we are at least decades away from this scenario.*

We could establish the conditions for space business tomorrow if we wanted. We don't want, that's the point.

> : *Unfortunately, the misuse of space vehicles to carry WMDs around Earth*

> : *easily is the primary concern of regulators today. This has led to*

> : *efforts to avoid missile proliferation. This is an important third*

> : *party effect, so this concern is reasonable. So, this issue has to be*

> : *settled in some other more direct way in order for rocket technology to*

> : *come into wider commercial use.*

>

> *I agree, but this seems to be a topic (misuse of commercial spaceflight as*

> *a means to create ICMBs) that gets avoided around here by the pro*

> *commercial space people.*

Its a topic that must be addressed if we expect laws and policies to change.

> : *If the UN could charter some development companies – to develop Mars or*

> : *the Moon say – I believe billions if not trillions of dollars could be*

> : *raised. In an environment where private investment in space technology*

> : *is welcomed, rather than viewed as a way to covertly obtain missile*

> : *based weapons, this money would be sufficient to create the*

> : *infrastructure needed to support the development of these planets.*

As

> : *the planets were developed, the development companies, along with*

the

> : *initial investors, would have the potential of a positive return.*

Of

> : *course, as the planets are developed there would be those who would*

> : *settle the new worlds and create new wealth which would partly be*

> : *returned to investors and partly stay on the new worlds where they*

> : *build even more value. Over time life on Earth and these other worlds*

> : *would be enriched by the availability of resources on the frontier.*

>

> *I'm reading Clarke's book "Imperial Earth" which is based in a solar*

> *system very close to what you are speaking about. Complete with human*

> *cloning, where the primary characters are based on Titan.*

>

> *Eric*

Science fiction is an interesting way to think about these things and can be inspirational at times. Unfortunately, serious people don't invest in science fiction, so we need to move beyond sci-fi if we expect serious change.