W hy did the pig cross the road? To get to the pile of money on the other side, of course...

This month, we dive into this country’s pork-stuffed government spending, plus we tackle cancel culture, death by taxes, COVID one year later, and much more...

Publisher Trish Regan sounds the economic alarm, noting that Biden’s call for trillions more dollars of spending on top of the COVID relief spells financial doom for America.

As the wokesters continue their sanctimonious virtue-signaling parade, editor in chief P.J. O’Rourke wonders if what we need now is even more cancel culture (wink). And as we’re all pandemic-weary at this point, P.J. also notes another cultural epidemic in America – the politicization of everything and how we can cure it.

It’s everyone’s favorite time of year: tax season. Professor Beverly Moran from Vanderbilt University makes the case for a return-free filing system where half of all Americans would never fill out a tax return again.

Speaking of the IRS, Brandon Arnold, the executive vice president of the National Taxpayers Union, showcases how Biden’s economic policies will provide a toxic two-shot of deep debt and staggering tax rates.

Libertarian legend, former congressman, and frequent American Consequences contributor Dr. Ron Paul pulls back the curtain on the draconian measures of vaccine passports and COVID lockdowns – and how Americans can reclaim their freedom.

Author Geoffrey Norman, featured in the Wall Street Journal and Esquire, gives a tutorial on how lowered expectations and rising debt have forever changed the college landscape.

Executive International Editor Kim Iskyan explains the concept of stranded assets and how we’re now sitting on one of the most historical cases of the phenomenon... a trillion dollars in fossil fuels that could be worth nothing.

Echoing Ron Paul’s sentiments, Executive Editor Buck Sexton lays down why it’s time to end the contagious, viral strain known as Dr. Fauci, who continues his misinformation campaign of inconsistent pseudo-science that’s stripping our liberties.

Before the Netflix GameStop movie comes out, acclaimed New York Times featured writer Alice Lloyd introduces you to the real people behind the Reddit sub-thread with this in-depth profile of everyone’s favorite Wall Street story from 2021.

As we hit the grim reality of the world’s one-year anniversary with COVID, former presidential strategist Sebastian Gorka, PhD takes an objective look at this lost viral year, separating pandemic fact from fiction.

And don’t forget our popular new feature, Dunce of the Month, where we crown the latest face-palm-inducing antics in Washington and Wall Street. Find out this month’s winner here.

Regards,

Laura Greaver
Managing Editor, American Consequences
The *Digest* is one of the most important newsletters Stansberry publishes...

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**AMERICAN CONSEQUENCES**

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PEOPLE VS. POLITICS

WHEN EVERY ANSWER TO A QUESTION IS POLITICAL...
EVERY "US" NEEDS A "THEM"
Right now, the most dangerous thing about politics is... politics.

Politics are dangerous to everybody. This is true if you’re scraping spray-painted obscenities off your Trump/Pence yard sign and wearing your MAGA cap at half-mast in mourning. And this is also true if you think AOC and the Green New Dealers have just dealt you a straight flush. (Flush twice – it’s a long way from Congress to your lunch bucket.)

Of course, politics have always been dangerous. Politics are how it’s decided who controls government... Whoever controls government controls the force of the law... And the force of the law is a lethal force.

Fail to pay a parking ticket and you’ll be fined. Refuse to pay the fine and you’ll be jailed. Try to escape from jail and you’ll be shot. Every law, every government rule and regulation, no matter how trivial or picayune, is obeyed at the point of a gun.

That gun is called politics. And what makes politics so dangerous right now is that Americans – Left, Right, and Center (if there even is a Center anymore) – have come to believe that the answer to every question is political.

How much money should we have?
How much money can we have?
What’s a dollar worth?
How many dollars must we pay employees?
Who are the employees required to be?
Who is allowed to employ them?
Who’s a real American?
Who’s just pretending?
Who gets to exercise free speech?
What if they speak too freely?
What should be taught in school?
What should be believed in church?
Which doctor can we go to?
Which car can we drive?
Or do we have to take the train?
And what should the weather be like?

Politics has become our first resort. And resorting to politics every time we face a
problem is as absurd as (and identical to) resorting to firearms.

“Grab your shootin’ iron, Pa! Ma’s got bunions!”

It’s safer to rely on people (a podiatrist, for example) than it is to rely on politics.

Politics is a zero-sum game... Only one side can win. Individual people compete too. Only one person can be CEO. But there are plenty of different types and kinds of CEOs you can be. And how often do you apply for a job as CEO? Most of the time, when people are competing, it’s a game like golf or Little League, not a matter of life and death and parking tickets like politics.

Individual people spend most of their time cooperating... the way a family does. Imagine if a family were a political entity where the decision about who had which domestic duties and financial responsibilities was made by the group that could muster the largest ballot majority or the most physical power to lay down the law.

The poor old family dog would be holding down two jobs, raising the children, taking care of the cleaning and housework, and – here’s where politics can go so wrong – the dog would be cooking all the meals.

“Roadkill for dinner, again?!”

Politics is famously bad at allocating resources. Using the force of family politics you can make the dog do all the work. But this will leave your kids chewing shoes and peeing on the carpet and you and your spouse burying bones in the yard.

Also, sooner or later, that dog will bite you.

Politics is famously good at creating divisions. To bolster support politics depends on a feeling of “Us.” Every us needs a “Them.”

Encouraging an “us versus them” mentality is an experiment that has been tried hundreds of thousands of times since the beginning of political history. The results of the experiment
are always the same. “Us” turns into Dr. Frankenstein. “Them” suffers the fate of lab rats. The lab explodes. People die.

A group is not a person. A person is not a group. Think how complicated a marriage proposal would be, how many legs pants would have, and how wide we’d need to make toilet seats if every person was a group.

Politics, by making people into groups, makes people act strangely and badly. And the people who act the strangest and worst are politicians.

The rest of us are imperfect. We give in to temptation. We commit the seven deadly sins. But politicians depend on those sins for their livelihood. They thrive on their sin. They’d be unemployed and homeless without the seven deadly sins.

Lust for power drives politicians. Gluttony for a feeding at the public trough prompts their supporters. Greed for campaign funding is a necessity. Sloth in neglecting the public weal is required if the “us” are to get the better of the “them.” Wrath at opponents serves the same end. Envy of “them” must be whipped up in “us.” Pride “goeth before destruction, and a haughty spirit before a fall.”

Note that every politician is quick to say how proud he or she is to have been elected.

And right they are to admit to the sin of pride because what is politics if not the destruction of some people by others and a fall from the grace of human mutual sympathy into the abyss of a war of all against all?

But it’s not just what politics destroys that is to be feared... There’s also what it constructs. Politics builds a huge structure, an enormous governmental machine of jurisdiction and command, authority and restraint, domination and mastery around each individual.

You may think you want a larger government. You may think you want country, an economy, and even a personal life where politics plays a greater role. But remember the size and strength of this machine.

What if an idiot gets control of it?

Some say an idiot did get control of it for a while. And some say another idiot is in control now.

New to American Consequences?
Check out our magazine archive...
The mainstream media isn't telling you everything, and we've got the full story.
CLICK HERE.
Re: Love us? Hate us? Send us your feedback!

I am very pleased with your content! Keep up the good work, please! We need you more than ever! – J.J.

P.J. O’Rourke Response: We thank you, J.J. And – as we tell every reader who is kind enough to compliment us – in order to keep up the good work, we need you more than ever. (And all your kith and kin – so pass the word.)

Trish Regan Response: J.J., thank you for the kind words! We try our best here and want to make sure you’re getting the right information through the lens of what will matter most to our economy and our freedom. Thanks for reading!

Hi, I just saw your site show up on my screen, probably because my fat fingers hit a button I did not notice. I am liberal, and go to sites like yours to see how others think. I am not hostile, nor a troll. I am interested in seeing what the responses are here. If we do not understand each other, we cannot talk.

Good luck in bringing us together. – George K.

P.J. O’Rourke Response: And thank you, George. Your comment is a compliment, too. If we manage to express ourselves without being hostile and without provoking hostility in you, then we have already been brought together in the most important way. There will never be complete agreement in a democracy. It may not even be desirable. But mutual understanding is one thing we can completely agree on.

Thanks for your fair and balanced news coverage. Your news organization is a breath of fresh air in a country which seems to be going in the wrong direction: towards Marxism, Socialism and a New World Order that is in direct opposition to the founding principles of the country. – David B.

P.J. O’Rourke Response: We do our best, David. But don’t be downhearted. Over the past 245 years, America has often gone in the wrong direction. But America is different from Americans. We trust individual people. And what we love most about America is that it gives those individual people the opportunity to find their own way.

You asked for feedback – here goes! I like your stuff because it makes me laugh! When I get desperate for revitalizing my sense of humor, I pick up my old copy of your book, Parliament of Whores, and read something – all of it is still relevant. It still makes me laugh.

Just wanted you to know we have a connection through that book. I relieved Dave Bill of command of USS MOBILE BAY in June of 1990 in Mayport, FL. Shortly thereafter, we shifted home ports to Yokosuka, Japan, and shortly after that, were on our way to the Arabian Gulf with the MIDWAY battle group, entering the AG to begin Operation DESERT SHIELD, then on to ops in DESERT STORM. Along with Dave Bill doing fire support in WISCONSIN, I was
assigned, as CO of MOBILE BAY, the duties as the Arabian Gulf Battle Force ZULU Anti-Air Warfare Commander (AAWC) – responsible for the air defense of the four-carrier battle force ZULU (call sign “ZW”). You would have been proud of the crew – over the course of the war, we performed thousands and thousands (over 60,000!) of deconflictions of inbound and egressing strike aircraft, with zero “blue on blue.” None. 24-7, all weather. On the land side, they (the Army and Air Force “air defenders”) did not do so well. We also fired 222 TOMAHAWKS against Iraq, and sank most of the Iraqi Navy.

If you’d like more MOBILE BAY stories, let me know! FYI, I am 74, and drink from time to time... Used to smoke a pipe. All the very best... – Steve W.

P.J. O’Rourke Response: Ahoy, Steve! It’s great to hear from you. And please give my best to Admiral Bill. As you know from the book, I had a great peacetime cruise with him on the Mobile Bay shortly before you took command. I’m sorry we never got to meet in person. And thank you for all explosive stuff you threw at the Iraqis. It may well have saved my life. When the ground war began, I was in Dammam, Saudi Arabia. I joined a disorganized little convoy of fellow journos. We drove up to the Kuwait border figuring we’d follow the allied “frontline” as it advanced to Kuwait City. Except there was no frontline. We accidently drove right into Kuwait midst blazing oil wells and blown-up Iraqi tanks. We could hear your firepower going over our heads into Iraqi positions, and bless you for it. I wound up in Kuwait City before the allied troops did and was standing on a burned-out street corner when they arrived. We have much to discuss. I’m of like age and disposition toward cocktails. I don’t have much in the way of pipe tobacco, but I’ve got some good cigars.

Re: Corona’s Cultural Contagion

I also remember crouching under my school desk for protection from a theoretical bomb raid. Even more confusing was the watchtower built on the high ground at the edge of town to provide early warning of approaching enemy bombers. I lived in a town of 7,000 people and didn’t understand the strategic importance of our small western town. The tower was accidently burned to the ground by some young boys playing with matches underneath the tower. I sensed at the time that the tower’s demise was a relief for the townfolks. – Ron C.

P.J. O’Rourke Response: Unless... those young boys playing with matches were commie agents! In
which case, Ron, you may have been in more danger than you thought in that little town!

Good article about centralized planning. However, I would point out that China’s success in managing its economy is an existence of proof that centralized planning can work when there’s only one political party that is not distracted by a host of secondary objectives like diversity, gender, LGBT, keeping teachers happy, and on and on. As my old grandfather used to say “our government couldn’t manage a one-car funeral”. – Dave S.

P.J. O’Rourke Response: Yes, Dave, but there’s no such thing as an undistracted single party in a single-party state. That one party is always distracted – distracted by trying to control what everybody is doing and thinking. And that one Chinese Communist Party is able to manage some really big funerals. (As many as 50 million people are estimated to have starved to death between 1958 and 1962 during Chairman Mao’s “Great Leap Forward.”)

Re: ‘Boring’ Bonds Are Sounding the Alarm

The opening sentence of this article was the most highly entertaining opening I have read in years. Funeral dirge crossed with early morning stats class with a hangover? Beautifully mordant. – Vince R.

Kim Iskyan Response: Thank you for your kind words, Vince. Little did I know back then that my 8 a.m. stats class in undergrad (which I likely attended with a hangover more than once...) would come in handy a few decades when writing about bonds!

Re: Bill Hwang: Four Lessons From a Wall Street Failure

This is the very best lesson anyone could receive on “options” as derivatives, and how options are a trap at many levels in a vertically integrated market. Thank you very much for a priceless share today. – Loy

Kim Iskyan Response: Loy, thank you for your message. A lot of options aren’t all that complicated... But when used improperly or recklessly, they can create extraordinarily complicated problems for lots of others. This Archegos meltdown will likely trigger regulation of these sorts of instruments... It’s kind of crazy to me that they weren’t already under scrutiny – by the SEC, or by banks themselves (as a matter of pure self-protection).

Re: The Rising Minimum Wage Debate

Trish, as always, a job well done... great perspective on the situation of raising the minimum wage to $15/hr. People misunderstand the original purpose of the original law. It was never intended to be a living wage. It was just a wage to prevent workers from getting totally hosed. We use the minimum wage as an entry-level wage to get young people used to learning skills and requirements to have a job. Also, it helps give senior citizens an opportunity to supplement their income, get a chance to go out and stay active, and meet up with friends.
If we create a new threshold of $15/hr for unskilled labor, what do we have to add to a person that has skills but is making say $13/hr now? And how much more then needs to be added to their supervisor's pay?

I have little sympathy for a person that complains about only making $8.50/hr that has been working at that job for 5 years. What have they done to improve their marketable skills that would warrant a larger wage? I’ve been in positions where I wasn’t making the wage that I thought I should and when I asked, it always came back as I needed more skills. So I found a way to increase my capabilities. And I also learned to cut my expenses to pay for the additional training. I didn’t blame anyone else, nor did I expect someone else to make it happen for me.

I just wasn’t brought up that way. My parents would be rolling over in their graves if they thought I had become a freeloader. I don’t want to think about what is going to happen with these people that don’t want to take responsibility for their future when they suddenly find themselves unemployed because automation replaces them. If they were smart, they would get into a technical school to learn how to repair those machines that took their job, to begin with!

As a department head, I always push my staff to increase their knowledge base. And if their new skills will benefit the company, I ensure that the company will pay for it. I have no problem helping someone bettering themselves and have done this on a number of occasions. But as soon as the conversation turns to “you owe me,” my ears turn off. I blame it on the household they grew up in and the school system.

Anyway, thanks for the chance to voice my opinion and give out a “Well done” to Trish. – Dave

**Trish Regan Response:** Many thanks, Dave. It’s good to have you here and reading these pieces. It sounds like we’re speaking the same language, and I couldn’t agree more. Keep your commentaries coming!

“Working yourself out of a job!” That was what my late uncle David told me years ago. He used to teach finance in the MBA program at Stanford University. You are right. The process to speeding up automation that will put people out of jobs. Couple months ago I saw a local TV news program that was talking about a robot that makes french fries. Did you know that most if not all the housekeeping jobs in Tokyo Japan are done by robots! When I was studying for my finance degree nearly 40 years ago, the big thing then was the use of robots in making cars in Detroit. Raising the minimum wage is only going to hurt those who need minimum wage jobs. When the layoff of these people occur, it will be hard to get any job. – Gordon A.

**Trish Regan Response:** Gordon, your uncle was a smart man! I think I heard the same thing from MY uncle who used to chair the economics department at University of Connecticut. Leave it to the economists... Anyway, there is a cost to a higher minimum wage and it will not have the intended effect of helping the majority of Americans. As you know, I’m a big believer in getting the government OUT of the way. Thanks for reading!
DON'T LET YOUR INVESTMENTS BECOME A HARD ROCK LIABILITY
The best word to sum up these situations? *Stranded.*

In the investment world, a “stranded asset” – the money equivalent of cooling your heels on a chilly airport floor, or a beached boat left for the vultures – is a resource that at one time produced income or held value but no longer does.

It’s experienced an unexpected (or earlier-than-expected) write-down or collapse in value – and perhaps it’s gone from being an asset (worth something) to being a liability (costing you something). An asset can become stranded due to some kind of external change in technology, markets, policy, society, litigation, or something such as climate change.

An asset can become stranded due to some kind of external change in technology, markets, policy, society, litigation, or something such as climate change.
For example... Let’s say you’re a top-notch oil lamp producer... Then along comes that annoying Ben Franklin and his electricity. It’s not long before your inventory – and your business – is worth close to nothing because the market that you serviced no longer exists, outside of little old ladies who don’t believe in the devilyr of the light bulb.

More recently... The value of a New York City taxi medallion – a license to operate a cab – collapsed from $1.3 million in 2002 to $200,000 by 2014, as Uber and other ride-hauling apps entered the market. Now, there are still plenty of yellow cabbies on the streets today... But the value of driving a cab has collapsed – and the price of a NYC taxi medallion is never coming back.

One-third of the world’s oil reserves, half of total gas reserves, and upwards of more than 80% of coal reserves will need to not be used – not brought up to the surface, and not burned into the atmosphere – to hit the 2-degree target, so that Mother Earth can still be breathing when our grandkids are adults.

How about that chunky rotary phone in your closet that used to be a centerpiece of your social life? Now, it’s only valuable for the grins of your grandkids when you display it as a relic of another era – priceless, perhaps, but virtually worthless in market terms.

And three months after the Fukushima nuclear disaster in March 2011, Germany decided to shutter eight of its nuclear power plants almost immediately and to phase out its remaining nine plants by 2022. The EUR2.4 billion paid by the government to nuclear power plant operators as compensation represented a small fraction of the estimated $12 billion per year total “social cost” of closing down just the first eight plants. The market price for abandoned nuclear power plants approximates the value of the coins on your dresser. That’s stranded.

The Biggest Stranded Asset in History

Right now, investors are grappling with the prospect of the biggest batch of stranded assets in history... nearly $1 trillion in fossil fuel reserves.

Under the terms of the Paris Agreement, 196 countries – including the United States, which reentered in February – agreed to aim to reduce the emission of greenhouse gases into the atmosphere. The objective is to limit the rise in global temperatures to 2 degrees Celsius (3.6 degrees Fahrenheit) above pre-industrial levels (with a reach-for-the-stars aim of 1.5 degrees Celsius).

Fossil fuels account for 89% of greenhouse gases, according to the Intergovernmental Panel on Climate Change. So the only way to prevent climate catastrophe – more 100-degree days in Siberia (this happened in June), and the 3.1 billion people on Earth who live within 60 miles of the coast having to grow scales since they’ll be permanently swamped – is to limit the usage of fossil fuels.
A widely cited 2015 study claims that around one-third of the world’s oil reserves, half of total gas reserves, and upwards of more than 80% of coal reserves will need to **not be used** – not brought up to the surface, and not burned into the atmosphere – to hit the 2-degree target, so that Mother Earth can still be breathing when our grandkids are adults.

This is an extinction-level challenge for the likes of Exxon, BP, Chevron, Saudi Aramco, and every other oil, gas, and coal producer, as the *Financial Times* explained in February 2020...

Vast swaths of oil, gas and coal reserves may never be extracted and burnt because doing so would intensify global warming, worsening freak weather events and threatening the loss of farmland and huge population displacement...

In that context of the climate emergency, the cost of writing off stranded assets could be seen as a small price to pay. But the amounts involved would be breathtaking. According to *Financial Times* estimates, around $900bn – or one-third of the current value of big oil and gas companies – would evaporate if governments more aggressively attempted to restrict the rise in temperatures to 1.5C above pre-industrial levels...

Oil and gas companies frequently write down, or decrease, the value of reserves to reflect a revised outlook on commodities prices. A big deep-water oil project that requires an oil price of $90 per barrel to deliver a 15% return – launched when it looked like oil prices would remain above $100 per barrel indefinitely – is a lot less compelling in a $60 per barrel oil environment.

In that case, a big oil company might suspend operations on the project and reduce the value of the project on its balance sheet (which is more of an accounting maneuver than anything else). It would still show the reserves as an asset, and it could resurrect the project if oil prices were to rise.

**FINDING THE NEXT THING**

But a Paris Agreement-inspired stranding of assets is a different matter. It’s permanent and irrespective of the price of oil or any other bottom-line-driven factor. And it’s not like oil and gas production is a side hustle for the likes of Chevron or ConocoPhillips... This is like telling McDonalds, “Sorry, you can’t sell fast food anymore – figure something else out.”

A Paris Agreement-inspired stranding of assets is a different matter. It’s permanent and irrespective of the price of oil or any other bottom-line-driven factor. And it’s not like oil and gas production is a side hustle for the likes of Chevron or ConocoPhillips...

U.K. energy major BP helped kick off the process of cutting off its own limbs in June, when it slashed $17.5 billion from the value of its oil and gas assets. The *Financial Times* opined that the write-down was “the biggest recognition yet among the largest oil and gas players that tens of billions of dollars worth of investment could be rendered uneconomic as the world pursues the Paris climate goals.”
A few months later, BP – which read the room as early as 2002, when it rebranded itself from British Petroleum, to Beyond Petroleum – said it would cut oil and gas production by 40% and aim to increase renewable-energy generation capacity 20-fold by 2030.

Will it work? BP’s history – which includes one of the largest oil spills in Alaska’s history (2006) and the biggest marine oil spill ever (Deepwater Horizon in the Gulf of Mexico in 2010) – doesn’t inspire confidence. Its marketing propaganda – the company’s purpose is to “reimagine energy for people and our planet” and to “help the world reach net zero and improve people’s lives” – has the feel of an all-night Greek diner that’s trying to reinvent itself as haute cuisine.

And, of course, BP is just one of dozens of energy companies that are staring into the abyss. But since the FT’s February 2020 forecast that oil companies would need to throw overboard $900 billion in assets, investors haven’t blinked. The share price of the iShares Global Energy Fund (IXC), an ETF that holds a who’s-who of big energy companies, is roughly flat over the past year (though it’s been volatile, along with stock markets globally).

There’s still plenty of room to fall. And any forecasts while the process is still ongoing aren’t worth much. A 2016 report by global investment bank UBS about energy companies’ stranded assets concluded that “many public oil and gas companies appear to be reasonably valued... even under a ‘strong form’ of the stranded assets hypothesis” – which is broker-speak for “it can’t get any worse than this.”

(Since then, though, IXC is down around 20% – while the S&P 500 has roughly doubled.)

**THE JOURNEY TO STRANDED**

No asset is “stranded” overnight (unless
it happens during a pandemic... more on that below). Oil lamps lingered for a long time before light bulbs found their way into houses... And the disruption of Uber took a few years to unfold. Plenty of people kept their door-stopper rotary phones even as mobile telephones replaced land lines and the idea of a “home phone.” Nuclear power had been under pressure in Germany for decades before the Fukushima disaster accelerated the trend.

After the fact, it’s easy to chart an asset’s path to “cheap”... as it devolves to “undervalued”... enters the realm of “contrarian” or “deep value”... and then further regresses to “impaired” and/or “left for dead”... before falling off a cliff to wind up at “stranded.”

This journey is easy to explain for stocks, for which there’s a liquid market and readily available comparables (neither of which exists for oil lamp shops or German nuclear power plants).

At each stage heading toward stranded, the valuation discount of the asset increases... that is, the price-to-earnings (P/E) ratio (in absolute terms, as well as relative to similar assets, and to its own historical levels) will decline as the share price falls, reflecting investors’ diminishing faith in the earnings power of the company. (Note that the P/E ratio could also increase if earnings actually do decline faster than the share price falls. No one said finance wasn’t confusing.)

A few bad trading days, a lousy quarterly earnings report, or a big fund that’s forced to liquidate a position in a hurry can result in a temporary “cheapness” in a stock. If the stock doesn’t have some deeper reason to deserve to be cheap, an efficient market populated by eagle-eyed investors will correct that soon enough.

But string a few of those sorts of situations together plus (for example) a general slowdown in the sector, and a stock can become “undervalued.” The discount rises, and the path back to valuation respectability is a bit more challenging.
Next, toss in some serious management missteps, an accounting scandal, or a bigfoot competitor that’s eating everyone’s lunch, and a stock enters the realm of “contrarian.” It’s very cheap, for very good reason... The company might recover, or – like a basketball player who ruptures their Achilles tendon – it might never be the same again.

Stocks in Argentina have a Frankenstein-like knack for coming back to life after being repeatedly left for dead. Throw a rock at a stock listed on the country’s stock exchange, and chances are good that it’s experienced at least four 80%-plus collapses over the past two decades and a similar number of triple-digit recoveries.

**A stranded asset is worthless at best... or (even worse) an ongoing liability for its owner. Just because an asset no longer holds value doesn’t mean that its owner doesn't still have to pay rent, property tax, security, or upkeep for it.**

**THE LAST STOP**

Stranded is the last stop... As an asset steadily depreciates in value, it’s passed on – hot-potato-like – to the next guy who thinks that he can turn it around or that it’s on the cusp of rebounding. But eventually, the investor left holding the stranded asset winds up with nothing more than a cold spud.

Perhaps the savvy oil lamp shop owner sold his inventory to a discounter – a colonial-style factory closeout – not long after Ben Franklin found himself flying a kite in a thunderstorm. Somewhere down the line, someone was stuck with a warehouse full of oil lamps (space that perhaps, a few centuries later, was taken up by rotary phones).

A stranded asset is worthless at best... or (even worse) an ongoing liability for its owner. Just because an asset no longer holds value doesn’t mean that its owner doesn't still have to pay rent, property tax, security, or upkeep for it.

And over the past year, a lot of assets have degenerated to stranded within a matter of months. As Bloomberg explained in April 2020...

Empty restaurants. Shuttered theaters and hotels. Grounded airplanes. At least at the moment, they all fit the definition of stranded assets subject to premature writedowns and operating losses. Everyone is getting a close look at the vast economic and human costs associated with investing in infrastructure that can’t be used, even temporarily. The threat of bankruptcy and restructuring suddenly spans the global economy from offshore drilling to retail.

An asset that’s stranded isn’t dead and gone forever... It still exists as a physical entity, and someone – no matter how reluctantly – owns it. A shuttered restaurant or an abandoned hotel may eventually get a second life with a different owner, after bankruptcy proceedings and under a different nameplate.

The initial investment made by the next investor is a lot lower than it was for the people who started it the first time around. Buying an asset at a fire-sale price means that it’s that much easier to make back your
investment. The level of cash flow or net income required for the asset to be financially viable (that is, make money) is a lot lower.

Maybe those warehoused obsolete oil lamps are retrofitted as camping lanterns to be sold at a fraction of their original market price. But since the guy who acquired them paid pennies on the dollar, he can sell them for cheap... and still make money.

**BEWARE OF BEING STRANDED**

It’s not just energy companies – or oil lamps, or taxi medallions, or theaters and restaurants, commercial real estate – that run the risk of holding stranded assets. Disruption and innovation can strand even the most seemingly robust assets...

**Cattle.** Producing one pound of beef requires 1,800 gallons of water (corn: 108 gallons), 10 pounds of grain, and 108,000 Btu (that’s enough energy to light a 60-watt light bulb for 22 days). Cattle do violence to the environment like spray paint on a 1970s New York City subway car. Today, even your local Burger King offers tasty – and price-competitive – plant-based meat substitutes for beef. How long, under the pressure of the same folks who brought us the Paris Agreement, before the market for cattle (and the land they graze on) starts to disappear?

**Gold.** What if the world’s oldest store of value is supplanted by cryptocurrencies? Unlikely. But weakness in the price of gold in recent months – despite the biggest infusion of liquidity by central banks (which should be good for the price of gold) – is due at least in part to cryptocurrencies entering the mainstream. Gold miners could be sitting on a lot of worthless shiny metal.

Stranded assets are always eventually resolved. The snow on the Denver airport runways will melt... The stranded boat on the ex-Aral Sea will, with time, deteriorate into dust... And energy companies’ fossil fuel assets will be written off.

**Your professional skills.** The history of labor is speckled with examples of once-hot skill sets (building a car, typing a memo, managing a portfolio, depositing a check) rendered obsolete by technological innovation. Artificial intelligence is pushing up the professional ladder, tackling white-collar tasks that until recently were beyond the reach of computers. (Even the world of investment research isn’t untouched... Investment research firm Morningstar recently announced that robots will be writing fund reports.) Best to prepare – maybe via a rebranding like BP’s, only better – if it looks like your skill set is set to become a stranded asset.

Stranded assets are always eventually resolved. The snow on the Denver airport runways will melt... The stranded boat on the ex-Aral Sea will, with time, deteriorate into dust... And energy companies’ fossil fuel assets will be written off.

The key is to not be the person who’s left holding them at the end.
SPENDING

WILL THIS BULLISH MARKET BREAK AMERICA’S ECONOMY?
There’s a familiar chorus being sung and broadcast by the Biden administration right now: “We need more stimulus.”

The justification? Our government needs more money because our economy is *that* broken.

In fact, it’s *so* broken that we need to enact the most staggering spending program since FDR.

“The economy and virus are spiraling downward,” said Brian Deese, head of the Biden National Economic Council, in a Fox News interview Easter Sunday. This came just two days after the nation learned an astonishing 916,000 jobs were added in the previous month – bringing the unemployment rate down to an impressive 6.0%.

But that jobs report doesn’t quite fit the current Administration’s narrative – not when they’re trying to “remake” the American economy in their warped vision. And if they get their way, it’s time for a new chorus: *Goodbye capitalism, hello socialism.*

**SOCIALISM, USA**

With $1.9 trillion in stimulus spending already on the books, the Biden Administration keeps looking for more (and more, and more) taxpayer dollars to put toward its big, woke projects.

The introduction of the infrastructure plan indicates how far Left they want to take the country... $400 billion of the $2.3 trillion requested will go to “elderly care,” while $213 billion will go toward “affordable housing” projects.

A reasonable person would ask, “Does that count as infrastructure?”

And a reasonable answer would be, “No, not really!”

Though when it comes to socialist-style spending, there’s a bankruptcy in logic.

Instead, Brian Deese, who ran the Green Energy Division at BlackRock (the world’s largest asset manager, handling enough capital to rival the U.S. GDP), offered a convoluted explanation about the stimulus bills’...
THE GHOST OF FRANKLIN ROOSEVELT

President Biden sees a small window of opportunity here, and he’s taking it.

He’s warned us that “We’re at war with COVID-19,” and stimulus is how we will fight the invisible viral army. But the battle’s winding down... It’s almost V-Day. Why all the spending now?

Unless this is a “crisis” that Biden and company do not want to squander for political gain? The pandemic provides an opportunity for a spending spree and a chance to realign this country’s economic order that echoes the 1930s-Roosevelt era.

And Biden himself is channeling FDR.

Before introducing his infrastructure plan, he reportedly summoned a group of academic historians to the White House to ask how history might perceive him if he moved quickly on these mass spending programs. Predictably, the liberal academics promised that history would love him for it.

Well, that depends on who writes the history.

One learns as a small child in American schools that FDR was our savior, right along with JFK and Abraham Lincoln. Had it not been for him and his New Deal, our country never would have emerged from the mires of the Great Depression.

But then there’s the truth...

Economists and historians know that the positive, lasting effects of FDR’s economic legacy are debatable. Eight years into his...
administration’s massive spending (three times our federal budget at that time), 14% unemployment still plagued the country. And the unemployment numbers during his first two terms averaged 18% (without women even officially part of the workforce).

As noted financial historian Amity Shales writes in her book *The Forgotten Man*, everything from government-mandated (high) wages, price-fixing on goods, and massive taxes worked against the economy. These measures held back progress and contributed to the persistent shortage of jobs in the latter part of the 1930s.

Meanwhile, despite evidence that his programs weren’t working, FDR seemed surrounded by sycophants. Shales writes,

> It is difficult for men in high office to avoid the malady of self-delusion. They are always surrounded by worshipers. They are constantly and for the most part sincerely assured of their greatness.

Not unlike Biden meeting with swarms of liberal, glad-handing academics now (maybe Shales should have been invited).

No one in the administration will listen to why this course of action might be wrong – not even from one of their own.

**EVEN THE DEMS ARE PANICKING**

Larry Summers, Bill Clinton’s former Treasury Secretary and Barack Obama’s former head of the National Economic Council, is decidedly not on board with Biden’s current economic policy. He’s calling it the “least responsible” in four decades, while insisting that we’re creating “enormous risks.”

In an op-ed for *The Washington Post*, Larry Summers warned of the dangers of inflation, writing,

> While there are enormous uncertainties, there is a chance that macroeconomic stimulus on a scale closer to World War II levels than normal recession levels will set off inflationary pressures of a kind we have not seen in a generation. There will be consequences for the value of the dollar and financial stability.

No one in the administration will listen to why this course of action might be wrong – not even from one of their own.

The liberal media promptly mocked Summers for his views, including Slate which wrote, “Larry Summers Has Some Weird Fears About the Biden Relief Plan.” Mother Jones adding, “The White House doesn’t want to hear from Larry Summers.” And Politico said that Summers “Is the skunk at the COVID relief party.”

But the media’s intimidation isn’t stopping him... Instead, Summers is doubling down, recently telling Bloomberg TV that, “These are the least responsible fiscal macroeconomic policies we’ve had for the last 40 years.” The United States, Summers warned, will face “a pretty dramatic fiscal-monetary collision.”

“What is kindling is now igniting,” he said, explaining that the COVID recovery will create demand at the same time as the government is giving out money and the
Federal Reserve is “stuck to its guns” on loose monetary policy.

Summers went on to say that there was a “one-in-three chance that inflation would accelerate in the coming years,” and the U.S. could face stagflation.

He also said he saw the same chance of inflation because the Fed would hit the brakes hard and push the country toward recession. The final possibility, he said, is that the Fed and Treasury will get rapid growth without inflation which is, of course, what they want.

Considering all of this, I encourage people to invest. Having watched too many middle Americans scarred from the tech bubble bursting in 2000 and deciding to sit on the investing sidelines in 2008 – I would hate to see history repeat itself.

Nonetheless, the World Bank’s former economist cautioned, “This macroeconomic policy poses more grave risks at this moment than any other I can remember.”

**AS THE DOLLAR DIVES, INFLATION CLIMBS**

Larry Summers is right... And I give him credit for speaking up at a time when it’s not so easy to speak up. His friend Janet Yellen is there now in the Treasury, and with Biden as president, Summers has every reason not to rock the Blue boat.

But sometimes, when you see a storm coming, you need to grab the wheel and veer your vessel to safer waters.

There is no way that the printing of so much money will *not* result in pressure on the U.S. dollar. Currently, the U.S. Dollar Index (DXY) is trading near 92 – down from 100 roughly a year ago. As the government continues handing out money, spending massive sums on overly ambitious projects we cannot afford, the dollar will continue losing value relative to other currencies.

And that means it will take even more dollars to purchase assets, thereby creating an inflationary environment for asset prices. Part of the reason for the run-up in stock, oil, and real estate prices in the last year is the expectation that the government will overshoot – and, in doing so, will create too much liquidity and generate inflation.

Now, I’m not talking inflation for wages (if only) but, instead, the prices for everything else. Food prices jumped 3.5% in February, food in restaurants gained 3.7%, and energy prices gained 6%. Home prices are at record highs – so, clearly, some sectors are rising.

Considering all of this, I encourage people to invest. Having watched too many middle Americans scarred from the tech bubble bursting in 2000 and deciding to sit on the investing sidelines in 2008 – I would hate to see history repeat itself.

There was tremendous inflation in asset prices during the Obama-Biden years, but none in real wages.
Now that Biden has some rocket fuel (via at least one major stimulus package more than twice as much as Obama’s) with an expected additional influx of cash on the way, we’re again getting set up for a fragile bull market.

**BULL IN A CHINA SHOP**

There are countless ways to “burst” this growing asset bubble. What happens if Biden is successful with an increase in the capital gains tax? His team has pitched taxing investment as income. If they move forward with this plan, it will take the wind out of this market’s sails.

What happens if Biden is successful with an increase in the capital gains tax? His team has pitched taxing investment as income. If they move forward with this plan, it will take the wind out of this market.

What happens if corporate tax rates go up? If the Biden team is successful in raising corporate taxes to 28% (from the current 21%), the U.S. will once again be one of the most expensive places in the world to do business. These higher rates will hurt earnings (and thus, possibly equity valuations) and could damper enthusiasm from investors in U.S. markets.

My recommendation is always to stay vigilant. Be aware of the policies at play and their possible effect on your dollars and investments.

For long-term investors, I encourage people to watch for opportunities to buy as markets fall – but even as S&P 4K seems totally normal, it’s critical investors remain focused on any emerging trends in the fixed income markets. As someone who once worked in fixed income (I started my career at Goldman Sachs in emerging debt markets where we traded sovereign debt instruments), I’m a little biased. To me, the bond market knows things long before the equity markets do. In fact, if you watched where yields were heading on CDIs in 2006 and 2007, you’d have been tipped off to the looming financial crisis.

Nowadays, I’m watching the 10-year on treasuries. So far, so good. It’s hit the 1.7% mark but hasn’t stayed there. Technically speaking, we ought to be more at 3% on the 10-year. So, I’m not too worried – yet.

In the meantime, I encourage you to get creative. I’ve long been fascinated with digital currencies thanks to the incredible blockchain technology that they employ. It’s possible that as we move increasingly into a digital world, and as people increasingly seek ways to develop ease with transactions away from the government glare, bitcoin and other cryptos will play an important role in transitions in our future.

Check out my latest bitcoin podcast and watch this webinar for some critical answers to crypto questions.

There is a massive change underway. Ultimately, I expect the American public, who are far more centrist than our politicians give us credit for, will reject this social remaking of America.

President Ronald Reagan famously said, “Government is not the solution to our problem. Government is our problem.”

Now that’s a chorus I can get behind.
WANT A JOB?
GET A SHOT!
By Dr. Ron Paul

WANT A JOB?
GET A SHOT!

E-VERIFY COULD BECOME
THE LATEST COVID TYRANNY

Mask tyranny reached a new low recently when a family was kicked off a Spirit Airlines flight because their four-year-old autistic son was not wearing a mask. The family was removed from the plane even though the boy’s doctor had decided the boy should be exempted from mask mandates because the boy panics and engages in behavior that could pose a danger to himself when wearing a mask.

Besides, four-year-olds do not present much risk of spreading or contracting coronavirus.

Even if masks did prevent infections among adults, there would be no reason to force children to wear masks.

Mask mandates have as much to do with healthcare as Transportation Security Administration (TSA) screenings have to do with stopping terrorism. Masks and TSA screenings are “security theater” done to reassure those frightened by government and media propaganda regarding coronavirus and terrorism that the government is protecting them.
COVID oppression will worsen if vaccine passports become more widely required. Vaccine passports are digital or physical proof a person has taken a coronavirus vaccine. New York is already requiring that individuals produce digital proof of taking a coronavirus vaccine before being admitted to sporting events.

Imagine if the zealous enforcers of mask mandates had the power to deny you access to public places because you have not “gotten your shot.” Even worse, what if a potential employer had to ensure you were “properly” vaccinated before hiring you? This could come to pass if proponents of mandatory E-Verify have their way.

COVID tyranny has been aided by many Americans who are not just willing to sacrifice their liberty for phony security, but who help government take away liberty from their fellow citizens.

E-Verify requires employers to submit personal identifying information – such as a social security numbers and biometric data – to government database to ensure job applicants have federal permission to hold jobs.

Currently, E-Verify is only used to assure a job applicant is a citizen or legal resident. However, its use could be expanded to advancing other purposes, such as ensuring a potential new hire has taken all the recommended vaccines.

E-Verify could even be used to check if a job applicant has ever expressed, or associated with someone who has expressed, “hate speech,” “conspiracy theories,” or “Russian disinformation,” which is code for facts embarrassing to the political class.

Many employers will be reluctant to hire such an employee for fear their businesses will become the next targets of “cancel culture.” Those who doubt this should consider how many businesses have folded under pressure from the cultural Marxists and fired someone for expressing an “unapproved” thought.

Politicians and bureaucrats have used overblown fear of coronavirus to justify the largest infringement of individual liberty in modern times. COVID tyranny has been aided by many Americans who are not just willing to sacrifice their liberty for phony security, but who help government take away liberty from their fellow citizens.

The good news is that, as it becomes increasingly clear that there was no need to shut down the economy, throw millions out of work, subject children to the fraud of “virtual” learning, and force everyone to wear a mask, more people are turning against the politicians and “experts” behind the lockdowns and mandates. Hopefully, these Americans will realize that, in addition to coronavirus lockdowns and mandates, the entire welfare-warfare-fiat money system is built on a foundation of lies.

This article originally appeared at the Ron Paul Institute for Peace and Prosperity. Copyright © 2021 by Ron Paul Institute.
Dr Ron Paul:

“Can You ‘Opt Out’ Of The Socialist, Bankrupt U.S. System?”

We are at a clear inflection point in America, and it’s never been more important for you to have a real grasp on the truth behind our country’s financial foundations.

GET THE REAL STORY
HIGH TAXES & DEEP DEBT

Biden's financial policies will jeopardize Americans' prosperity and leave our country's economy gutted.

By Brandon Arnold
The COVID-19 pandemic may be nearing an end, but its economic repercussions will be felt for decades, if not longer. Over the course of a little more than one year, the United States has spent more than $5.3 trillion to combat the disease and the economic devastation it has wreaked. That massive sum is more than the U.S. government’s entire budget in 2018. Or, in other words, more than the entire GDP of every nation in the world, except the U.S. and China.

Some of the spending was broadly supported – such as appropriating more than $800 billion for the Paycheck Protection Program to keep small businesses afloat or boosting unemployment benefits to ensure displaced workers could pay their bills at a time when many companies were forcibly shuttered. But much of the spending was wasteful or unrelated to the COVID emergency – like a private pension bailout to satiate the union lobby at a cost of approximately $100 billion, according to the Heritage Foundation, or $200 million that was spent on the Institute of Museum and Library Services.

The good news is the COVID spending spree appears to be coming to an end. Vaccines are rapidly being deployed and the economy is beginning to reopen, which is already spurring economic growth and job creation. Unfortunately, the dangerous levels of red ink in Washington, D.C. will persist.

### INDEBTED FOR DECADES

In March, prior to the passage of the $1.9 trillion American Rescue Plan Act, the Congressional Budget Office (“CBO”) projected that the United States will reach unprecedented levels of debt in just 10 years. When that happens, the debt-to-GDP ratio will hit 107%, exceeding the historical high set during World War II. It gets worse from there, with the national debt expected to be more than double the size of the economy from 2042 to 2051. This level of debt is unsustainable and the potential repercussions are immense...

As the CBO states, the projected levels of debt “would increase the risk of a fiscal crisis – that is, a situation in which investors lose confidence in the U.S. government’s ability to service and repay its debt, causing interest rates to increase abruptly, inflation to spiral upward, or other disruptions.”

It should be clear to any objective observer that – following the COVID spending binge that spent trillions of dollars – the nation needs some degree of fiscal restraint. Unfortunately, instead of austerity, the Biden administration is supporting a massive tax-and-spend package. This contains a toxic mix of economically damaging tax hikes and debt-financed new...
spending that will combine to exacerbate the debt problem and slow the recovery.

While some have cited former President Bill Clinton’s 1993 tax hike as an analogue, the comparison simply doesn’t hold water. Yes, the Clinton plan included big tax increases, but its primary purpose was to shrink the deficit and balance the budget, which is why it is often referred to as the Deficit Reduction Act of 1993. Instead of trillions in new spending – like Biden’s proposal – Clinton’s plan paired tax increases with hundreds of billions in spending cuts. This, combined with pro-growth policies achieved on a bipartisan basis in subsequent years, led to a strong economy and federal budget surpluses.

Unfortunately, instead of austerity, the Biden administration is supporting a massive tax-and-spend package. This contains a toxic mix of economically damaging tax hikes and debt-financed new spending that will combine to exacerbate the debt problem and slow the recovery.

UNPRECEDENTED SPENDING

Biden’s plan contains neither pro-growth tax policies nor substantive spending reductions. To the contrary, the first part of his plan would spend an additional $2.25 trillion under the auspices of infrastructure. Only $115 billion of these funds – or about 5% – are allocated to repairing bridges, roads, and highways, which is what’s commonly regarded as traditional infrastructure. Some of the remaining amount would be dedicated to electric vehicles ($174 billion), R&D investment ($180 billion), universal broadband ($100 billion), and so-called “human infrastructure.”

To fund this ambitious spending package, Biden proposes $2 trillion in higher taxes, primarily on corporations. His plan would push the corporate tax rate to 28%, which would – when combined with the 4.4% average state and local corporate tax rate – give the United States the dubious distinction of having the highest corporate tax rate in the industrialized world. This would harm the competitiveness of U.S.-based companies and likely reduce the number of new firms created here.

An even larger problem with raising corporate tax rates stems from its incidence, or who will shoulder this higher tax burden. Of course, many proponents of higher corporate taxes believe the burden will be entirely paid by faceless corporations with bottomless bank accounts. However, virtually all economists – regardless of ideology – would dispute this notion.

EAT THE RICH

The Left-leaning Tax Policy Center, a project of the Urban Institute and the Brookings Institution, suggests that workers bear 20% of the cost of corporate taxes, with the remaining 80% falling on capital or investment returns. By contrast, the Tax Foundation reviewed numerous studies over recent decades that “found labor bears between 50% and 100% of the burden of the
corporate income tax, with 70% or higher the most likely outcome.”

In short, this means that **higher corporate tax rates correspond with a reduction in compensation for workers.** Indeed, the Tax Foundation modeled President Biden’s proposal to boost the corporate rate from its current 21% to 28% and found it would eliminate 159,000 jobs and reduce wages by 0.7% for workers, on average. Even worse, those workers who can least afford to be negatively impacted – those in the bottom quartile of income – would see a 1.45% reduction in after-tax income in the long run due to a 28% rate. That’s bad news for working-class Americans.

In addition to a higher statutory rate, Biden’s infrastructure plan proposes imposing a corporate minimum tax, which is intended to ensure that no corporation can evade taxes by exploiting loopholes in the tax code. While the intention may have merit, the impact of such a tax on “book income” would be problematic because this measure of income does not account for legitimate expenses such as capital investments. Under a minimum tax scenario, a corporation would effectively be penalized with higher taxes for making investments in machinery and equipment that can enhance productivity and competitiveness. As Nicole Kaeding, formerly of National Taxpayers Union Foundation, explained:

> Taxable income and book income vary for good reason. Taxable income allows companies to deduct their capital investments and carry forward their previous losses to better align their taxable profits with their economic profits.

Taxable income isn’t perfect – expensing, for example, should be made permanent and expanded to all assets – but it serves as a better tax base than book income.

Unfortunately, Biden’s proposal to raise taxes on corporations by $2 trillion is only the tip of the iceberg... Democrats on Capitol Hill are emboldened by their majority status in both the Senate and House of Representatives and are aggressively looking to enact tax policies that would, in their estimation, reduce income inequality – though the economic merits of these ideas may be lacking.

Even worse, those workers who can least afford to be negatively impacted – those in the bottom quartile of income – would see a 1.45% reduction in after-tax income in the long run due to a 28% rate. That’s bad news for working-class Americans.

In particular, the progressive wing of the Democratic Party – led by liberal stalwarts like Senator Bernie Sanders (I-VT) and Senator Elizabeth Warren (D-MA) – have amplified their attacks on corporations and the wealthiest Americans. For instance, Senator Warren’s “Ultra-Millionaire Tax” has garnered significant attention in the media and on Capitol Hill. Her legislation would apply a tax on the net wealth of anyone with $50 million in assets. Her tax starts at two cents per dollar of wealth, but can escalate to 6% if certain conditions are met. She often
It wasn’t a change in sentiment toward billionaires that caused a reversal in these policies. Rather, it was real-world experience in implementing a wealth tax.

Senator Warren at least partially acknowledges this problem in her own legislation. She allocates $100 billion over 10 years as a boost for the Internal Revenue Service to administer the tax. This would represent a near doubling of the agency’s budget, which is projected to be $12 billion in fiscal year 2021. But even with an unlimited budget, real-world experiences in other countries suggest that it’s unlikely the IRS could be successful in administering a wealth tax.

France imposed a wealth tax, but it was riddled with exemptions that allowed wealthy individuals to shield certain assets from taxation. These exemptions included rugs, antiques that were more than 100 years old, stamp collections, zoological specimens, and items having numismatic value. And because it’s France, wine and brandy were also excluded.

The result was a tax that collected a fraction of its estimated revenues. French bean counters expected it to bring in 5 billion francs, but it delivered only 2.8 billion in its first year. Even after repealing the wealth tax in 1986 and reinstating it in 1988, it remained an administrative nightmare for French tax collectors. According to a 2008 study, the tax reduced GDP by roughly the same amount as the revenue it produced. Furthermore, it led to an exodus of high-wealth individuals. Former Prime Minister Édouard Philippe estimated pitches this as a minimal sacrifice that the extremely wealthy can easily afford for the betterment of other Americans. Her rallying cry of “just two cents” may have struck a nerve with the populist Left, but her proposal leaves much to be desired.

First of all, it’s extremely difficult to tax wealth, as doing so requires assessing the value of all of an individual’s assets. That includes real estate, privately owned businesses, stocks, cars, antiques, coin collections, artwork, wine collections, and much more. The precise value of these assets is not only extremely hard to ascertain, but it’s also extremely volatile.

**TAX EVASION**

This lends itself to a host of tax avoidance strategies that wealthy people can employ. As Andy Puzder, former CEO of CKE Restaurants, noted in a *Wall Street Journal* op-ed: “The tax would also give wealthy Americans an incentive to own illiquid assets with values that are easier to understate, rather than publicly traded stocks and bonds that have an observable value the Internal Revenue Service can feast on.”

Indeed, this is exactly what happened in Europe. As recently as 1990, 12 European countries had a wealth tax... Today, only three still do. Other large countries like India have also experimented with a wealth tax before abandoning the concept. It wasn’t a change in sentiment toward billionaires that caused a reversal in these policies. Rather, it was real-world experience in implementing a wealth tax.
that due to the wealth tax, 10,000 people left the country over a 15-year period – taking with them 35 billion euros in net worth.

The dubious tax was repealed in 2017 as France joined the majority of European countries that had experimented with a wealth tax before ultimately repealing it.

Outside of Europe, other countries found similar administrative problems. India repealed its wealth tax in 2015... once again, not because of any affinity for the wealthy. As Indian Financial Minister Arun Jaitley noted when the tax was repealed, “Should a tax which leads to high cost of collection and a low yield be continued or should it be replaced with a low cost and higher yield tax?”

Real-world experience demonstrates that wealth taxes simply do not work. Yet, this remains a high priority of the progressive Left in America. This is a clear indication that populism is a driving force in the current political arena. Indeed this same mentality has hatched other ideas intended to punish job-creators. These punitive tax measures include higher personal income tax rates, higher taxes on investment earnings, a new tax on financial transactions, an expanded estate tax, and much more.

THE GREAT FINANCIAL IMBALANCE

One might sympathize with these policies if the goal was to bring the national debt under control with a combination of revenue raisers and spending cuts, as Clinton did in 1993. But that is not the case here... Biden’s massive tax hikes are combined with spending increases that would, on net, increase deficits by hundreds of billions of dollars. Warren’s wealth tax is intended to partially offset the cost of her government-run health care proposal – Medicare for All. By her own math, the wealth tax would generate $1 trillion in new revenue, which pales in comparison to the cost of her health care plan, which could reach $34 trillion.

The federal budget is in complete disarray. Absent corrective measures, it will be out of balance for decades to come and future generations of taxpayers will be saddled with untenable levels of debt. President Biden and his progressive allies on Capitol Hill believe more taxes are the remedy. In truth, their proposals represent a toxic combination of bad policies – higher taxes that would slow the economic recovery and more debt that would exacerbate our fiscal imbalance. Instead of looking for more ways to raise taxes and expand the government, their time would be better spent reining in excessive spending and allow American job creators and innovators to help bring the nation out of the ongoing economic crisis.

Brandon Arnold is the executive vice president of the National Taxpayers Union. He has testified on fiscal policy before Congress and has also appeared on several television and radio networks including C-SPAN, Fox News, Fox Business, and more. Brandon’s writings have been published in Politico, The Hill, the Seattle Times, the Pittsburgh Tribune-Review, and more.
READY PLAYER WON

THE REDDIT GENERATION HAS ENTERED THE STOCK MARKET GAME
Everyone wants a handle on the short squeeze movement, a new chapter in the so-called gamification of trading.

The effectively organized (but motley-in-spirit) mob manipulation of a sentimentally meaningful “meme stock” – storefront game retailer GameStop, beloved by all who grew up on video games – grabbed the world’s attention in late January. Small investors on WallStreetBets, an online forum focused on high-risk trades within the social media site Reddit, banded together and drove up the value of the store’s heavily-shorted stock, buying up shares and triggering a rush to buy more shares – at a big, fat, glorious loss for all those short-selling, fleece-vested, Fairfield-County-dwelling hedgies who never saw it coming.

Reddit, for the uninitiated, is a shadow world unto itself. I’ve heard it described as “Instagram for ugly people” or “Facebook for indoor kids.” Every esoteric and ordinary interest is represented there in some forum or other, but it’s perhaps more characteristically home to endless discussions of video games – and host to bottomless conspiracy theorizing.

Its communal sensibility runs deeper than other comparable social media sites – users are often, though not always, anonymous – and posts within the site’s many various subforums gain votes and rise to the top of the page as they do, based on the quality of their insight or how well their tone fits the subforums’ idiosyncratic humor.

In essence, a few influential users on WallStreetBets didn’t like the short selling of GameStop, and they decided to profit – slamming the shorts, and driving the price up – at the expense of those rooting against it.

**WALL STREET FOLK HEROES**

This is a story that *begs* to be mythologized...

It’s not for nothing that the leading retail investing app Redditors use is called Robinhood. That’s Robinhood, as in Robin Hood, as in the anti-capitalist folk hero who stalked late-medieval Nottinghamshire armed with a bow, arrow, and silly hat... robbing the rich and redistributing their wealth to the poor.

Reddit, for the uninitiated, is a shadow world unto itself. I’ve heard it described as “Instagram for ugly people” or “Facebook for indoor kids.”
But this Robinhood (the app, not the legendary bandit) bitterly betrayed the spirit its branding implies – or made a responsible call, depending whom you ask – and restricted shares of GameStop while its value was still on the rise. A congeries of class action suits and a congressional hearing, in which the Redditor who led the squeeze quoted sarcastic memes to the congressional record, came next with Robinhood’s opponents... alleging its too-cozy alliance with the Chicago-based hedge fund that owns most of its order flow, Citadel Securities. (Whether or not there’s actually anything untoward to that arrangement, Citadel Securities is a great name for a movie villain’s place of business, incidentally.)

“People have been treating it like a lie for a long time,” he says of the stock market’s relationship to real values. “The gamers just figured out the lie.”

Indeed, the real thrill of the short squeeze, explains writer Chris Arnade, is in the sensibility behind it. “They’re having fun,” he wants me to understand. “They’re mocking Wall Street, and they’re making fun of them while also doing what they do.” And, at least for a couple days in January, doing it better.

Arnade is uniquely positioned to characterize the mood of the moment: He has a deep bench of experience in finance, gaming, and authentically documenting otherwise overlooked aspects of the human experience. He wrote a compelling study of the GameStop saga at the height of its currency, lighting on the limits of America’s meritocratic promise. On a lighter note, he compares the Redditors’ attitude to the heroes of Caddyshack: “They’re not allowed in the club, but they’re going to make fun of the club – and win.”

He has a point... Whereas the archetypal uptight investor, aka the Caddyshack country club member, likes to invoke John Maynard Keynes who famously said, “The market can remain irrational longer than you can stay solvent” – to which the Redditors answer, in the form of an unrepeatably offensive meme which I’m about to repeat: “We can remain retarded longer than you can stay solvent.” Without endorsing their use of the outdated term to refer to people with intellectual disabilities, which is now considered a derogatory slur, it’s typical of such a self-consciously crass online community that takes perverse pride in its unpredictability, perceived nihilism, and supreme feather-ruffling power. As Arnade puts it, “They’re embracing being the bull in the china shop.” That or the gopher on the golf course...

A VIRAL GAME

It helps that the pandemic has provided perfect fuel for such a playful, pirate-minded community to coalesce online. In what’s perhaps the perfect illustration of this movement’s timeliness, the three stimulus checks sent to all American adults earning less than $75,000 spawned a new meme on WallStreetBets. Posts about how – and how recklessly – traders on Reddit were investing their “stimmy” dominated the page the weeks
these funds rolled out. It would be a narc-ish betrayal of the team spirit of the subforum – not to mention an unpopular post – if a user were to confess to setting aside their stimmy to pay for 2020 taxes, bills, necessities, or mounting debts. Better to stay in the game.

And what’s gaming got to do with it anyway? The way this generation that’s now seen as having joyfully slung-shot Wall Street in its smug face looks at the world as largely shaped by their experience of scoring points and taking down digital bad guys in the games they grew up with. But it’s not entirely clear that video games are to blame for these traders’ nihilistic, burn-it-all-down mentality. “Gamers look at trades like a blip on a screen, just a flashing thing on a screen,” Arnade tells me – but, he adds, that’s not necessarily a new point of view... “People have been treating it like a lie for a long time,” he says of the stock market’s relationship to real values. “The gamers just figured out the lie.”

The consequential reality of these trades and valuations has always been rooted in a type of gamesmanship, just one made real by enough people’s personal investment in its meaning. It only stands to reason that an up-and-coming group of gamers should so adeptly get one over on another – when the latter is, or was, complacently established in its mastery of the same it’s-worth-what-we-say-it-is arena.

One documentary about the GameStop phenomenon prominently features 20-year-old Shawn Daumér, who made just north of $46,000 off of GameStop in January – half a million at one point, he says, until he “got greedy.” Daumér let filmmaker Keith Elliot Greenberg and an attendant crew follow him around Valparaiso, Indiana where he grew up and now works as a real estate broker. They interviewed his mom and filmed him hanging out at the restaurant where he used to work.

He’s been quoted in the New York Times, where a mini-profile contrasts his quarter-million-dollar portfolio with his taste for Hooters wings. When Daumér and I talk, I’m surprised to find a humble Midwesterner and a careful student of conventional investing wisdom – not a sardonic Redditor, not one of those nihilists we’ve been warned about, and not even a garden-variety gamer.

The consequential reality of these trades and valuations has always been rooted in a type of gamesmanship, just one made real by enough people’s personal investment in its meaning.

“I tried to get my buddies from high school to do it way back when we were juniors,” he tells me, “And they all were bums!” Now, though, they’re beginning to understand the value of his advice. “It’s all, Dude we should have gotten in when you did, man. That could have been me.” With such a lucrative hobby and a career he finds fulfilling, the prospects of going to college or pursuing any kind of traditional career in finance don’t appeal to him.

Though he doesn’t directly cite Gordon Gekko and Jordan Belfort among his heroes, Daumér says he was initially inspired to pick up investing by blockbuster movies he saw
about the thrills of finance when he was in high school: “I used to watch a lot of these movies, so sophomore year, I got myself a MarketWatch account. I was doing paper trading competitions and getting myself more involved in understanding these companies – and listening to podcasts, and watching Warren Buffett’s speeches.” The latter-day financial gurus – brash YouTube personalities – don’t appeal to him as much.

Daumer’s unpretentious Midwesternness – his distance from, and disinterest in, the excess of Wall Street life – makes him an appealing poster boy for the populist uprising and certain cinema-ready reading of the Reddit-GameStop phenomenon. Except for one problem: “I don’t play video games,” he tells me. “And I’m not a big Redditor,” he adds. “It’s more due diligence done by myself rather than seeing what some [jerk] on YouTube is going on about.”

And as for the subreddit the world is watching? “They’ve got 3 million new members, but people lose money every single day.” In fact, I theorize it could even be his high school friends’ devotion to gaming that held them back from seizing on his valuable advice. Daumer doesn’t go that far, but he entertains the analogy. “It’s like an addiction,” he says of his trading hobby. “They get excited playing video games – it gives them that dopamine. And it’s the same reaction with me when I’m trading.”

**DOPAMINE STOCK TICKERS**

*Sensation-seeking* is what the headshrinkers call this. Gaming, and even just the pace of mass media these days, programs out the modern brain to crave and expect more excitement. And more, and more... Addictive boredom-avoidance isn’t new, but according to psychiatrist and MarketPsych cofounder Richard Peterson, it’s a powerful force behind the WallStreetBets approach to the game. “You’ve got real money being made and lost, real consequences that feel emotional. Emotionally you’re engaged, you’ve got the physiological arousal of the ups and the downs,” he explains. “And you’ve got the risk, the real-life consequences of what you’re doing.”

The fun, in other words, is fully real. But so is the fear.

Peterson compares advice from bombastic YouTube gurus and rude meme-purveyors on Reddit to a radical form of participatory talk radio, or a type of professional sport you can play right alongside the team you’re rooting for. Yes, it’s like a video game, he says, but “people are playing the game alongside Dave [Portnoy].” (Portnoy just so happens to have risen to public prominence as a sports...
commentator with talk-radio-style bravado and now leads what Bloomberg calls “an army of day traders.”) There’s a generational divide here, in that “young people want the action, whereas the older generation listening to talk radio might be more comfortable sitting around complaining.”

The populism we associate with talk radio at its best, and the sense of belonging you get from rooting for your team, is alive in these traders’ experiences as well. You’re making the trades the gurus advise in the trenches winning and losing with a band of like-minded rebels: Redditors post their losses as well as their wins. It’s almost as though the losses, and not the wins, are what bind them together. The compulsion only grows stronger when you’re in it together with a crew, propelled by that fraternal loyalty and ancient associations with war.

“Young people want to feel the risk physiologically,” Peterson says, “because they’re used to that immersive video-game experience. But also because entertainment is more engaging with more shock, more screen frames, shifts faster.” On lockdown, one’s sources for stimulation are more limited than usual. And it’s not just lockdowns, the bull market is also largely to blame. Peterson predicts that once people start losing money, really losing, WallStreetBets will be a lot less fun as a venue: “People have taken risks and been rewarded, but when things start to shift, when you get to a nice, big sell-off, you may see less enthusiasm.”

If the wins dying down doesn’t deter the rebel spirit, a growing paranoia about double agents in their ranks might start to sow discord. There are those hedge funds who shorted GameStop when it was high and did well, and there are others who withstood losses on GameStop only to gain assets. The biggest winners, inevitably, aren’t the little guys. And the game is by no means one-sided. Now that forums like WallStreetBets are such robustly confirmed venues for manipulation, Peterson predicts, “There’s going to be hedge funds that are getting involved, rallying the herd under the guise of just some regular people.” Can a largely anonymous community held together by solidarity and shared sensibility, on a platform infamous for its promotion of paranoid conspiratorial thinking, possibly withstand actual – or imagined – infiltration by the enemy? “There will be trolls and double agents in these communities,” Peterson says.

In all likelihood, there already are...

**FAKE NEWS**

Of everyone I interviewed for this story, Robert Johnson, a finance professor at Creighton University’s Heider College of Business, was most dismissive of the David-and-Goliath reading of the GameStop saga. This all-too-popular spin on the story plays on the vulnerable and pandemic-bored public’s appetite for uplifting narratives – especially ones that celebrate behaviors we feel guilty about, like chasing cheap thrills and sensation-seeking.

“The prevailing narrative is that it’s the little guys against the big guys. And when you get down to it, that’s really not what’s going on,” he says. For one thing, “A lot of the people...
that really made a lot of money on GameStop were professional investors.”

It’s also misleading to say that apps like Robinhood, Johnson points out, “democratize investing.” He says, “What they really democratize is speculation.” The type of trading these apps encourage will only compound a generationally endemic view of investing as akin to gambling... because the type of trading these apps promote is akin to gambling. “The miracle of compound interest only works if you have a long time horizon. And unfortunately, people get themselves into so much trouble early in life that they’re trying to dig themselves out,” Johnson says, bemoaning the fate of the trigger-happy WallStreetBets brigade.

The type of trading these apps encourage will only compound a generationally endemic view of investing as akin to gambling... because the type of trading these apps promote is akin to gambling. “The miracle of compound interest only works if you have a long time horizon.

Hoping I can cheer him up, I tell Johnson about Shawn Daumer, who idolizes his fellow Omahan Warren Buffett. And though the media lumps him in with them, he has little use for Reddit – and I think it works…

“That kid that you’re talking about in Indiana is perfect,” Johnson says. “Perfect! He didn’t even go to college so he’s got a long-time horizon. And if you start investing early enough in life, my God, it’s all you gotta do.”

See, it’s hard not to be at least a little inspired...

**GAMESTOP: A STORY THAT SELLS**

Talk to enough people about WallStreetBets and the Great GameStop Squeeze of 2021, and they won’t all agree... but you’re going to get the sense that something somewhere has definitely been democratized. If it’s not the democratization of investing we’re seeing, and if we shouldn’t be too quick to celebrate the democratization of speculation, we might look to the democratization of manipulation as a revealing trend. “Of course, there has always been manipulation,” says economist David Hirshleifer, a finance professor at University of California Irvine. “But often manipulation is a very secretive thing of a few players trying to move the price and avoid being detected so that they won’t be prosecuted.”

(Put Caddyshack aside for a moment... and recall the plot of 1983’s Trading Places, wherein the brothers Randolph and Mortimer Duke attempt insider trading to corner the frozen orange juice market, an example of the old-fashioned secretive style of manipulation to which Hirshleifer refers to.)

“One thing that’s different about this bubble is the idea of explicitly coordinating among very small investors and saying, let’s all buy at the same time,” Hirshleifer says. “Mass movement for price manipulation is something that has become much easier with modern social media or Reddit threads.”

What’s not new, he adds, is this generation’s
belief that they have actually usurped someone – that it’s something the old-timers just don’t get. The true advantage, he believes, lies with the older generation. “Older investors who have had longer-term experience have had the chance to see the fall of bubbles,” he says. They’ve seen enough that they know where the horizon is. “A very young investor, if this is the first bubble period that they’ve experienced, they see boundless opportunity – and the downside feels more theoretical.” In reality, the downside, as life has a way of teaching us, is never theoretical. But there’s less of a market for a movie with that sentiment as its tagline.

And don’t take it from me: This story wants to sell. There are close to a dozen movies, now in various stages of development, depicting the GameStop squeeze and the Redditors whose merry mischief made it happen. Some, one of which features Indiana’s own Shawn Daumer, will be documentaries. But they’re mostly dramatic features – likely to play up the personal lives of their based-on-a-true-story subjects. Which makes sense, as cinéma réalitè does not reliably serve a tale that takes place between basement-dwelling guys (and they’re mostly, but not all, guys) parked in front of screens. In what was probably his biggest trade to date, in an existential sense anyway, the Redditor who founded WallStreetBets sold his life rights to a Hollywood production company in early February.

In soft enough focus, it’s a made-for-Hollywood story about the brief but glorious triumph of the lovable underdogs. Comparisons to comedies with cartoonish elitist villains like Caddyshack and Trading Places capture the tone within the forum. But I imagine how the public will remember GameStop and its underdog heroes is somewhere closer to a Frank Capra treatment... or the epic tale of Notre Dame football hero Rudy – Ru-dy! Ru-dy! Ru-dy! – Ruettiger, who scraped his way onto the team he’d grown up idolizing as a son of the working-class Midwest.

This is because the spirit of the story vastly outshines the underlying achievement, which in Rudy’s case was an athletic career consisting of one single sack against Georgia Tech. (The analogy pretty much peters out at that point, although Ruettiger was indicted on charges related to an alleged pump-and-dump scheme in 2011...) But it’s also because people who know next to nothing about football, like me, love Rudy – the man, the myth, the movie starring Sean Astin.

Likewise, those who know relatively little about market manipulation, for instance, nevertheless love the GameStop saga. That’s not to say that genuine football fans don’t love Rudy – his teammates did carry him off the field chanting his name, after all – or that career traders and analysts haven’t gotten a kick, and in some cases a profit, out of the GameStop squeeze. It’s just that the story itself is more universally appealing than it is... well... true.

Alice Lloyd is a writer and reporter in Washington, D.C., covering culture, politics, and the weirdness in between. Her work has been featured in the New York Times, the Washington Post, the Boston Globe, and the Weekly Standard.
WHY CAN’T THE IRS JUST SEND AMERICANS A REFUND – OR A BILL?

By Beverly Moran
The Internal Revenue Service has postponed the April 15 tax filing deadline to May 17. If taxpayers need even more time to file federal returns, the agency added, they can request an extension until Oct. 15.

“This continues to be a tough time for many people, and the IRS wants to continue to do everything possible to help taxpayers navigate the unusual circumstances related to the pandemic, while also working on important tax administration responsibilities,” said IRS Commissioner Chuck Rettig.

The announcement may come as welcome news for many Americans, but it also raises an important question: Why should taxpayers have to navigate the tedious, costly tax filing system at all?

THE CASE FOR A ‘SIMPLE RETURN’

In 1985, President Ronald Reagan promised a “return-free” tax system in which half of all Americans would never fill out a tax return again. Under the framework, taxpayers with simple returns would automatically receive a refund or a letter detailing any tax owed. Taxpayers with more complicated returns would use the system in place today.

In 2006, President Barack Obama’s chief economist, Austan Goolsbee, premiered the “simple return,” where taxpayers would receive already completed tax forms for their review or correction. Goolsbee estimated his system would save taxpayers more than $2 billion a year in tax preparation fees. Though never implemented, the two proposals illustrate what we all know: No one enjoys filling out tax forms.

So why do we have to?

A COSTLY AND TIME-CONSUMING SYSTEM

Return-free filing is not difficult. At least 30 countries permit return-free filing, including Denmark, Sweden, Spain, and the United Kingdom.

95% of American taxpayers receive more than 30 types of information returns that let the government know their exact income. These information returns give the government everything it needs in order to fill out most taxpayers’ returns.

Furthermore, 95% of American taxpayers receive more than 30 types of information returns that let the government know their exact income. These information returns give the government everything it needs in order to fill out most taxpayers’ returns.

The U.S. system is 10 times more expensive than tax systems in 36 other countries with robust economies. But those costs vanish in a return-free system, as would the 2.6 billion hours Americans spend on tax preparation each year.
BEAST OF BURDEN

Maybe you’re wondering whether Congress is just behind the times, unaware that it can release us from tax preparation? Not true.

As an expert on the U.S. tax system, I see America’s costly and time-consuming tax reporting system as a consequence of its relationship with the commercial tax preparation industry, which lobbies Congress to maintain the status quo.

The United Kingdom is among dozens of countries that permit return-free filing for some taxpayers.

Instead of 70% of Americans receiving free tax preparation, commercial companies whittle that percentage down to 3%.

COMMERCIAL TAX PREPARATION

Almost 20 years ago, Congress directed the IRS to provide low-income taxpayers with free tax preparation. The agency responded in 2002 with “Free File,” a public-private partnership between the government and the tax preparation industry. As part of the deal, the IRS agreed to not compete with the private sector in the free tax preparation market.

In 2007, the House of Representatives rejected legislation to provide free government tax preparation. And in 2019, Congress tried to legally bar the IRS from ever providing free online tax preparation services.

Only a public outcry turned the tide.

The public part of Free File consists of the IRS herding taxpayers to commercial tax preparation websites. The private part consists of those commercial entities diverting taxpayers toward costly alternatives.

According to the Treasury Inspector General for Tax Administration, which oversees IRS activities, private partners use computer code to hide the free websites and take unsuspecting taxpayers to paid sites.

Should a taxpayer discover a free preparation alternative, the private preparers impose various restrictions such as income or the use of various forms as an excuse to kick taxpayers back to paid preparation.

Consequently, of the more than 100 million taxpayers eligible for free help, 35% end up paying for tax preparation and 60% never even visit the free websites. Instead of 70% of Americans receiving free tax preparation, commercial companies whittle that percentage down to 3%.

TAX SAVINGS AND EVASION

Perhaps you are guessing that there are valid policy justifications for avoiding government and empowering the private sector. Judge those arguments yourself.

One argument from commercial tax preparers is that taxpayers will miss out on valuable tax savings if they rely on free government preparation.

In fact, the government software would reflect the same laws used by the paid preparers with the same access to tax saving deductions or credits. Further, tax preparers like H&R
Block promise to pay all taxes and interest resulting from a failed audit. As a result, these services have every incentive to take conservative, pro-government tax positions.

A second argument is that government-prepared tax returns encourage tax evasion.

In a no-return system, the government reveals its knowledge of the taxpayer’s income before the taxpayer files. Thus, the argument goes, the taxpayer knows if the government has missed something and has reason to let the mistake stand.

But taxpayers already know what information forms the government has because they receive duplicates of those forms. The incentive to lie does not increase because the taxpayer avoids weeks of tax preparation.

**BOLSTERING THE ANTI-TAXERS**

Finally, there is the anti-tax argument for onerous tax preparation: Keep tax preparation unpleasant to fuel anti-tax sentiment.

In the past, Republicans argued against high taxes. But after decades of tax cuts, Americans are no longer swayed by that argument.

Exasperating tax preparation, according to this argument, helps keep the anti-tax fever high. And that fuels public hate for government and the tax system.

Unfortunately, the anti-tax contingent’s desire to force Americans to spend time and money on tax preparation dovetails with the tax preparation industry’s desire to collect billions of dollars in fees.

Tax preparation companies lobby Congress to keep tax preparation costly and complicated.

Intuit, maker of TurboTax, the tax preparation software, lists government tax preparation as a threat to its business model.

One example is the earned income tax credit, a government program for low-income people. The credit is so complicated that 20% of the people who are eligible never file.

The anti-tax contingent’s desire to force Americans to spend time and money on tax preparation dovetails with the tax preparation industry’s desire to collect billions of dollars in fees.

If the government prepared people’s tax returns, that 20% would receive government support. Nonetheless, Intuit has lobbied lawmakers to make the credit more complicated, thereby driving more taxpayers to paid preparation services.

To date, the tax preparation industry has kept the system complicated because the potential cost to it in terms of lost revenue is vast.

Only public outcry can change the system.

**Beverly Moran** is Professor Emerita of Law at Vanderbilt University.

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We don’t have any oncologists on staff, but we still know a malignant cancer parading as a human when we see one... The only problem is that there are so many in America. There’s such a toxic ocean of idiotic, petulant, sociopathic, hypocritical candidates that it’s a chore to find the crowning one each month: Which sphincter will hold the scepter?

But at American Consequences, we’ve dug through the trough, like truffle pigs in reverse, finding you the worst of the worst – just as a reminder of however terrible you think you are, at least you’re not this person.

MATT GAETZ

Can I tell you a secret, Matt? The kind you’d probably share on your phone on the House floor amid sh*t-eating grins and ‘atta boy whispers? I was going to go with Andrew Cuomo this month for our Dunce of the Month pick. It seemed inevitable. But then you swooped in like the drunken, handsy, golden Phoenix you believe yourself (and maybe your parents told you) to be.

You make the disgraced New York governor’s transgressions seem positively quaint (almost). And you actually willed this travesty into
existence with a tweet, claiming that if there ever were to be a you-centric scandal, that it should be dubbed Gaetzgate – you know, since it rhymes. That’d be like Nixon recommending his favorite D.C. hotel on Virginia Ave. in 1971, or akin to O.J. Simpson smiling through a star cameo in a Ford Bronco ad circa 1993.

With that unwitting seed in the ether, the universe clapped back on your Florida hubris and now no Republicans are returning your texts...

WORST IN SHOW: A CRINGEY HISTORY

In 2008, Gaetz had a DUI (a rite of passage for all aspiring politicians) while returning from Florida nightclub The Swap (too perfect). But what’s extra Gaetz-y about the incident is that his refusal to take a breathalyzer didn’t result in criminal prosecution, as it would for anyone else. Are we noticing a theme yet?

Two years later, Gaetz found himself in the Florida House of Representatives, allegedly creating a fun little game with his colleagues. They’d award each other points for sleeping with interns, aides, married legislators, and lobbyists. There’s a literary term for this: Chekhov’s facepalm.

He graduated to the U.S. House in 2016 and later invited alt-right Holocaust denier Charles C. Johnson to attend Trump’s 2018 State of the Union address. Gaetz got meta afterward, though, by denying that the Holocaust denier denied the Holocaust.

And in the ensuing years, Gaetz tweet-threatened Trump layer Michael Cohen, baselessly claimed Antifa stormed the Capitol, and took $200,000 of taxpayer funds to rent an office from a Pensacola real estate developer.

But all these morally dubious antics were merely a rehearsal for Matt’s most wicked performance yet.

GAETZGATE

Let’s review the details (as there are many): there’s a federal criminal investigation into whether Gaetz paid escorts for sex and whether he had a sexual relationship with a teenage girl – and whether he paid her for sex, enticing her to cross state lines to do so, which is, what’s the word, again? Oh, right – child sex trafficking. And then there’s the frat-house move of Gaetz flaunting nude photos of his sexual conquests to other congressmen on the House floor.

As *The Atlantic* noted, this behavior in any other gig but Congress has the same ending: unemployment. But not in the District...
DUNCE OF THE MONTH

Hell, it makes you a star. Gaetz has since denied the charges with a surreal third-person defense (“Matt Gaetz would never...”), and it’s come to light that he pleaded for a preemptive presidential pardon in the waning months of the Trump White House. Because you know, it’s nice to have one in your back pocket – just in case... Or if you’ve caught wind that you’re part of a federal sex crime investigation.

What will happen next for Gaetz? What new salacious, predatory, squirm-inducing details will fill our feeds and nightmares? And what righteous repercussions will befall him? Well, since it’s Washington, the same thing will happen that always happens: nothing. Or reelection.

RUNNER UP: BILL HWANG

The thing about dunces is, the moment you hear about their splash into idiocy, it’s never their first time. They’ve been dunce-ing it up for a while before they’re ever trending on Twitter.

In 2012, Bill Hwang’s hedge fund shorted the shares of three Chinese banks based on – you guessed it – inside information. Along with charges of market manipulation, Hwang pled guilty and paid more than $40 million in fines.

But just as Gaetz’s early indiscretions made him more qualified for politics, the SEC-slapped Hwang was ready for the Wall Street spotlight. Cue his hedge fund Archegos Capital Management. Archegos in Greek means “the one who leads the way.” Well, to financial slaughter, perhaps. Like a freshly released convict casing his next heist, Hwang went to work on speculative, overleveraged (20-to-1) investing bets applying sketchy tactics as total return swaps – where you’re rewarded returns for an asset without actually owning it. Any time you hear “swap” in a Wall Street saga, you know there’s a crime scene nearby.

Hwang targeted ViacomCBS, Discovery, and Baidu (China’s Google), amassing his wealth in the shadows. He kept quadrupling down on his leveraged bets, like a narcoleptic Vegas gambler who keeps throwing chips on the blackjack table, even though he, the dealer, and the casino are all on fire.

But when ViacomCBS announced $3 billion in new shares, the market called his bluff. As Hwang’s brokers got wise to Archegos’ cash-strapped reality, Morgan Stanley, Goldman Sachs, and Credit Suisse dropped him faster than Gaetz with a woman his own age.

And just like that, $20 billion – gone.

In the 1974 classic movie, Chinatown (directed by honorary Dunce Hall of Famer, Roman Polanski), Jack Nicholson asks John Huston’s maniacal tycoon how much more money he needs. What else can he possibly buy? He replies with: “The Future.” But for the Bill Hwangs of the world, all they need to do is to look into the past... And there they’ll find all the answers, completely free of charge.
Stansberry Research’s Dan Ferris, the analyst behind 20-plus triple-digit winners, says this is the SINGLE best and most important recommendation he’s ever made.

Get the Details.
ONE YEAR AFTER COVID
Anniversaries are, of course, arbitrary... Yes, it does take about 365 days for the Earth to circle the sun, but beyond that there is often little empirical difference between the day of one's birthday and the day after the day that marks your birth. Nevertheless, the passing of a full calendar year after any important event does provide an opportunity to reflect, analyze, and plan for the future.

So it's with the grimmest of recent anniversaries that we've reached the one-year mark for COVID-19.
On March 11, 2020, the World Health Organization (WHO) declared the coronavirus – or COVID-19 – outbreak to have reached pandemic levels, meaning the virus had spread from the epidemic in Wuhan, China to numerous other nations and infected many people outside of the original area.

In the intervening year, more than 125 million humans have been infected, 2.7 million have died with COVID-19, and 101 million have contracted and recovered from this novel coronavirus, which is very similar to the 2003 SARS virus that also originated in China.

Remarkably, for the longest time, these basic epidemiological questions were very hard to answer and were fraught with political and geopolitical overlays. Original reporting had it that the virus had originated in a so-called “wet market” in Wuhan, China and was related to the consumption of animals particular to the local culture, such as the pangolin. Then the story itself mutated over time, as did the World Health Organization’s original determination on the virus’s transmissibility, first claiming that the virus could live on surfaces weeks after contamination and later pulling that back.

However, given that China remains the world’s largest Communist dictatorship and Wuhan is home to one of the regime’s top virology labs, this confusion – or obfuscation – should not really have surprised anyone. In fact, before the outbreak, back in 2018, then-President Donald Trump’s administration officials expressed grave concerns over what was going on at the Wuhan Institute of Virology (“WIV”), concerns that Secretary Mike Pompeo made explicit just five days before he left his position, when he stated: “Despite the WIV presenting itself as a civilian institution, the WIV has collaborated on publications and secret projects with China’s military. The WIV has engaged in classified research, including laboratory animal experiments, on behalf of the Chinese military since at least 2017.”

Whether or not COVID-19 was a man-made, deliberately released, and genetically modified version of an existing coronavirus like SARS, or spread as the result of an accident which occurred during otherwise altruistically
motivated research, is perhaps something we will never know, given that China is still a one-party state with secret police and gulags. But examining how Beijing responded after the virus appeared is crucial to our understanding of what really happened and how we can prepare for similar occurrences.

While the WHO was grappling with the truth of what COVID was, some say with difficulty given communist China’s unhealthy influence over the organization, the Beijing authorities were hard at work using information warfare to cover its culpability and use the virus to undermine its adversaries... U.S. Foreign Ministry spokesman Zhao Lijian incredibly spread the conspiracy theory that COVID had nothing to do with China, but was in fact carried to its territory by the U.S. military in some kind of covert mission to make the People’s Republic of China look bad.

Although this ploy may have seemed transparently absurd, the concerted effort by the regime and its proxies was so successful that not only were U.S. media outlets happy to paint China as the new honest leader in world health, but even leading American politicians eventually propagated talking points that could have been written by Beijing’s propagandists. It seems that some have learned little from our nation’s experience with another erstwhile Communist regime, the Soviet Union, which also used disease-related influence and information operations to undermine America, the worst case being Moscow’s lies about how AIDS was an American-made bioweapon.

The fact that dictatorships are prepared to exploit a disease and the deaths should surprise no one, so let us move on to our response to the pandemic... Was it the right one?

One of my Salem Media colleagues, Dennis Prager, who I consider to be one of the wisest men I have ever known, has been the standard bearer for a rather radical assessment of how the free world responded to COVID-19. After the two weeks to “flatten the curve” rapidly tuned into a yearlong universal lockdown of businesses and schools, social distancing, and multiple masks, he called the decision the greatest mistake in history.

This assessment may shock some at first, given the original estimates for COVID’s lethality from the global lockdown guru, disgraced Imperial College’s Neil Ferguson, who early on painted the apocalyptic future of more than 2 million dead in the U.S. alone. And it was these grim forecasts that drove the draconian COVID-response policies or most nations.

But if we look at the actual global experience of the pandemic, a very different picture appears... Math does indeed matter, and we must apply it honestly to the past year’s global experience. As of this writing, there...
ONE YEAR AFTER COVID-19

are 23,345,948 active COVID cases in the world, using the post-2019, far-looser definition of “case,” which I will explain in a moment. Of that number, only 92,494, or 0.4%, are serious infections (which is what we would have called actual “cases” in the past). The other 23-plus million people are suffering from mild infections, as was my experience last year when I contracted COVID and simply had to endure the mildest flu symptoms. Add to that the additional significant factor that those who are in real danger from COVID-19 are the elderly and those with preexisting conditions such as diabetes, pulmonary disease, or the immunosuppressed, not to mention numerous other comorbidities.

If we are to be honest about the global response, in addition to the actual numbers, we will start to reveal a subtle but crucial linguistic sleight of hand when reporting COVID-19 that has distorted almost all data in a way that’s emphasized the grimmest of projections.

Why this crucial word, “case,” was redefined to include all who may have tested positive but who have zero impact in terms of the need to provide them with emergency or remedial care is not yet known. However, it has added to the distortion of our pandemic, and it has to do with the well-established use of language.

Any apolitical review of the most well-known medical journals prior to the Wuhan outbreak, or any discussion with a medical practitioner unafraid to buck the new tread, would see the word “case” used in a universally agreed upon and very specific way. Although a “medical case” in its simplest epidemiological usage can refer to anyone infected with a given disease, a cursory review of our very own JAMA, or the U.K.’s Lancet, or even global publications such as Nature, prior to the COVID outbreak, sees the term used very differently.

Prior to the global lockdown, in practice, a “case” was only meaningfully used to apply to an individual whose contraction of said disease so affected them that they were hospitalized or otherwise seriously impacted. If a person contracted the disease, never felt ill, or didn’t even know they were infected, that was not dealt with as a medically relevant case, and it most definitely not used as an input into health policy data given the way such instances that required no response would distort national reactions and triage. And we now know with COVID that millions have caught the virus with little, if any, effect on them at all, and the total number of these “pseudo cases” may be as large as a quarter of the reported positives.

If we are to be honest about the global response, in addition to the actual numbers, we will start to reveal a subtle but crucial linguistic sleight of hand when reporting COVID-19 that has distorted almost all data in a way that’s emphasized the grimmest of projections. Something strange happened as the world began to grapple with the new
understanding of what a correct response should have been, despite evidence from numerous iconoclastic approaches to the virus, such as that used by the nation of Sweden.

Hopefully, the final data on excess mortality rates, herd immunity, and the differentiation between actual COVID infection rates and regular flu infections will provide us better fidelity in the future and a more realistic baseline with which to plan for future epidemics or pandemics. (The fact that 2020 saw an apparent disappearance of the flu also needs better explaining, especially if the actual reason lies in the common flu being misdiagnosed as COVID-19.)

When America does plan for the next national health emergency, she would be well-served to go far beyond the questions of how many months a nation should shutter its businesses. Perhaps the greatest, and yet unlearned, lesson of the last year, is our myopia, or how astrategic we have been in focusing on just the obvious effect of the virus and not the other multivalent factors which impact all our lives...

According to the CDC, shockingly, the strict U.S. lockdowns have led to 41% of adults contemplating suicide. Add to that the long-term economic, psychological, and even spiritual costs of closing businesses, schools, and churches, and Dennis Prager may in fact be right.

The idea that we locked down the world, politicized relevant and possibly effective drugs such as hydroxychloroquine, which had been used safely since the 1960s, purely because a certain president praised them, when we were in fact facing a virus which only seriously endangered less than 0.5% of those it infected, cannot be allowed to happen again.

As it stands, we have no idea how great the long-term damage will be to our economies, or to our children. Next time we must do better... much better. For as the then-president warned us, “The cure must never be worse than the disease.”

But we should also celebrate the good... the incredible service of our scientists and health workers, the unprecedented leadership of former President Trump who cajoled and inspired private companies to develop three vaccines in one year, a feat never ever accomplished before, and the resilience of everyone who kept America running (when they were allowed to).
IT HASN'T GONE FAR ENOUGH

By P.J. O'Rourke
“Canceling” is a way to make sure that bad people do not have a platform from which to say bad things.

Canceling can be accomplished by shouting down speakers on college campuses and at other public forums, encouraging censorship and self-censorship in news media, denying the canceled access to social media, eliminating their presence in person in their private lives, and by generally demanding that people who aren’t young, hip, with-it, and “woke” should shut up.

Having once been young, hip, with-it, and the 1960’s equivalent of woke, I sympathize...

No doubt cancel culture is a vital element in the battle against systemic and interstitial bigotry, structural bias, cisgender normative prejudice, white male privilege, LBGTQ+ oppression, cultural appropriation, and several other terrible things that I’m probably forgetting because I’m an old dead white male (or getting close to being one).

And let me stipulate – lest I be canceled – that this battle is being fought with the kind of high-minded idealism that we are always encouraging young people to have.

In which case, cancel culture has not gone far enough... To date, canceling has been limited to people – sometimes for what they’ve done but mostly for what they’ve said. And what these canceled people say are just words.

Cancel culture needs to go beyond words. Words are simply one way to express ideas, but other modes of expression exist. Ideas can be expressed with mathematics. Cancel culture needs to start canceling numbers.

I suggest beginning with the number 9.

Personally, it’s the number that I dislike the most. This is because, in 4th grade, it was the “9-times” part of the multiplication table that tripped me up. I was fine all the way through $8 \times 10 = 80$. But when I got to the $9s$ I fell apart. To this day when I see $9 \times 9$ I want the result to be 99, and I suffer a feeling of exclusion and powerlessness and a need to go to a safe place when I’m told by the people who hold power in our society that the answer is otherwise.

To date, canceling has been limited to people – sometimes for what they’ve done but mostly for what they’ve said. And what these canceled people say are just words.

As any woke person will tell you, “The personal is the political.” And this is true 9 times out of 10, so to speak.

Therefore, with righteous indignation, I demand that 9s be banned.

9/11 is Islamophobic. 911 undermines police defunding. “Possession is 9/10ths of the law” encourages capitalistic exploitation. Capitalism exploits workers from 9-to-5. And to be “dressed to the 9s” signals membership in the exploitative capitalist class.

Speaking of which, San Francisco 49ers is an offensive name for a sports team. The
“49ers” of the California gold rush were not only capitalist, they were also imperialist, colonialist oppressors of California’s indigenous peoples and its Latina, Latino, and Latinx population.

Mining for gold is ecologically unsustainable, harmful to native plant and animal species, and releases toxic substances into the ecosystem.

Meanwhile, Super Bowl IX was lost by the Minnesota Vikings, whose team name is a pejorative term for Scandinavian-Americans. (Or ought to be after that guy in a Viking hat helped invade the Capitol Building.)

And I apologize for my insensitivity in even using the “10-1 word.” I have done so only to show its power to injure and offend. Fortunately, we have already begun to “no platform” this transgressive integer.

Elsewhere in the sports world, there are 9 people on a baseball team. Baseball is played for 9 innings. Do the math... Of course MLB has no transgender players.

9 is a hurtful number.

Consider the cat-o’-9-tails and the way it was used to suppress peaceful protests such as shipboard mutinies. And consider how the 9 cats and their tails felt.

Use of the phrase “a cat has 9 lives” is opposed by animal rights activists. It’s a clear provocation to animal abuse. And the

“K-9 Corps” forces dogs to be complicit in militarism.

Ownership of a 9mm handgun is nothing if not a “trigger warning” of opposition to gun control.

The song “99 Bottles of Beer on the Wall” trivializes the serious problem of campus binge drinking.

Price tags such as “$49.99” are insensitive to those who are differently abled in cognition and therefore may be disadvantaged by not realizing that an item costs $50.

There are 9 justices on the Supreme Court, with 6 of them appointed by Republican presidents. I’m not saying this is what killed RBG, but there are rumors on www.staywoke.org. And there’s no longer a firm majority in support of abortion rights.

Pregnancy lasts 9 months, and overpopulation is a major cause of climate change.

Telling activists in the struggle against social inequity to go to hell is hate speech... There are 9 circles of hell in the Inferno by a very dead white male Dante, Coincidence? I don’t think so.

And I apologize for my insensitivity in even using the “10-1 word.” I have done so only to show its power to injure and offend. Fortunately, we have already begun to “no platform” this transgressive integer.

Remember how many planets we used to count in our solar system? Not anymore. Thanks to arithmetical correctness, Pluto has been relegated to the status of “trans-Neptunian Kuiper belt object.”
Saw this train car today casually transporting $2B worth of lumber like it was nothing.

When I heard the biggest Ponzi schemer ever was dead, I got worried something happened to Social Security.

First toe/investment into Crypto today.

Whether you like the car or not, you gotta love him trolling his haters. @JesseKellyDC's plate says "almost 3 yrs CC credit".
THE HIGH COST OF HIGHER ED
hen the boys came home at the end of World War II, some 2 million of them did something that most of them had likely thought they would never do... They went to college.

Before the war, a college education was something that was reserved for those who had some family money. That, or the kind of intellectual or athletic gifts that could be leveraged into a scholarship. For the vast majority, college was simply not affordable.

Then came the GI bill. If you had served, then there was government money for tuition, books, and room and board... even a little pocket money.

To accommodate the crush of new students, the schools converted surplus barracks into hasty dormitories. Most of the new college boys were probably unable to tell the difference and it isn't likely they felt like they were enduring any sort of hardship. The ad hoc dorms were a lot better than what they had become used to. College life, in general, beat the hell out of Bastogne or Iwo Jima.

Eager to get on with their lives, many of the returning vets got married and started families. For those at Penn State, there were surplus trailers. One hundred of them, at first. Two hundred and fifty, eventually. These were packed into a kind of *ad hoc* neighborhood with unpaved streets.

In his book, *Penn State: An Illustrated History*, Michael Bezilla,” writes...

It was the non-academic side of college life that residents of that little community would remember best – the beds that folded from the living room walls of those tiny trailers, the kitchens equipped with gasoline or kerosene stoves, the communal baths (the trailers had no sewer connections), the camaraderie that evolved among residents who shared these luxuries.

Families would get together in the days just before the government checks arrived and pool the food that remained on their shelves.

Eventually, the students graduated and went to work. They were also faithful to the biblical command to “be fruitful and multiply.” And, oh son, did they ever multiply.

They gave the world the “baby boom.”

By the time these offspring were of the age, a college education was considered just one more thing to which they were entitled. States like Ohio had made college affordable to kids from blue collar families. It was a sort of
middle-class entitlement... though that word had not entered the political lexicon.

ENDOWED WITH DEBT

Two generations later, college has become a necessity with a luxury goods price tag... expensive enough that some graduates will be paying for it for the rest of their lives. It is a price that is almost self-evidently too high. Still the costs of not paying might very well be higher.

So, just how expensive is college and how much more expensive is it now, than it once was?

Well, as always, there are numbers. Here are some:

In the last 20 years, as Preston Cooper wrote recently in *Forbes* magazine, tuition prices have risen more than those of... well, *everything*... except, unsurprisingly, hospital care. It’s risen at a faster rate than things like childcare and housing, and climbed faster than wages. Since the turn of the century, the cost of a college education has more than doubled. *A four-year hitch at an American college is the most expensive in the developed world.*

Leading one to ask... *why?*

One of the first things a lot of soreheads will point to is the fact that no institution of higher learning is looking to make unused military barracks into dormitories. In fact, what some schools are building in the way of housing for their young scholars sometimes resembles luxury hotels.

The eponymously named Jane Parent describes a tour of a prestige public university that included a visit to a dormitory where:

We parents all gazed, mouths agape, at the two-bedroom suite: each room had a double bed, its own closet, and opened into a spacious furnished living space, with a granite counter kitchenette on one side, and on the other a granite counter double sink bathroom, with its own private shower and toilet (so your student is spared that nasty inconvenient walk down the hall to the communal bathroom).

Each bedroom had its own thermostat, guaranteeing your student will be neither too hot nor too cold. It was hushed, decorated like an Ikea catalog, and smelled like lemons and clean laundry.

Which sounds like a long way from the communal showers for the veterans of D-Day and their wives.

And then, there is the food. None of this communal pooling of everything that is left in the pantry at the end of the month.

Parent reports that the dining hall at the school her daughter attended provided “... whatever kind of cuisine might strike her fancy: the waffle bar, carving station, sushi bar, and vegan menus.” The dining hall promised students “a global culinary experience with tastes of cultures from around the world.”

There are, of course, schools where the dining and accommodations are considerably less lavish. But few where they are anything less than “comfortable.” And this leads to a couple of lines of thought...

First, shouldn’t there be something monastic about higher education? One cuts oneself off from the worldly pleasures and the
temptations of the flesh and devotes oneself to the life of the mind...

To which the modern American scholar would say, *Are you freaking kidding me*?!

Contemporary American college students are looking for a lot more than a mere education. They are in pursuit of an “experience.”

**THE UNDERGRAD FACTORY**

So the comforts and luxuries are recruiting tools. The schools are in competition for high-quality students who can pay... with borrowed money, if necessary. They aren’t interested in bargain hunters. They want kids who have the best transcripts and test scores. Sort of like blue-chip law firms going after recent graduates of the more prestigious law schools.

The kids – and their parents – likewise want the schools with the highest rankings. They are looking for a prestige diploma, which explains why some television actresses recently had to do time for resorting to bribery as a means of getting their kids into the “right” schools.

The “amenities” are one component in the mix that goes into making a school prestigious and appealing to the right kind of applicants.

But the amenities are only one of the elements driving the cost of college. And while they may be the most conspicuous and vulnerable to ridicule, they are not the most costly.

There are other drivers of rising costs in higher ed... There are salaries. Most of the people who are employed by colleges and universities have at least one degree, and most have more. And people who have degrees don’t work cheap.

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**$30K FOR YOUR THOUGHTS**

In 1969, college was an affordable Spartan affair (including the beer). And my undergrad horizon-broadening experiences and personal connections I got skulking around Miami University’s quads have stuck with me ever since.

But now, the hemorrhaging costs of higher education make you wonder if the whole enterprise is even worth it. And you won’t need an MA to grasp the absurdity of these numbers.

- In 1963, the annual tuition cost at a four-year public college was $243 – $2,078 adjusted for inflation.
- Average yearly tuition for four-year institutions more than doubled between 1986 to 2018, from $12,551 to $27,357. In that same stretch, college costs increased nearly eight times faster than wages.
- The average annual cost of college in the United States is $35,720 per student. This cost has tripled in 20 years, with a yearly growth rate of 6.8%.
- The average student loan debt is $37,584, and more than a third of students borrow money to pay for college.
- Today, the average American needs to earn about $22,000 more than the current median income to afford college.
And some people with several degrees have more to offer a university looking to hire than another person with the same degrees. And if a school wants to remain competitive, then it must have a first rate – read: expensive – faculty. The money to pay for that faculty comes, for the most part, from tuitions.

The schools do have other sources of revenue, including endowments. Harvard is so lavishly endowed that there was talk, a few years back, about possibly doing away with tuition altogether and running the school off the returns – making Harvard, essentially, a hedge fund with a little education business on the side. But Harvard isn’t into philanthropy. In spite of the fact that its endowment is worth more than $40 billion, it recently took a $9 million in cold Coronavirus Aid, Relief, and Economic Security (“CARES”) cash. That’s money that some trade schools and local colleges could certainly have used.

There is something almost sweetly naive in the complaints about the costs and the corruptions of higher education.

Still, few would deny that a Harvard degree is worth whatever it costs (which, incidentally, is about $250,000 if you take four years to do it). And many people who go to Harvard do not pay full freight. Even those who graduate loaded with debt can expect to prosper. Which might explain why so many people want to go to Harvard.

The Harvard faculty is – almost self-evidently – worth whatever it costs. And you don’t put together a first-class faculty, like the one at Harvard, on the cheap.

But then, there is payroll for the non-teaching part of the payroll throughout the world of higher education in the U.S.

**A LESSON IN GRIFTING**

Much has been made recently about “deans of diversity.” (Which sounds, when you speak the words, like a 60s music group.) There is such a thing and it is not, evidently, a bad gig. According to Zip Recruiter, the average salary of a diversity dean is $100,000.

But everyone is in the diversity racket, these days, and what colleges and universities spend on it could not be more than a very small fraction of their total administrative costs, which have risen far more than faculty compensations have. Forty years ago, colleges hired more people to teach than they did to “administer.” Since then, the number of “administrators” has grown far more than enrollment. And administrators being bureaucrats, they know how to make themselves essential and un-fireable. A struggle between administration and faculty is really no contest.

And those people have to be paid, too. According to one recent estimate, the combined salaries of the diversity administrators at the University of Michigan is $11 million. This leads one to wonder just what the total take by administrators is... And what the students who pay the salaries of those administrators are getting for their money.

But that is to enter a place that might as well be called “Futilistan.” A place where one can also cry to the heavens about “the deficit,” or
the cost overruns on the latest fighter plane, or the number of lobbyists in Washington.

There is something almost sweetly naïve in the complaints about the costs and the corruptions of higher education. That people were *shocked, shocked* to learn that people like those soap opera actresses were paying bribes to soccer and lacrosse coaches to help get their kids into some swell school.

_Soccer and lacrosse coaches? Really?_

This was, doubtless, because those actresses didn’t have the kind of _real_ money it takes to get into a school the sovereign way. Peter Malkin graduated from Harvard Law and his generosity to the school was sufficient that it named a building after him. All three of his children were surprisingly accepted when they applied to Harvard... as were five of his six grandchildren.

Harvard is quick on the grift. It even took money from Jeffrey Epstein.

And that, in the end, is probably the key to the question of “why is college so expensive?”

The answer is... it’s about the money. And the colleges know they can get it.

The people who want to go to college believe that it will buy them higher lifetime earnings, by a million or so, over what their contemporaries will earn. So they – and their families – will do what they need to do. Which means, in far too many cases, take on unsupportable debt.

We have all read the stories about the high social cost of student debt. People who cannot pay back what they borrowed to go to college and are paying, into middle age, in pain.

They cannot, in most cases, even discharge the debt through bankruptcy. The legislation establishing student loan programs made sure of this... Some guy named Biden pushed that provision of the law.

With total student debt at $1.5 trillion – and rising – the same political class that created the problem now proposes to solve it through debt forgiveness. After all it is only a lousy trill and half. Not even as much as we’re talking about spending on “infrastructure.”

One wonders if it might be possible to claw some of that money back from the colleges that were enablers and drivers and make them start behaving with a modicum of frugality. Maybe start with Cornell where, as was recently reported, the young scholars could enroll in a rock-climbing course for a mere $2,000. The reports about this focused on some racial angle or another. Seems that white students were not welcome. The existence of a course in rock climbing at a school that cost $70,000 a year... that seemed, somehow, normal.

Why, then, is college so expensive? Perhaps it is because we have forgotten so much of what those GI bill scholars had learned _before_ they went to college.

_Geoffrey Norman_ is the author of 12 books of fiction and non-fiction, and many articles for periodicals including the _Wall Street Journal, Sports Illustrated, National Geographic, Esquire, Men’s Journal_, the _Weekly Standard_, and others.
Over the past year of COVID, there’s been a recurring news narrative of “experts surprised their predictions were off the mark.” It’s happened on almost every major policy issue – from masks to lockdowns to surface cleaning – and the margins of error are often vast. The CDC or some government body told us with certainty that something was true concerning COVID, and we had to obey. But then the data comes out, and the people yelling about “the science” were totally wrong...

Yet somehow we’re supposed to ignore the abysmal track record of these experts and listen to whatever their next proclamation of “the science!” may be, even as the end of the pandemic appears to be in sight. This comes from the “Fauciite Consensus” – the absolutist voices that pretend there’s such a thing as “the science” that determines public policy decisions. Until we understand what the consensus is, and what it plans long term, it’s never going away.

Any meaningful public debate about the consensus positions has been forbidden... After all, how can you reasonably argue with a group that claims to represent “the science”? We’ve been led to believe an infallible genius has been making these COVID policy declarations. In reality, it’s been Dr. Anthony Fauci and a chorus of middling fellow bureaucrats insisting that two-year-olds wear masks and “social distancing” circles be drawn on baseball fields in public parks.

No matter how many times they’re wrong or their directives fail, you’re obligated to obey the Fauciites – because they say so, and the State backs them up with force. It’s like they’re America’s anxious helicopter parents who won’t ever let us go to the playground with the other kids because of the risk of a staph infection from a scraped knee.

That anyone can theoretically get a staph infection almost anywhere never occurs to the Fauciite Consensus... Or they simply don’t care. They pretend to offer absolute safety in response to endless obedience. And no matter how many times they’ve failed in this proposition over the course of the pandemic, they demand that this time they’ve got it right.

The latest version of their blatant wrongness comes courtesy of two large states, Texas and Michigan, who’ve taken very different approaches to the pandemic over the last few months. Texas has gotten rid of its mask mandate and completely opened up its businesses. Its cases have plummeted over the past month – the exact opposite of what experts like Fauci said would happen. The not-so-good doctor claimed it was a big mistake and would lead to a surge.
Michigan, on the other hand, is going through a major spike in cases, including having the dubious distinction of nine of the top 10 metro areas for COVID spread in the country. This is all happening in a state with a notoriously extreme lockdown advocate, Gov. Gretchen Whitmer, calling the shots. Michigan still has mask mandates (indoor and outdoor) and has had many of these in place since July 10 of last year. It’s all Fauci-approved, and it’s failing.

How do the people spewing constant lockdown propaganda explain this one? Mostly through a series of “Michigan must be letting up on mitigation measures” and “wait two more weeks” doublespeak. Their explanations simply don’t add up, which has been the case all along.

No reasonable person should be surprised by this anymore, but many choose to keep the Fauciite charade going. The corporate media, as always, is there to leap in with analysis like this recent tweet from NBC’s *The Today Show*:

> Some states with stricter rules are now seeing surges in COVID cases, while many others that rushed to reopen are experiencing sizable drops. The numbers have experts scratching their heads.

Ah, yes, it’s all so confusing, especially when the obvious possibility – COVID mitigation measures don’t work as advertised – is automatically dropped from the equation. The Fauciite Consensus will never admit that it was wrong, no matter what the data and actual experience show us.

It has been wrong so often, it’s hard to keep track. Remember how we were all told a year ago to panic over the possibility that COVID could last hours (perhaps days) on all kinds of surfaces? This led to an unprecedented regime of cleaning everything in sight for fear of COVID contamination. There was a nationwide shortage of anti-bacterial wipes, and alcohol distilleries started making hand sanitizer and disinfectant to help the war on fomites (surfaces that transmit viruses).

Turns out, that was all utterly useless pandemic-cleaning theater. A CDC press release from April 5 states that...

> The principal mode by which people are infected with SARS-CoV-2 (the virus that causes COVID-19) is through exposure to respiratory droplets carrying infectious virus. It is possible for people to be infected through contact with contaminated surfaces or objects (fomites), but the risk is generally considered to be low.

How low, you might ask? According to the report, less than one in 10,000. That’s right, any time you touch a surface highly contaminated with active COVID virus, you have fewer than a 0.0001% chance of getting COVID. This comes after a year of absurd hygiene extremes, such as people washing their grocery bags down or touching every elevator button and door handle with their elbows. In New York City, they were shutting the subway down nightly for a “deep clean.”

Fauci in deed, word, and attitude supported all of this... It was all a giant waste of time and resources.
Now the focus is shifting to *when do we get to go back to normal?* As with everything else the Fauci Consensus has dictated, we can expect constantly shifting goalposts and a desire to maintain control at all costs.

Here’s what the lockdown leprechaun, Dr. Fauci, said during a COVID briefing on behalf of President Joe Biden’s administration on April 7:

> I think what we’re going to see is that, as we get more and more people vaccinated, you’re going to see a concomitant diminution in the number of cases that we see every day and, with that, you know, the cascading domino effect of less hospitalizations and less deaths.

> I don’t think it’s going to be a precise number. I don’t know what that number is. I can’t say it’s going to be “this” percent. But we’ll know it when we see it. It'll be obvious as the numbers come down rather dramatically.

Oh, we will “know it when we see it!” What a highly scientific proclamation. And it’s worth noticing how America’s favorite lab coat tyrant uses words like “concomitant diminution” in interviews when he could just say “drop.” But if Dr. Thesaurus wasn’t showing up on television what seems like every five minutes, people might start to feel normal again, and the Fauciite Consensus exists to fight that urge.

And if you think Fauci and his minions will all just go away in time, think again. There’s already talk about booster shots for COVID vaccines every six months. The apparatus of health policy tyranny isn’t going to just fade out. That’s why you will see more articles like this one from February in the months ahead, telling you to be ready for forever COVID:

> Experts believe the coronavirus pandemic is likely to become endemic, meaning the virus will stick around in populations, potentially requiring booster shots to beef up immunity. “We need to plan that this is something we may need to maintain control over chronically,” Fauci said in November. “It may be something that becomes endemic, that we have to just be careful about.”

The COVID lockdown and mitigation measures madness only ends when we make it end. Sadly, far too many Americans prefer to live in a society of absolute control and pseudo-safety. They’ve been brainwashed into believing they are saving lives in exchange for giving up their basic freedoms, and there are a lot of people in power benefiting from their mass hysteria.

In truth, almost all of what we’ve been forced to do this past year is about as smart as spraying Lysol all over your groceries to protect against infinitesimal risk. COVID was never hitchhiking inside your house in a bag of chicken nuggets, and the “experts” who made us think otherwise are hysterical buffoons.

This is the world the Fauciites hath wrought... Whether it stays that way is up to us.
Kim Iskyan is an Executive Editor for American Consequences. Kim is one of the most experienced and well-traveled financial writers in the world today. From covering Iran’s emerging stock market... to landing in Ukraine in the middle of a war... to booking a flight to Thailand as soon as martial law was declared – Kim has been there and helped investors figure out the risks and the opportunities in these ‘blown out’ markets.

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