INDUSTRY LEADERS DUKE IT OUT
EXCLUSIVE DEBATE

AMERICAN CONSEQUENCES

IDEAS THAT MATTER
EDITED BY P.J. O’ROURKE

BITCOIN VS GOLD

WHICH MINER WILL CLAIM VICTORY?

MAY 2021
For centuries, gold has been the showcase of wealth, a safe haven when the dollar waned or stocks tanked. Then along came cryptos... Has bitcoin upset the apple cart of currencies?

This month, we delve into which currency will stand the test of time... Stansberry Research financial reporter Daniela Cambone takes you behind the curtain of the recent fantastic battle-of-the-billionaires debate between crypto king Michael Saylor and gold guru Frank Giustra.

We’ve got plenty of material in this issue about our current leader of the free world... In “America’s Worst-Made Plans Come Home to Roost,” our editor in chief, P.J. O’Rourke, muses on the folly of government planning, including whatever Biden plans to do with $6 trillion of your money.

Publisher Trish Regan dives into how the Biden administration’s barrage of spending and handouts has inspired Americans to do, well, nothing...

Executive Editor Buck Sexton breaks down the first four months that President “Amtrak Joe” has been in office, and, unfortunately, it appears that the train is heading to Destination Nowhere...

R.I.P. Bernie Madoff... The late financial swindler’s body count exceeds 40,000 investors. Executive Editor Kim Iskyan explains how Madoff (almost) pulled off the most sweeping financial fraud in history.

Then, RealClearMarkets editor John Tamny takes a contrarian approach in his Misunderstood Deficits piece, and writes that the panic often surrounding sizeable debt is a false alarm.

John Tierney, a contributing columnist for the New York Times, looks back at the early COVID-lockdown measures in this must-read story, noting that what seemed like sound science at the time may have cost more lives than it saved.

Fallen-from-grace Rudy Giuliani has been one of America’s favorite political clowns this past year... But it’s all gags and giggles until the Feds come knocking in this month’s Dunce of the Month.

Former Car and Driver editor John Phillips III tackles electric vehicles in this fresh take on whether these plug-in cars will actually stick.

Now, politician memoirs are typically good for very little... least of all, reading. But, according to P.J., former Speaker of the House John Boehner’s book exceeds expectations, proving an endlessly entertaining and quotable firing squad aimed at the idiocy of Washington, D.C.

And the winner for worst award show goes to... actually, no one cares. Commentary magazine editor John Podhoretz shares how Hollywood, the Academy, and the Oscars-marketing monster are irrelevant in 2021, a self-inflicted casualty of #MeToo, wokeness, COVID, and digital content.

Regards,
Laura Greaver
Managing Editor, American Consequences
An unstoppable force is taking over our country’s financial markets.

And if you have any money in stocks right now, you could soon see the effects in your retirement account.

Stocks have soared over 70% since last year’s crash.

It’s been one of the greatest rallies in American history!

But according to Dr. Steve Sjuggerud, a far more dramatic financial event is on the horizon.

And it could blindside millions of Americans in 2021.

CLICK HERE to hear exactly what he’s predicting, and what it means for your money in the coming months...

WARNING: What Dr. Sjuggerud has to say is controversial... and not at all what you’ll hear from the mainstream press. But for the time being, you can view the presentation right here.
HAVE YOU HEARD?

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Each week, the American Consequences podcast dives deep into fiscal and monetary policy, politics, and economics. You’ll get a view of the Fed, the White House, and the World like nowhere else. Subscribe to stay up-to-date on the biggest guests and the best analysis, all with the signature Trish Regan insight.

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STEVE FORBES
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WITH TRISH REGAN
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AMERICA'S WORST-MADE PLANS COME HOME TO ROOST
In his first 100 days in office, President Joe Biden has already proposed “The American Rescue Plan” ($1.9 trillion), “The American Jobs Plan” ($2.3 trillion), and “The American Families Plan” ($1.8 trillion). That’s $6 trillion so far.

These plans... Do they mean families need to be rescued from jobs or your job needs to be rescued from you or you need to be rescued from your family? I can’t quite tell...

The Biden administration has a lot of explaining to do – as the planning continues and the $6 trillion of your money gets spent.

Six trillion dollars is about $18,000 for every person in the U.S. Hope you weren’t planning to do anything with that 18 grand...

I was planning on buying a used pickup truck and a new roof for the chicken coop.

But as the poet Robert Burns said...

The best-laid schemes o’ mice an’ men
Gang aft a-gley.

(“Gang aft a-gley” being Scots dialect meaning “after taxes and inflation.”)

Certainly one of the best-laid schemes of men (mice really didn’t come into it, though I’ve got some in the chicken coop) was the U.S. Constitution.

And a notable feature of the Constitution is that it contains no plans.

The Constitution guarantees our freedom, but – on purpose – it doesn’t tell us what to do with that freedom. We wouldn’t be free if it did.

A leaky chicken coop and no pickup in which to haul away the old shingles aren’t making me feel more free than I felt before...
Biden was elected. (And I have a flock of wet hens who are also pretty mad at the Biden administration.)

The Constitution contains no plans, but it does have a design. The document is painstakingly organized to create a form of government that keeps certain parts of the nation from exerting undue power over other parts of the nation.

In 1788, when the Constitution was ratified, this was a matter of balancing the interests of big states with small states, northern states with southern states, and the original eastern 13 states with the nascent western states of the future.

Thus, South Carolina wasn’t allowed to plan New York’s Erie Canal so that it began in Albany but went to Charleston instead of Buffalo.

Today, when states themselves are of somewhat less importance, it’s a matter of balancing indignant urban self-righteousness with hinterland righteous indignation.

Thus the residents of Portland, Oregon, aren’t allowed to draw up the plans for my chicken coop... Which, if they had it their way, would be solar-powered, constructed from sustainable organic materials such as recycled cardboard bong packaging, cover six acres in order to meet minimum free-range poultry-raising requirements, and contain no chickens due to vegan concerns for the ethical treatment of animals.

There’s another, even more important aspect of the Constitution’s design. This is to keep certain parts of the government from exerting undue power over... the government.

The executive branch is supposed to saddle the legislative branch, which is supposed to keep a tight rein on the judicial branch... which is supposed to halt the executive branch, which is supposed to tie the legislative branch to the hitching post and so on.

This “separation of powers” political horse-wrangling was an attempt to prevent the federal government from stampeding.

As I mentioned, my chicken coop is rickety and a wild Biden/Harris/Pelosi herd galloping through my barnyard could trample it.

Amendments IX and X in the Bill of Rights are clear on the subject of “hold your horses:”

IX.

The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people.

X.

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.
In other words, we can make our own damn plans. We don’t need the Biden administration to do it for us.

Indeed, it’s dubious on what grounds the Biden administration has the authority to take $6 trillion of our money and plan to do whatever it wants with it.

In my opinion, this violates the 4th Amendment clause ensuring “The right of the people to be secure in their persons [and chickens], houses [and coops], papers [including pickup truck title and registration], and effects [eggs] from unreasonable searches and seizures.”

Not to mention the 5th Amendment clause stating, “nor shall private property be taken for public use without just compensation.”

Eighteen thousand dollars of my private property is being taken for public use in The American Rescue Plan, The American Jobs Plan, and The American Families Plan. I’d say just compensation for that would be... $18,000 (plus, of course, another $18,000 for my wife and $54,000 for our three kids).

But you may be thinking, “They’re going to get that $6 trillion by taxing corporations, soaking the rich, and borrowing money from sucker countries like China. The $18,000 isn’t coming out of my wallet.” Take a look in your wallet. See that dollar bill? What does it say in small print up above George Washington’s right ear?

THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE

What happens when sucker countries like China quit borrowing? Or wise up and start charging the kind of interest rates that ought to be charged for a $6 trillion loan to a bunch of worthless nags bucking and rearing and bursting out of their corral? Your legal tender is going to get tenderized and wind up about as valuable as a horsemeat sandwich.

And rich corporations? Where do they get the money to pay for a hike in taxes? By hiking the prices they charge you.

And those soaked rich? Think they’ll be hiring you to towel them off?

Maybe you’re under the impression that $6 trillion in government spending means you’re going to get $18,000. But as Abraham Lincoln pointed out in the Gettysburg Address, our government is “of the people, by the people, for the people.”

You are these people... The Biden administration’s plans are $6 trillion of your money, spent by you, for which you’ll have to pay.

When the Biden administration comes knocking on the door looking to get that $18,000 from each and every one of us, I hope you’ll join me while I take a seat on the egg crates dodging raindrops and saying, “Nobody in here but us chickens.”

We can make our own damn plans. We don’t need the Biden administration to do it for us.
Who wouldn’t love these reports from this publisher? Who wouldn’t love any platform that gave voice to Trish Regan? She is one of the most interesting, intelligent, and articulate journalists in America, and probably the world. It is no surprise that those who have such a fear of the harsh realities of truth want to censor her work. She lays out the facts in detail, and puts them in terms that a smart child could understand. The powers grasping for control certainly don’t want dumb adults to understand what they are bidding from us. What would happen if children knew too? – Phillip H.

Trish Regan Response: Dear Phillip, thanks for that. I’ve always been a big believer in calling it like I see it, not overcomplicating an issue but instead trusting my gut. I take the time to examine all sides and am always open-minded enough to hear plenty of input but I’ve discovered in my many years covering markets, alongside political and economic policy, that my instinctive reaction to an issue or problem is most often the right one. I’m glad you enjoy how I explain it. I’ve noticed that too often some of those “in charge” love to overcomplicate issues with souped-up jargon. It’s all in an effort to elevate themselves over the reader, listener, or viewer. That’s never been my style. Instead I want to connect with readers and listeners – the more people that understand the most important issues of our time, the better off the country will be. Thank you for reading and for taking the time to write!

Re: We Need More Cancel Culture

PJ is a genius... Nine is the new loneliest number. I will never again listen to luftballons. Thanks for making me woke. – Bill F.

P.J. O’Rourke Comment: I’ll take it for granted that everyone gets Bill’s reference to “One Is the Loneliest Number” by Three Dog Night, which is such a staple of Oldies stations, piped-in music, and Alexa classic rock playlists that those three dogs are in serious need of being de-ear-wormed. But “Luftballons” may take some explaining to people who were too young (or too old) for New Wave when it was all new and wavy. The 1983 hit song “99 Luftballons” by the German band Nena is one of those poppy/apocalypsey numbers of that era. It describes a cataclysmic war triggered by a festive release of party balloons – all set to a strangely upbeat tune. In 1991 during the Gulf War, I was with a convoy of journalists driving in between the flaming oil wells of Kuwait in the middle of the night with the sound of bombing and artillery all around us. We were scared shitless. So we put a cassette of “99 Luftballons” into the tape player of our Land Rover and cranked it up until it drowned the noise of armed conflict. Thanks for the memory, Bill. You can go back to sleep now.
Re: Dropping Out: The High Cost of Higher Ed

Pat, As a fellow Classmate of yours at both DeVilbiss (H.S.) and and Miami University, your reminiscences of life on the Miami Campus in the mid ’60’s brought back fond memories.

I am blessed that I was listening to J. P. McCarthy’s (WJR Radio) noon “Focus” program in the early eighties when J. P. introduced and interviewed a guy from Toledo named P. J. I have enjoyed your writings since that re-introduction.

Keep up the good work, and hopefully your DeVilbiss classmates will be able to shake your hand when we meet next summer (2022) to celebrate our 75th Birthdays.

Kindest Regards, Mike Muhn,
DHS ’65, Miami U. ‘69

P.J. O’Rourke Comment: As I wrote back to Mike – a star player on our high school’s formidable football team and a way cooler guy than me:

Dear Mike,

Great to hear from you! And thank you for the kind words. I think you and I had the good luck to go – when the going was good – to one of the best high schools and best colleges in America. Go Tigers! [our high school mascot] And go Red-Whatever-They’re-Called-These-Days! [Miami went through all the predictable drama of having “Redskins” as the nickname for its sports teams. After much huffy virtue signaling the nickname was changed to “Red Hawks” or “Red Squirrels” or “Red, Red Robins Go Bob, Bob, Bobbing Along” or some damn thing.]

See you in ‘22!

Yours, Pat [As I was then called, until I switched to my initials in 1970 because – believe me – if you go through 23 years of being called “Pat O’Rourke” you begin to get some sympathy for those who, like Redskins, complain about ethnic stereotyping.]

Thank you for a great essay! With that prompt to look back, my quarterly tuition at the University of Montana was about $187 per quarter for 12-18 credits, or about $560 a year, and textbooks could be had for $12.95 at the university bookstore. After graduation in March 1978, I got my foot in the door as a seasonal biologist aide/technician, hauling my gear to Wyoming, to Idaho, then back to UM for a couple non-degree graduate quarters in hydrology and other helpful subjects. That 1981-1982 period shocked me as books had become expensive enough that a number of profs would have copies of the textbooks available at the library for short-term reserve. Meal plans on...
FROM OUR INBOX

campus were always expensive, so I went the cheap two-meal plan route.

Our beer, when it was affordable, “It’s Oly when you live in the West,” even for low-paid fish & wildlife biologists. One gentleman I knew in Montana said his incredible good fortune was to be hired by a company that did not have a biologist classification on their pay scale, so he was placed with the engineers.

Olympia beer in Montana, Generic beer (from Pearl Brewing in Texas) in Idaho, and “Vitamin R” Rainier in Alaska (Molson was cheap on the state ferry, a real treat).

“Champagne living on a beer budget” had to give way to “beer living on a burrito and water budget”. ... (I never seemed to mind a siesta after lunch.) – Charlie B., tropical north Idaho

Geoffrey Norman Response: Dear Charlie,

Thanks very much for that. It tracks with what P.J. O’Rourke and I remember (dimly) from our own college years. A sense of almost agreeable poverty. Or frugality, at any rate. And why not? The beer was good enough for your still-untrained palate. The work was all indoors and there was no heavy lifting. When it was over, you missed it and you didn’t feel like you were carrying a heavy load of debt. You certainly didn’t feel like you were due a handout from people who had been driving trucks, herding cattle, building roads, etc. while you were living the college life. You did not rue those years and the burden of debt they had loaded on you. In fact, you kind of missed them.

Thanks again. And who wouldn’t trade a few years of genteel, middle-class poverty for a chance to be a fish and wildlife biologist in the great American west?

Re: America’s New Pastime: The Politicization of Everything

The “Politicization of Everything” makes me wonder what would happen if the Democrats are successful in packing the supreme court, making D.C. and Puerto Rico states, and changing voting laws so that all votes can be purchased from citizens and migrants alike for a Big Mac. The motive underlying many Democrat ideas like open borders is to gain an edge over Republicans. What if Republicans were no longer a threat? Would Dems gain any advantage by further dividing the country by race? Would Dems find a new maturity in their role as stewards of the nation or would they use their power to exact revenge? – David S.

P.J. O’Rourke Comment: David, you ask “what would happen?” Well... We’d get a Democratic president and Democratic majorities in both houses of Congress. (Sound familiar?) And then those Democrats would start tearing each other apart the way they’ve already begun to. (Check news of the New York City mayoral race to see what happens when there’s “only one” political party.) The thing I love most about Democrats is how much they hate each other. And, for that matter, themselves. Put two Democrats in a room and you’ll get at least three diametrically opposed political positions with no room for compromise.
Re: Biden Calls It By Its Name: The Armenian Genocide

Kim, I lived in California’s Central Valley for many years. There were many people of Armenian descent. There was a local delicatessen that had Armenian food. Delicious! I do not approve of Biden. Biden or Trump was just as poor a choice as Trump or Clinton. But I do approve of what I have always known finally being called what it is – the Armenian Genocide. – Tim P.

Kim Iskyan Response: Tim, thanks for your e-mail. Armenian cuisine is simple and hearty and I really miss it (not many Armenian delis here in Dublin!). Food aside, though... Armenians have gotten the short, sharp end of the stick for generations – and I think it was fantastic for the Biden White House to do the right thing.

Kim’s piece today was outstanding. One wonders what would happen if the US followed up by participating in an upgrade of the Armenian power supply system and distribution grid. – Dave C.

Kim Iskyan Response: Dave, Armenians – and everyone else within a strong gust of wind of Metsamor, the rickety Soviet-era nuclear power plant that sits on an earthquake fault which supplies the bulk of Armenia’s power – would be very grateful. Unfortunately, I don’t know how the economics of it would work... and in a world where the United States has lots of fish to fry, I think they’ve already paid a lot of attention to little old Armenia. I’m not holding my breath on this front...

Kim, Thanks for taking the time to confirm the historical record about Turkey and the Armenians. My grandparents also saw the handwriting on the wall and emigrated to the US from eastern Turkey in the early 1900’s. Both of my parents were born in the US as children of emigrants from Turkey and finally settled in Fresno, CA where I was born.

A personal note... I was in my 30’s before I learned of my “roots” in eastern Turkey. My grandparents never wanted to talk about the horror. The discovery was the result of a Master’s thesis prepared in the 1960’s by an Aunt of mine who wrote about the events.

Another personal note... in 2004 I was in western Turkey as a result of a cruise stop. During a land tour I encountered a shop owner. The conversation went as follows:

Shop owner... you look like you could be from Turkey.

Me... well, yes my grandparents emigrated to the US from eastern Turkey. I am of Armenian heritage.

The shop owner said nothing further and walked away.

It seems the historical record prevails even at the local level to this day.

Thanks again for your accurate portrayal. – Gary K.

Click here for more Inbox on page 86.
WHICH MINER WILL CLAIM VICTORY?

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EXCLUSIVE

MICHAEL SAYLOR
MAY 2021
GOLD
BITCOIN
VS
GOLD

By Daniela Cambone

WHICH MINER WILL CLAIM VICTORY?

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EXCLUSIVE DEBATE

CLICK HERE TO READ THE WEB VERSION

AMERICAN CONSEQUENCES 15
They both plunge into the darkness... armed with their respective hardware, digging through the earth or ether, each hoping for treasures yet or never seen. And whether hunched over a screen in their South Carolina suburban garage or on their knees scraping at the soil in the sands of South Africa, they’re connected by one cosmic unifier... They are miners.

And what they’re mining for is both from utterly opposing universes but ultimately the same: money. Except one’s invisible as the other one shines. One has existed for less time than a middle-schooler, while the other drapes over five millennia.

Welcome to the bitcoin versus gold debate. No school versus old school. Digital versus Analog. It’s also two self-made billionaires with a lot to say...

THE GREAT DEBATE: BEHIND THE CURTAIN

If you haven’t seen Stansberry Research’s two-hour debate on YouTube – no worries. I’m here to take you behind the curtain and rehash the highlights. The piece features me moderating a discussion between Michael Saylor, CEO of MicroStrategy, carrying the crypto flag, while Lionsgate Entertainment founder Frank Giustra spoke on behalf of the gold bugs.

Michael evolved into a crypto folk hero by becoming the first CEO of a publicly listed company to convert a part of his company’s cash reserves into bitcoin. Meanwhile, Frank transformed investment bank Yorkton Funds into a global powerhouse of mining finance, and is the mastermind behind the creation of some of the world’s leading mining companies. Frank is also a serial entrepreneur, having founded Lionsgate Entertainment, Modern Farmer, and Domenica Fiore. He now dedicates most of his time to philanthropic work, most recently the Million Gardens Movement alongside Kimbal Musk.

In my 15 years as an investigative journalist, I’ve become very familiar with the precious metals market, and I’ve known Frank for close to a decade. He’s such a pivotal figure in that world, and he knew that I had interviewed
Michael Saylor on multiple occasions, as Saylor is one of the biggest names in the crypto space.

Frank mentioned he was up for a debate with Michael, and vice versa, so I decided to pitch Michael the idea, which resulted in a series of calls followed by radio silence. I thought this debate wouldn’t happen.

Until one day, my Twitter exploded...

Michael tweeted a poll to his followers if they’d like to see him do this debate on Stansberry Research – and the Internet responded in a resounding way... an overwhelming, 90% vote for YES. Once we got the green light, we haggled around agreed-upon topics, and for most of it, I felt like I was mediating a very civil divorce proceeding.

And I’m proud of that civility, that we avoided two talking heads shouting over each other, which comprises nearly all of “news” content today. Listen, these two gentlemen have nothing to prove – they’re at the top of their respective games. They wanted to talk about these two assets, not just because they’re experts, but because they’re passionate about it all... And they want to inform investors worldwide.

In the context of the debate, Saylor was the Zen, existential philosopher, often seeming like he’s soliloquizing in a vacuum. When he speaks, it’s almost an act of non-violent offense, like Muhammad Ali shadowboxing alone in the ring.

Meanwhile, Frank is the direct, pragmatic one, and came prepared with very strong punches. But he balances his delivery with a lighter, more casual approach, peppering his comments with Game of Thrones and Madonna references. At the same time, Saylor’s straight-faced, almost like he’s just a conduit for the bitcoin gods.

Since the debate, so many people have reached out to me – even my hairstylist heard about it. The feedback has been overwhelming... precious metals expert Jim Rickards, broadcaster Max Keiser, even Shark Tank’s Kevin O’Leary. The Twitterverse is now asking that I moderate a debate with Elon Musk and Saylor next. It struck a chord with these powerhouses in the world of finance and everyday retail investors.

When Michael Saylor speaks, it’s almost an act of non-violent offense – like Muhammad Ali shadowboxing alone in the ring.

Since the pandemic, there’s been an uptick in the consumption and creation of financial content – people with idle time and money, reassessing their lives and careers, and looking to learn lessons in the stock market. And I love that.

A few years ago, I felt like most people wouldn’t even know who the Fed Chair is – but now everyone’s so embedded into the world of money. And with that, I want to keep this gold versus bitcoin conversation going because I want our readers to educate themselves as much as they can.
If you’re going to ask me who won the debate, you’re going to hate my answer... I feel like the audience was the winner (that includes you). And in meta-mining this historic conversation, I’m reminded that we’re all just looking for value in life. And hopefully, this content brings some to yours.

**BITCOIN: LAYING DOWN THE GAUNTLET**

From the first spark of making fire, human civilization progresses through channeling energy. And to Michael’s point, money *is* energy.

“"The ideal currency would be Godcoin – short of that, bitcoin’s humanity’s next best bet.”

**MICHAEL SAYLOR**

Money is essentially a store of value and technology that allows us to trade that energy over time and space. And if you look at humanity’s monetary timeline, we’ve gone from commodities to the coinage of those commodities to notes represented by that money to fiat currency, and now? Cryptography as money.

Gold advocates say that gold is the ideal money, but Michael counters that it’ll be GODcoin...

Suppose an omnipotent being waved their hand to create a perfect bit of money. It would be a manifestation of Luca Pacioli’s double-entry accounting principles circa 1494 – with units infinitely divisible by trillions each, floating in a magic space, settling everyone’s trade’s instantly, perfectly: accessible anywhere in the universe, never losing any information.

And according to Michael, until GODcoin arrives, bitcoin is humanity’s next best bet.

Bitcoin’s the most efficient monetary system we’ve yet to implement successfully. It’s at over 21 quadrillion transactions a day, storing the value and providing security to everybody on the network, effectively for free after those transaction fees.

This crypto’s the most disruptive financial force this century. In just 12 years, it grew to $1 trillion in monetary value, beating out the growth of FAANG stocks in that window of time.

*Everything’s* digitized now – so why wouldn’t our money be?

Money is collapsing right now as inflation climbs, and we keep losing 1% of currency value every month. And according to Michael, gold’s not a solution... It’s not practical to distribute gold in small quantities to 5 billion people. But bitcoin can reach everyone, and it’s growing, spreading at more than 200% a year, adding 3 million users a week.

For Michael, gold is a 19th-century relic, a glorified antique for the elites. In his mind, it’s time to mint its inevitable digital successor.
Frank finds the all-or-nothing, zero-sum ideology of the gold and bitcoin camps disheartening, as he thinks the two sides agree on 90% of everything – but fall apart when it concerns which is better. He claims this divisiveness is indicative of the ultra-polarized cultural and political discourse that’s become the baseline for America in 2021.

That said, he’s not moving an inch on his argument.

In his words, gold is eternal (echoing Michael’s GODcoin position) – what once adorned Cleopatra’s clavicle could now be the jingly golden necklace you’re wearing. Gold is a time machine with touchpoints throughout human history. It’s inextricably linked to the international cultural fabric and the global monetary system.

Its stability as a store of value is vital in managing the central bank reserve currencies and providing protection against other fiat currencies. Central banks own 33,000 tons of gold, 20% of all the gold ever mined, and they’re furiously buying it every year – the same isn’t true for bitcoin.

Gold is not designed to moonshot through the roof like some tech, darling. Its purpose is a store of value against inflation, the devaluation of currencies, and sharp equity downturns.

When asked about what makes bitcoin the better asset, Saylor got elemental, as he’s apt to do...

You can’t build a computer without silicon. You can’t construct a skyscraper without steel. You’re not going to survive if you don’t pick the right element. Crypto is the steel of the 21st-century economy.

He claims gold is an ideal ornamental metal – indestructible, malleable, pretty. But that doesn’t make it the perfect monetary asset. You can inflate it, counterfeit it, and it’s immobile. (Have you tried lifting gold bars before?)

Gold is not designed to moonshot through the roof like tech, darling.

FRANK GIUSTRA

Bitcoin transcends just being an asset – it’s a network and protocol: decentralized, permissionless, global, immutable, scarce, auditable, instantly transferrable, not seizable, highly divisible.

Gold has a half-life of 30 years, whereas bitcoin has a half-life of forever. As Michael likes to say, everything that gold can’t do, the crypto can.

Your mother could authenticate a bitcoin transaction instantly from her smartphone – it’s empowering billions of people and built right into Square and PayPal, allowing for transactions at the speed of light and looking to accelerate global commerce in the 21st century.

But Frank contends that bitcoin’s yet unproven as a payment method – it’s too
The crypto army tries to weave a narrative for a higher bitcoin price, convincing everyone that gold is worthless, seeking to seep all $12 trillion of the metal’s value into the crypto. In that way, you can justify a $500,000 bitcoin price or a $1 million bitcoin price. Otherwise, why would anybody pay $60,000 today without that target in mind?

Frank knows the real dangers angled at cryptos will come from governments and central banks. History shows that sovereign countries will go to militant lengths to protect their monopoly on currency, and in his mind, they will not tolerate a decentralized global currency.

"Central banks go by the golden rule: they own the gold, they make the rule."

Frank Giustra

They especially won’t tolerate it if we have a dollar crisis, which appears more of a reality each day. Unlike gold, bitcoin is a potential threat to the U.S. dollar and America’s reign of having the world’s reserve currency. And he thinks if enough people on Capitol Hill share this idea, legislation could arise that bans bitcoin, pushing the crypto back underground.

Frank also cites that if (when) war breaks out, gold’s the far safer option. It’s secure from cyberattacks on both the Internet and power grids, either of which would thwart bitcoin.

He also thinks the crypto isn’t as un-hackable as all its disciples claim it is...
If they can hack the U.S. Defense network with secret backdoors built into the hardware, who’s to say it can’t happen with bitcoin?

But Michael fires right back, pouncing on the bloody history of gold, rattling off everyone from Alexander the Great to Cortes to Nixon, noting that gold always invites violent asset seizures throughout human history.

He details that bitcoin security, transport, and auditing are nearly free. These processes are unregulated and egalitarian – everybody has the same rights. A person with $100 of bitcoin has the same security as $1 billion of bitcoin. The crypto safely stores your property in cyberspace, unseizable by force, encouraging peaceful negotiations rather than coercion.

Frank conceded the point that blood was spilled for gold but says that only proves his point that gold’s value is something worth fighting for and dying over. And who’s to say that by 2050, digital soldiers won’t be vying over bitcoin, with the casualties being personal data instead of human life?

It’s the showdown that everyone’s talking about..... MicroStrategy CEO Michael Saylor versus gold financier Frank Giustra in the ultimate bitcoin versus gold battle. Daniela Cambone moderates.
Imagine bitcoin as Lebron James. Making gold... Michael Jordan?

Michael claims gold peaked this past August 10 – not coincidentally around the time he and his company MicroStrategy announced they bought $250 million bitcoin.

In his mind, if he had chosen gold at that moment, he’d be down billions today over nine months versus bitcoin – a $4 billion choice. And he believes he chose wisely.

While he admits bitcoin’s first decade was legendarily volatile, he believes the asset has matured, and the network has spread. The crypto’s growing up! He likens it to Lebron James at age 19. The best player is always the most volatile.

So yes, think of bitcoin as Lebron. Making gold... Jordan?

Frank responds strong, noting that to grasp the heights of gold’s performance, you must understand how well it fares during high inflationary periods, e.g., in the 1970s, gold shot from $35 to $850. And when the pandemic hit last year, gold had a big initial dip down, but then central banks and jewelers swooped in and bought big.

And when it comes to bitcoin’s performance, Frank again highlights its fledgling status, claiming that a mere 10-year history isn't enough time to determine how well it will do in the future. In his estimation, he doesn’t see why anybody would invest in bitcoin if their objective is to preserve value.

The crypto kings will always make the scarcity argument that bitcoin’s capped at 21 million coins whereas humanity’s constantly stumbling upon more gold. But Frank wants to clarify the gold mining industry as he thinks most people (including Michael) don’t grasp it.

The average period between discovery and production of the metal is 10 to 20 years. And the grades are getting lower, becoming more costly and time-consuming to find these lesser-quality deposits. According to Frank, no one’s made a world-class gold discovery in the last 30 years.

And he illustrates how mining production does and doesn’t affect the price of gold. In 1971, the global production of gold by mining companies was 1,500 tons, and gold was $35 an ounce.

Scroll forward 50 years: Gold’s price has shot up 50-fold, 6,000%. The uptick in
production in that time? It’s only doubled.

But in Michael’s mind, gold’s not a scarcity – it’s a glorified commodity. As the price goes up, the supply is constant. And he claims that all commodity businesses need a cartel to be stable, rattling off the Rockefellers, OPEC, and De Beers as exemplars.

He says as gold’s price rises, its miners increase output, which weakens the jewelry demand – then bankers sell short on gold derivatives while investors fund *more* mining expansion. Miners then sell more gold, and ultimately the price gets so high the government stops buying gold.

Then the metal’s sold or shorted, and its price drops.

> “That’s the problem with having 90 kilotons worth of gold as jewelry and so many tons of gold sitting in central banks. It’s a damping feature.”

On the crypto side of supply-and-demand, Michael says investors and companies buy bitcoin, but banks and governments can’t short it – *because they don’t have it.*

They then take eco-conscious shots at each other...

Michael reminds us that gold mining requires $100 billion a year in fossil fuels, labor, chemicals, and environmental damage in the never-ending struggle to inflate the gold supply and undermine the price.

But Frank fires back, noting that the energy consumption bitcoin mining saps up is the same as the entire population of Nigeria.

It’s safe to say neither gold or bitcoin mining is the best for the environment, which makes one wonder why humanity’s harnessing of wealth almost always comes at the expense of the Earth.

**MARKET FORCES AND WHO OWNS WHAT?**

When it comes to owning these assets, both men fired at each other with accusations of speculative behavior. Michael even quoted Frank to Frank, citing his foil’s following, “What I do best is create and build mining companies. 10% of your portfolio should be in gold. Gold won’t keep going up forever. And rotate out of gold following the panic buy.”

Damningly, Michael asserts that gold miners *don’t believe in gold.*

He followed that quote with another Peter Schiff nugget... “I don’t own much gold. I own more gold *stocks* – and a lot of gold companies don’t even have gold.” Michael claims these gold-mining behemoths are expiration companies trying to find their speculations. With $11 billion in revenue, Newmont Mining has $5.5 billion in cash. EBITDA of $5.7 billion last year paid a massive dividend of $1.45 billion.

Damningly, Michael asserts that *gold miners don’t believe in gold.*
“Gold miners don’t have any gold on their balance sheet. They could borrow $20 billion at 3% interest and buy gold if they believed in it. They don’t believe in it. Talk about hating gold.”

In terms of charges that bitcoin is speculative, Michael’s rebuttal is that anyone with that take is a Luddite.

“Technology spreads virally because it is a better idea – Uber, WhatsApp, iPhone, YouTube, Netflix – they all spread virally. People tell their friends because it’s a good idea.”

Frank notes the disparity in crypto ownership: 2% of the owners have 95% of all bitcoin value.

On the other side, Frank points out the disparity in crypto ownership (seemingly echoing America’s economic inequalities), noting that 2% of owners have 95% of all the bitcoin value.

And Frank reiterated his point about gold’s resilience in dire economic times. When COVID hit in March of 2020, gold took an initial 8% hit as the markets dipped that month, but the asset recovered, breaking even. He points out that bitcoin simultaneously dropped 25%, and bluer financial skies only returned this past October.

Michael waves this off and jumps into this pitch...

The significance is any finance, insurance, or mutual fund company can 10 times the value of their traditional offering by injecting bitcoin into it. And then any big tech company can become a bank. How explosive is this? Well, I think we’ll see 150 new holders this year. I think you’ll see $500 billion of assets flow onto the network this year.

He mentions that crypto-friendly PayPal, Square, and Coinbase alone have a $500 billion market cap combined. And there are top bitcoin drivers in Wall Street and Silicon Valley: Morgan Stanley and Goldman Sachs to Apple and Amazon.

Michael contrasts this landscape with gold market forces, claiming Frank’s industry continues to market the myth of gold as money while mining in an expensive, dirty, dangerous fashion.

It was clear at this point (if it wasn’t already) that neither of these men would change the other’s mind.

**THE MIC DROP**

When it came to closing remarks, Michael was undeniably on-brand with a *Game of Thrones* Live Action Role Playing (“LARP”) metaphor...

If we contrast the golden knight with the bitcoin dragon, the golden knight’s got a 30-year life. It’s plodding, stupid, heavy, predictable, and stagnant. And he’s up against the immortal bitcoin dragon: teleporting, dematerializing, hyperintelligent, rapidly evolving, moving at the speed of light.

He then pivots back to numbers, restating
that gold bugs always advocate having 10% of physical gold in one’s portfolio to protect against a crash.

Which brings him back to his refrain: what about the other 90%? Again, he views bitcoin as the solution and gold as nothing but an obsolete hedge. And then he quotes General Patton (naturally):

“Nobody’s ever defended anything successfully. There’s only attack and attack and attack some more. Gold is defense. Bitcoin is an offense.”

Michael ends it by projecting his crypto’s growth, noting that bitcoin spreads at 200% a year. He claims it will reach 250 million people by the end of 2021 and soon... everyone.

Frank fights back at the rosy crypto eutopia Michael and his ilk push, scolding him for potentially leading young, naive investors astray. He thinks the whole bitcoin community smacks of a digital cult. And he returns to one of his core arguments, the idea that billionaires holding cryptos may make a killing, but it’ll leave millions of smaller investors as casualties.

“In Michael’s world, all you own is bitcoin. That’s the only asset class you own. And that’s not the way that you’re going – it’s just never going to happen in the real world. It’s sheer fantasy.”

Frank offers these words of caution: if you want to buy bitcoin, so be it, but you have to own gold as your insurance.

And that utterance encapsulates the obvious eureka moment... You don’t have to pick the metal over the crypto. Even though most Americans (or investors) are allergic to this concept, it’s possible to have two opposing ideas in your head at once.

Think of the two assets as Batman and Joker – they need each other. Which is to say, don’t pick bitcoin or gold.

Choose both.

Think of gold as defense and bitcoin as an offense. Which do you value more?
Remember the old Uncle Sam posters from World War I and II?

One of the most memorable images in American History, it depicts a commanding personification of America... Uncle Sam (initials U.S.)... pointing his finger at you, urging young men to enlist in the war and do their part for their country.

These posters were designed to inspire a sense of patriotism and motivation for citizens to support America.

Unfortunately, there’s a new poster that could be made today...

“Uncle Joe Wants YOU!”

... to sit at home on the couch.

Oh, how times have changed... How politics have changed... How our sense of duty and patriotism and work ethic have changed.

Or have they? I actually believe the American work ethic is intrinsic and hard to destroy. That said, Americans are realistic and logical. When Uncle Joe (aka President Biden) makes it quite compelling to sit home on the couch, they will. And, unfortunately, they are...

Last month’s unemployment report showed the effects of offering such an attractive incentive to stay home. Just 266,000 jobs were created, as opposed to the 1 million jobs Wall Street economists had been looking for (I could have told them they were dreaming).

Meanwhile, the unemployment rate shot up to 6.1%.

Yet, there are more than 8 million job openings at present in the U.S.!

So, what’s going on?

Socialist-style policies that may be well-intended... but have negative effects... are creeping into every facet of our society.

Earning Money to Stay Home

Uncle Joe is paying $300 a week in unemployment benefits for Americans to sit home on the couch. States are paying, in many cases, that same amount or even more.

Hey, 600 bucks a week to sit home sure as heck beats washing dishes, does it not?

The reality is, people are making logical decisions... It’s human nature. We will do what’s right for ourselves and our families.

Oh, how times have changed... How politics have changed...

How our sense of duty and patriotism and work ethic has changed.
This is partly why communism and socialism always fail and why capitalism has historically lifted more people out of poverty than any other system in the world.

Americans are not stupid... They’re better off collecting Uncle Joe’s unemployment checks as long as they can rather than taking a job they don’t want. But is that really the right thing for the nation as a whole?

As I’ve written before, the first round of stimulus checks was truly needed. Americans got caught flat-footed by the pandemic and required that extra support.

Yes, I get that the White House wants to blame childcare issues, and of course those are real. But all of this is rooted in the same problem... Childcare workers aren’t going to work, therefore mothers and fathers who need childcare can’t go to work, and so the cycle continues.

**The Politics of This Moment**

Unfortunately, I worry that a lot of the poor policy decisions that are being made today are rooted in politics.

I wish they weren’t... I wish that sound economic policy could be just that – sound economic policy. I wish we had better fiscal discipline and could keep government on a shorter leash... allowing it to protect us in ways that make sense while not intervening in our lives in ways that just don’t.

But alas, that ship has sailed. The Left has become all about big government, the let’s make the “rich” pay their fair share... and they’re emboldened by a group of radicals who thinks it’s their “right” to take from those who earn and to give to those who don’t.

As such, we’re living in a time in which you can actually see the breakdown in economies by state.

Could it be that poor policy choices made by blue, Democrat-led states resulted in higher unemployment rates? According to the Committee to Unleash Prosperity, a group led by my friend Stephen Moore – former Wall Street Journal editorial board member and former tax policy advisor to the Trump administration – the answer is yes.

The committee has pointed out that the seven states with unemployment rates above
8% at the start of the year were all run by Democrats.

The committee wrote...

This is what is so egregiously unjust about the Biden blue-state bailout stimulus bill... The competent, open states are forced to bail out the reckless lockdown states, both through massive direct cash giveaways to their governments and through weekly unemployment bonus checks.

In the case of the two states with low unemployment rates that are run by Democrat governors, the Republican legislature overruled the governor and opened schools in Kansas. Meanwhile, in Wisconsin, the Republican state Supreme Court struck down the governor’s lockdown.

What coronavirus has taught us, really, is that POLICY MATTERS.

**The Disney Case Study**

Consider the case of two Disneys... Disneyland in California, which was shuttered for months on end, versus Disney World in Florida, which opened up many months ahead of its sister company.

How could Florida manage to open schools and businesses when it comprised such an elderly population while California could not?

*Because Florida’s government got out of the way.*

Florida’s government allowed businesses to continue... allowed schools to open... and amazingly, the result was fewer coronavirus cases than the state that shuttered everything.

I wish economics and the coronavirus were not political, but they are. The Biden administration recognizes that it has an opportunity to “remake” the country in a way it believes to be right and just. And it will use coronavirus as the impetus to instigate change.

After all, why is the Biden administration suggesting trillions more in stimulus when we’ve already won the battle against the virus?

Because, as Rahm Emanuel once infamously said, “Don’t let a good crisis go to waste.”

And so we’re now confronting the consequences of so many policy mistakes... a smaller workforce being one, and inflation being another.

**A Recipe for Disaster**

Have you seen the jump in producer prices? And consumer prices?

*Woah.*

I’m sure your wallet has felt it...

Consumer prices increased more than 4% in the latest month, with energy prices up 25% and gas prices up nearly 50% over the last year. I should point out that this data doesn’t even take into account the Colonial Pipeline disaster... We won’t learn what that attack did to prices until the next Consumer Price Index report, but it’s clear all this money floating around our economy is having a negative effect on prices.

Producer prices (the prices producers pay for raw goods and materials) are also way up. The most recent data shows a price hike of 6.2% – the highest since we began tracking 12-month data.
Steel prices are up, iron prices are up, and copper is soaring. Lumber has skyrocketed 300% and yet Treasury Secretary Janet Yellen doesn’t think we should be worried? She thinks we have “tools” for that... as Jerome Powell has also suggested.

We have tools all right... They’re called HIGHER INTEREST RATES.

Now, how’s that going to go over with the stock market when the Fed says, “Sorry, guys. Things are getting too hot. We’re going to raise rates.”

Former Treasury Secretary under Bill Clinton and former head of the National Economic Council under Barack Obama Larry Summers is one of the few honest economists left these days. Summers has repeatedly warned against massive amounts of stimulus coupled with record-low interest rates and bond-buying asset purchases from the Fed because he knows what everyone (really) should know... Free money will lead to inflation.

It’s happened over and over again throughout history in many emerging-market countries. Consider Argentina, Brazil, Venezuela... Spending and printing comes with consequences.

I don’t believe the stock market or the general economy will take the news of higher interest rates well. Do you?

When the market is trading at all-time highs and is priced for perfection, it would be naïve to think investors wouldn’t care about a pullback in rates.

Summers believes that if inflation picks up (which it has), the Fed might even overreact. I don’t see why it wouldn’t... Typically, the Fed is always a day late and a dollar short. The timing on rates is tricky and unfortunately, pretty much any asset bubble and bust can be attributed to the Fed’s failure.

Consider that in 2000, Greenspan allowed irrational exuberance to flourish. In 2008, the financial crisis was primarily a result of interest rates being too low for too long... thereby encouraging banks to become too creative and aggressive in their loans and fueling a market for subprime mortgages that never should have existed.

And now, thanks to the pandemic, the Fed thinks it must save the world again... And it’s doing its part through low rates and money printing.

The issue now, however, is that it’s doing this at a time when we don’t really need it and it’s joining forces with a spendthrift group of lawmakers who want to transform America into, I believe, a socialist society.

This is what you call a recipe for a fiscal disaster.

And I’m not sure how we get out of it... There will be pain in the years ahead because, sadly, this won’t end well.

America is already struggling. We know what to do – and instinctively, we know how to manage these treacherous times. But poor policy choices are in the way... and I worry the ramifications will be significant for America.
The *Stansberry Digest* is one of the most important newsletters Stansberry publishes...

This daily letter takes you “inside the room” to share the big ideas, crucial news, and timely opportunities Stansberry is following.

Usually, access to the *Stansberry Digest* is reserved for paid-up Stansberry customers only.

But right now, *American Consequences* subscribers can gain access for free by clicking here.
A RUDE AWAKENING

RUDY GIULIANI

Oh, Rudy, you make this too easy. If 2020 was the definitive dumpster fire year, then it appears you crawled right out of that hot garbage bin waiting for your close-up with that signature Pennywise grin.

Most artists had to resort to live-streaming their performances this past pandemic year, but Rudy took his deranged vaudevillian one-man show on the road for the seminal “Stop the Steal” tour (the Altamont for the Beltway-set).

Giuliani, as the former president’s attorney, was hand-picked to spearhead the Trump team’s efforts to overturn the 2020 election: seeking ballots in aforementioned dumpsters, hunting down all those dead voters via seances, fist-fighting Dominion Voting Systems machines, and generally making an ass of himself in courtrooms and hearings, ranging from Pennsylvania to Michigan.

Let’s hit shuffle and play the hits: the melting hair dye. The Four Seasons Total Landscaping press conference sandwiched next to a sex shop on some anonymous Philadelphia street. Him passing gas at Michigan’s voter fraud hearing (granted, the event itself was a bit of political flatulence). And Rudy, you were caught with your pants down (literally) in the latest Borat film.

He’s also contending with a lawsuit filed by former House Impeachment Manager Eric Swalwell aimed at Trump’s cadre of hype men for the January 6 Capitol siege. Hey Rudy, remember when you were Time’s “Man of the Year” decades ago? Or, as GOP consultant
Rick Wilson, a man who owes his career to Giuliani, encapsulated the Rudy conundrum by saying, “It’s a cliché, but if you live long enough, you’ll see your heroes become villains.” (How come we can distill nearly all of politics into a variation of that one line from *The Dark Knight*?)

Now, Rudy’s latest bumbling circus of absurd cringe is a cartoonish showcase generously providing fodder for GIFs, *SNL*, and me(mes). To err is human – to do it all the time is a Giuliani. Though maybe we could chalk this all up to a series of unfortunate events – all good for a laugh, right, Rudy?

But it’s all gags and giggles until the Feds come knocking.

**THE RUDY RAID**

Around dawn on April 28, federal agents executed search warrants at Rudy’s Madison Avenue apartment and Park Avenue office, seizing his digital devices as part of an investigative probe into his shady dealings with Ukraine vis a vis running oppo research on the Bidens, including efforts to oust the former U.S. ambassador, Marie Yovanovitch, to Ukraine.

And while I’m aware Hunter Biden faces a criminal tax probe by the DOJ, he’s not nearly as entertaining as Rudy in terms of Dunce material.

Manhattan office federal prosecutors (which you used to lead, Rudy!) are angling their potential case around the Foreign Agents Registration Act. FARA requires registering with the Justice Department if you’re lobbying for another nation – say Ukraine, the same act that fueled much of the Mueller probe.

At this point, Rudy suffers the same legal woes as many in Trump’s sketchy circles have, e.g., Michael Flynn, Roger Stone, and Paul Manafort. But they received presidential pardons... There’s no such luck for Giuliani, meaning he might have to pull a Michael Cohen and cooperate with the Feds.

Now, whether you think this Rudy raid is a political hit piece, that Joe dispatched the FBI to the Upper East Side while stumbling up the stairs (twice) to Air Force One, or that there’s some real meat to it... we can all agree on one fundamental truth: Rudy has been a sloppy, steaming mess as of late. But it wasn’t always like this.

**BACK TO THE FUTURE**

Rudy, I know Donald’s not messaging you back on your eight cell phones swimming around your ill-fitting pants, but *I’d* like to give you something: a *time machine*.

Back when I was still in diapers, you broke up the mob! In the Mafia Commission Trial of 1985 to 1986, you led the federal prosecution that took down the “Five Families” on RICO charges. Then, in the next decade, you cleaned up New York, transforming the seedy Red Light District vibes of retro Times Square into a shining, plastic tourist trap. And after 9/11, you weren’t just New York’s Mayor – you were America’s Mayor.

What if your public life had ended there, Rudy – perfect, right? Imagine a cozy
Montauk cottage with your cousin, living out the rest of your days in tranquil dignity. You could still throw out a pitch at Yankee Stadium now and again with the memory of you as Gotham’s peerless defender forever preserved in the amber of nostalgia from the boroughs to the heartland.

Let that possibility wash over as you’re contemplating flipping on an ex-president to avoid prison time. But if you don’t, you can always catch the Yankees’ games from the Otisville Correctional Facility.

Now, onto this month’s runner up...

**THE CDC**

Did most Americans have a vested interest in the Centers for Disease Control and Prevention (“CDC”) before COVID-19? No, but it was one of those institutional acronyms that everyone casually gave credence with. Before 2020, someone peppering “According to the CDC...” into their argument netted them proper gravitas points. But fast-forward to today, and one wonders if there’s any point to this organization.

As medical doctors take the Hippocratic Oath of not harming patients, it appears the CDC’s engrained with the hypocritical creed of misleading and confusing as many panicked Americans as possible while presenting itself as a beacon of unquestionable reality.

Every time there’s a CDC-centric news notification on your phone, it’s always a “no sh*t” moment...

Vaccinated Americans *don’t* have to hole up like hermits anymore? It’s safe for children to return to school even though they’ve been low-risk this whole time? Oh, wait, corona’s *airborne*? We don’t need to wipe down every crevice and crook of ourselves and furniture with beaucoup Lysol wipes? *What would we do without you, CDC?*

Its glacial guidance never kept pace with published research or even the common sense of we plebeians. It perpetuated the groan-inducing fairy tale that COVID’s transmittable via surfaces. It stood seasons late on the reality that COVID rarely spreads outside, and its casually schizophrenic back-and-forth stances on mask-wearing and protocol for the vaccinated *still* continue.

And the CDC seems they know how much it’s failing, as it’s seeing the exodus of longtime senior scientist Nancy Messonnier and the agency’s principal deputy director, Anne Schuchat.

Last month, its relatively loosened guidelines appeared in a labyrinthian, color-coded Rube Goldberg bit of visual calculus that feels like Twister on the ceiling with too much ketamine, except decidedly less fun. Not even experts grasped the overlapping tedium.

**Clearly Disorganized Chaos** appears to be its messaging marching orders, muddling the lines between sound science and bureaucratic incompetence and inconsistency.

So yes, you can take your masks off, vaccinated America... and then muzzle the CDC with them.♦
Take a Hard Look at Your Money Now

The former 12-term congressman, Air Force surgeon, and presidential candidate reveals how to “opt out” of our bankrupt and increasingly socialist system. This is a really powerful and potentially lucrative idea.

Check it out here...
DEATH AND LOCKDOWNS
Now that the 2020 figures have been properly tallied, there’s still no convincing evidence that strict lockdowns reduced the death toll from COVID-19. But one effect is clear: more deaths from other causes, especially among the young and middle-aged, minorities, and the less affluent.

The best gauge of the pandemic’s impact is what statisticians call “excess mortality,” which compares the overall number of deaths with the total in previous years. That measure rose among older Americans because of COVID-19, but it rose at an even sharper rate among people aged 15 to 54, and most of those excess deaths were not attributed to the virus.

Some of those deaths could be undetected COVID-19 cases, and some could be unrelated to the pandemic or the lockdowns. But preliminary reports point to some obvious lockdown-related factors. There was a sharp decline in visits to emergency rooms and an increase in fatal heart attacks due to failure to receive prompt treatment. Many fewer people were screened for cancer. Social isolation contributed to excess deaths from dementia and Alzheimer’s.

Researchers predicted that the social and economic upheaval would lead to tens of thousands of “deaths of despair” from drug overdoses, alcoholism, and suicide. As unemployment surged and mental-health and substance-abuse treatment programs were interrupted, the reported levels of anxiety,
DEATH AND LOCKDOWNS

There was a sharp decline in visits to emergency rooms and an increase in fatal heart attacks due to failure to receive prompt treatment. Many fewer people were screened for cancer. Social isolation contributed to excess deaths from dementia and Alzheimer’s.

The number of excess deaths not involving COVID-19 has been especially high in U.S. counties with more low-income households and minority residents, who were disproportionately affected by lockdowns. Nearly 40% of workers in low-income households lost their jobs during the spring, triple the rate in high-income households. Minority-owned small businesses suffered more, too. During the spring, when it was estimated that 22% of all small businesses closed, 32% of Hispanic owners and 41% of Black owners shut down.

Martin Kulldorff, a professor at Harvard Medical School, summarized the impact:

“Lockdowns have protected the laptop class of young low-risk journalists, scientists, teachers, politicians and lawyers, while throwing children, the working class and high-risk older people under the bus. The deadly impact of lockdowns will grow in future years, due to the lasting economic and educational consequences. The United States will experience more than 1 million excess deaths during the next two decades as a result of the massive “unemployment shock” last year, according to a team of researchers from Johns Hopkins and Duke, who analyzed the effects of past recessions on mortality. Other researchers, noting how educational levels affect income and life expectancy, have projected that the “learning loss” from school closures will ultimately cost this generation of students more years of life than have been lost by all the victims of the coronavirus.

After the pandemic began in March, the number of excess deaths in the United States rose for all American adults. During the summer, as the pandemic eased, the rate of excess mortality declined among older Americans but remained unusually high among young adults. When statisticians at the Centers for Disease Control totaled the excess deaths for age groups through the end of September, they reported that the sharpest change — an increase of 26.5% — occurred among Americans aged 25 to 44.

That trend persisted through fall, and most of the excess deaths among younger people were not linked to the coronavirus, as
researchers from the University of Illinois found by analyzing excess deaths from March through the end of November. Among Americans aged 15 to 54, there were roughly 56,000 excess deaths, of which about 22,000 involved COVID-19, leaving 34,000 from other causes. The Canadian government also reported especially high mortality among Canadians under 45: nearly 1,700 excess deaths from May through November, with only 50 of those deaths attributed to COVID-19.

“We don't know exactly why, but a lot of adults were dying last year who would not have ordinarily died, and it wasn't just because of COVID,” says Sheldon H. Jacobson, one of the Illinois researchers. “It’s possible that some of the COVID-19 deaths were undercounted, but there were many deaths due to other causes. Shutdowns certainly caused mental health issues, and a lot of preventive medical treatments were delayed.”

The lockdowns may also have saved some lives, but there’s still no good evidence. When the 50 states are ranked according to the stringency of their lockdown restrictions, you can see one obvious pattern: the more restrictive the state, the higher the unemployment rate. But there’s no pattern in the rate of COVID-19 mortality.

It’s true, as lockdown proponents argue, that many factors could confound these broad comparisons. Some places are more vulnerable to COVID-19 because of geographic and demographic variables, and so may be more likely to impose lockdowns in response to a surge. But other methods of measuring the effects of lockdowns have also been inconclusive. Some researchers reported early in the pandemic that lockdowns slowed viral spread and reduced mortality, but those conclusions were based on mathematical models with widely varying – and sometimes quite dubious – assumptions about what would have happened without lockdowns.

When the 50 states are ranked according to the stringency of their lockdown restrictions, you can see one obvious pattern: the more restrictive the state, the higher the unemployment rate. But there’s no pattern in the rate of COVID-19 mortality.

Meantime, more than two dozen studies have challenged the effectiveness of lockdowns, relying mainly not on mathematical models but on trends in COVID-19 cases and deaths. Studies have repeatedly shown that school closures have little or no impact on viral spread and mortality. By comparing regions and countries, researchers have found that trends in infections were similar regardless of whether there were mandated business closures or stay-at-home orders.
DEATH AND LOCKDOWNS

It seems intuitively obvious that lockdowns would save lives by reducing social interactions and therefore the spread of the virus, but there are other consequences. Lockdowns force people to spend more time indoors, where viruses spread more easily. By preventing younger people from socializing and being exposed to the virus, a lengthy lockdown slows the build-up of herd immunity in this low-risk population, so eventually the virus may infect and kill more vulnerable older people.

Last spring and summer, public health officials attributed California’s low rate of COVID-19 mortality to its stringent lockdown policies, and they predicted disaster for Florida, which reopened early and has remained one of the least-restrictive states. But California’s lockdowns didn’t prevent a severe outbreak in the winter. While the state’s COVID-19 mortality rate remains slightly below the national average, its overall rate of excess mortality since the pandemic began is well above the national average. In Florida, by contrast, the rate of excess mortality is below the national average and significantly below California’s, especially among younger adults.

Public health officials widely denounced Sweden for refusing to lock down and mandate masks last spring, when its COVID-19 mortality was high. A computer model projected nearly 100,000 Swedish deaths from the virus last year. But that prediction turned out to be 10 times too high, and other countries have since caught up with Sweden. While it suffered another outbreak this winter, mainly in regions that were not hit hard in the spring, Sweden’s cumulative death toll per capita from COVID-19 is now slightly below the European Union’s average and about 20% lower than America’s.

When it comes to preventing excess deaths, Sweden has done at least as well as the rest of Europe or better, depending how one calculates. To determine excess mortality,
counted deaths for all of 2020, calculates that Sweden’s rate of excess mortality last year was just 1.5%, which was lower than two-thirds of the countries in Europe.

By any measure of excess mortality, Sweden has fared much better than countries with especially strict lockdowns and mask mandates, like the United Kingdom, Spain, and Portugal. It hasn’t done as well as Norway and Finland, where mortality has been no higher than normal (and below normal, by some calculations). Critics have often noted this disparity as an argument against Sweden’s approach. But the problem with this “Neighbor Argument,” as Oxford’s Paul Yowell calls it, is that the neighbors have followed policies like Sweden’s for most of the pandemic.

Norway and Finland were stricter than Sweden in the spring, when they quickly imposed border controls and closed schools and some businesses. But they also reopened

A group of researchers in Israel and Germany calculates that there have been 11% more deaths than normal in Sweden since the pandemic began, which is slightly lower than the median among European countries. Statisticians at the Economist also rank Sweden’s excess mortality slightly lower than the European median since the pandemic began. A team at Oxford University, which

WHAT’S WRONG WITH THESE PANDEMIC PICTURES?

Hint: Guess which one was taken in Sweden (AP Photo)
DEATH AND LOCKDOWNS

quickly and during the rest of the year
ranked among the least restrictive countries
in Europe. All three Nordic countries have
imposed on-and-off restrictions in some
areas during outbreaks this winter, but they
have avoided extended national lockdowns
and other strict measures. Finland recently
mandated masks on public transportation,
but Norway and Sweden still merely
recommend it for commuters; otherwise,
they remain among the few countries in
Europe without mask mandates. In all
three countries, businesses and schools have
remained open most of the past year, and
relatively few people have worn masks on the
streets or in stores, offices, or classrooms.

The three Nordic countries have all done much better than the United States in preventing excess deaths, and there’s one especially troubling difference: the rate of excess mortality among younger people.

Sweden’s higher rate of mortality among the Nordics may be related to the greater number of international travelers arriving there last year, due partly to its looser border-control policies and partly to its larger population of immigrants. Another explanation for last year’s high mortality rate is what researchers call the “dry tinder” factor: the previous flu seasons in Sweden had been exceptionally mild, leaving an unusually large number of frail elderly people who were especially vulnerable to COVID-19. (This same factor contributed to the high death toll last year in the United States, where flu mortality had also been low the previous two winters.) If you compensate for this factor by averaging mortality in Sweden over 2019 and 2020, the age-adjusted mortality rate is about the same as during the previous few years.

The three Nordic countries have all done much better than the United States in preventing excess deaths, and there’s one especially troubling difference: the rate of excess mortality among younger people. That rate soared last year among Americans in lockdown, but not among the Swedes, Norwegians, and Finns, who kept going to school, working, and socializing without masks during the pandemic. In fact, among people aged 15 to 64 in each of the Nordic countries, there have been fewer deaths than normal since the pandemic began.

The lockdowns in America exacted a toll on people of all ages because excess deaths not attributed to COVID-19 also occurred among the elderly. Some were doubtless due to undetected COVID-19 infections – particularly early in the pandemic, when tests were not widely available. However, there was probably also some overcounting (the CDC permitted states to count a death as COVID-related without a test if it was deemed the “probable cause”). Whatever the direction of the errors, there were clearly many excess deaths not caused by the virus. The CDC counted about 345,000 deaths last year in which COVID-19 was the “underlying cause.” Even if you add the deaths in which the virus was a “contributing cause,” bringing the total to nearly 380,000, that accounts for
only three-quarters of the excess mortality. Given that the total number of excess deaths, by the CDC’s calculation, was about 510,000 last year, that leaves more than 130,000 excess deaths from other causes.

How many of those 130,000 people in America were killed by lockdowns? No one knows, but the number is surely large, and the toll will keep growing this year and beyond. Those deaths won’t make many headlines, and the media won’t feature them in charts like the ones comparing the coronavirus death toll to past wars. But these needless deaths are the greatest scandal of the pandemic. “Lockdowns are the single worst public health mistake in the last 100 years,” says Dr. Jay Bhattacharya, a professor at Stanford Medical School. “We will be counting the catastrophic health and psychological harms, imposed on nearly every poor person on the face of the earth, for a generation.” He describes the lockdowns as “trickle-down epidemiology.”

Public health officials are supposed to consider the overall impact of their policies, not just the immediate effect on one disease. They’re supposed to weigh costs and benefits, promoting policies that save the most total years of life, which means taking special care to protect younger people and not divert vast resources to treatments for those near the end of life. They are not supposed to test unproven and dangerous treatments by conducting experiments on entire populations.

Sweden and Florida followed these principles when they rejected lockdowns and trusted their citizens to take sensible precautions. That trust has been vindicated. The lockdown enforcers made no effort to weigh the costs and benefits – and ignored analyses showing that, even if the lockdowns worked as advertised, they would still cost more years of life than they saved. During the spring, panicked officials claimed the lockdowns were a temporary measure justified by projections that hospitals would be overwhelmed. But then the lockdowns continued long after it became clear that the projections were wildly wrong.

If a corporation behaved this way, continuing knowingly to sell an unproven drug or medical treatment with fatal side effects, its executives would be facing lawsuits, bankruptcy, and criminal charges. But the lockdown proponents are recklessly staying the course, still insisting that lockdowns work. The burden of proof rests with those imposing such a dangerous policy, and they haven’t met it. There’s still no proof that lockdowns save any lives – let alone enough to compensate for the lives they end.

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This article is adapted from a piece that originally ran at *City Journal*. 
“The deficit is not a meaningless figure; only a grossly overrated one.”

Robert L. Bartley, *The Seven Fat Years*
DEFICITS

EVERYTHING THEY TELL YOU IS WRONG...
INCLUDING WHY WE EVEN HAVE THEM

It was the largest non-bank debt deal in U.S. history... The company was Apple, and it was 2013. The Cupertino, California-based technology behemoth was riding a lucrative sales wave created by feverish global demand for its iPhones. Apple subsequently floated $17 billion worth of debt at rates of interest almost equal to what is charged to the U.S. Treasury, which borrows at the lowest rates in the world. Investors were more than eager to own a piece of the company’s future earnings.

Last month, President Joe Biden imposed sanctions on Russia that included limits on U.S. financial institutions making markets for debt issued by the country’s government. Presently, Russia has 14 trillion (rubles) of total debt, which amounts to $190 billion.

There’s a budget deficit lesson in these unrelated anecdotes, though probably not the one you’ve been conditioned to believe...

(Full disclosure... What you’re about to read is not a defense of government spending or deficits. Government spending is a cruel tax on growth. Period.)

In reality, Apple’s massive bond offering and Russia’s small (relative to the U.S.) liabilities were and are a resounding rejection of much of the conventional wisdom surrounding government debt. The Left and Right preach that it results from insufficient tax revenues relative to spending, only to promote opposing policies meant to increase revenues. Their analysis is precisely backward... To see why, it’s useful to start by addressing the popular view that deficits signal country decline.
That’s how all-too-many economists and policy theorists on the Right who fancy themselves deficit and debt “hawks” view government debt. Niall Ferguson, a Hoover Institution senior fellow, wrote in 2013 about U.S. liabilities in a Wall Street Journal op-ed, lamenting that “it is not if the United States will default, but when.”

Fast forward to 2018, and in a piece written for the Washington Post, Ferguson’s Hoover colleagues Michael Boskin, John Cochrane, John Cogan, John Taylor, and the late George Shultz professed that “high and sharply rising government debt” stands “squarely in the way of the U.S.’s extraordinary promise.” And just two months ago, in a piece for National Review, conservative champion Kevin Williamson contended that “unless we get our fiscal house in order now, we will soon be at the mercy of our creditors.”

Of course, the problem for the downcast economic eminences is that markets plainly mock their concern. We know this because as previously indicated, the U.S. Treasury borrows at the lowest rates of interest in the world. More on borrowing rates in a bit, but for now, it’s useful to clarify that budget deficits and debt don’t signal economic Armageddon as so many conservatives believe... quite the opposite, really.

If anything, the ability to take on sizable levels of debt is a sign of prosperity; that lenders believe their odds of being paid back are very high. Seriously, who out there lends cheaply without caring if they’re paid back? Looked at without emotion, an ability to borrow in size is logically a bullish market projection about the borrower’s future prospects.

This is similar to how Apple’s capacity to access $17 billion at near-Treasury-like rates was a direct consequence of investor confidence in its ability to earn copious sums in the future. And Russia’s nominally microscopic obligations are a sign not of parsimony with the money of others on the part of Vladimir Putin, but rather a market data point indicating that lenders aren’t particularly bullish on Russia’s economic prospects. Conversely, that lenders line up to buy Treasury debt at very low rates of interest is a sign of investor confidence that dollars will be flowing into Treasury’s coffers in impressive amounts for decades to come. (See the low yields on 30-year U.S. Treasuries if you’re still skeptical.)

Now, I want to emphasize... This shouldn’t be construed as an endorsement of government borrowing, and it’s certainly not a call for more government spending.

If anything, the ability to take on sizable levels of debt is a sign of prosperity: that lenders believe their odds of being paid back are very high. Seriously, who out there lends cheaply without caring if they’re paid back?
BULLISH BORROWING

On the other hand, much of the alarmism about debt and deficits is rooted in simplistic thinking... This should be properly viewed as a rejection of all the handwringing on the American Right about deficits and debt, and how they signal “doom” (Mark Steyn) for the United States. More realistically, they signal powerful investor optimism about the U.S.’s economic future.

Translated for those who need it, the United States can borrow in size because it’s backed by the most dynamic economy in the world. Russia’s capacity to borrow is highly limited precisely because its economic prowess in no way resembles that of America. Put another way, an inability to borrow is the truly bearish market signal.

So while members of the Right well overdo it when they embrace hysterical rhetoric about federal borrowing that foretells “crisis,” their reliably confused opponents on the Left hardly elevate the discussion. Though the piling on of debt isn’t the perilous indicator that conservatives claim it to be, it’s most certainly not the driver of economic growth that Lefties naively claim.

Along those lines, rare is the op-ed by New York Times columnist Paul Krugman that doesn’t include some call to increase U.S. deficits as a way of boosting the economy. As he observed in a column from 2020, “The only thing we have to fear from deficits is deficit fear itself.” The Princeton economist’s point was that “we can and should spend whatever it takes” whenever the U.S. economy is limping. He’s not alone in his thinking...

To William Galston, Jason Furman, Christina Romer, Stephanie Kelton, and countless other Left-wing economic eminences, the easy solution to slow growth is deficit spending. Looking back to Barack Obama’s presidency, his economic advisers were said to have had “Rooseveltian fantasies” dancing in their heads as they rhapsodized about job creation care of the federal government. Romer in particular squealed with delight at how $100 billion of borrowed money could create 1 million jobs at $100,000 per. In Romer’s words, “A million people is a lot of people.” You can’t make this up!

Translated for those who need it, the United States can borrow in size because it’s backed by the most dynamic economy in the world. Russia’s capacity to borrow is highly limited precisely because its economic prowess in no way resembles that of America.

To members of the Left, the answer to slow economic growth is always and everywhere borrowing and spending. This was true in 2009 after Obama was inaugurated, and it’s the expressed view in 2021 with Biden in the White House. But the thinking isn’t credible... To see why, consider yet again why conservative alarm about deficits is so wrongheaded.
It is simply because countries, like individuals and businesses, are once again able to run up debt based on investor optimism about their present and future economic prospects. Confidence about present and future economic growth is what enables the borrowing... meaning the growth already occurred. Government borrowing is a consequence of economic growth, or growth that will take place in the future, which means that borrowing amounts to politicians taking a piece of the fruits of the growth and redistributing it.

The U.S. can borrow in gargantuan amounts because investors strongly believe that Treasury tax collections now, and in the future, will be much greater than gargantuan. Russia can't borrow at all like the U.S. can because investors have precisely the opposite view of present and future Russian tax collections.

To believe then, as Krugman and others do, that the borrowing and spending boosts economic activity is to believe that Nancy Pelosi, Kevin McCarthy, Chuck Schumer, and Mitch McConnell are better allocators of precious resources than Jeff Bezos, Mark Zuckerberg, and Apple CEO Tim Cook. But such a view can’t be serious... Central planning that doesn’t work in total most certainly doesn’t work in limited fashion.

Furthermore, it brings new meaning to fuzzy math. Growth is yet again what enables government borrowing, so to pretend that the borrowing adds to economic growth is a monument to double counting that would cause even the crooked among us to blush.

Goodness, if government borrowing and spending actually boosted growth, West Virginia would presently be one of the richest U.S. states. Showered with endless largesse over the past few decades thanks to the late Robert Byrd’s immense power within the U.S. Senate, West Virginia remained poor despite it all.

Though politicians can redistribute wealth, they can’t control where it ultimately migrates to once it’s consumed. Applied to West Virginia, Byrd directed tens of billions of taxpayer wealth to his constituents, they spent it, only for the funds to flow to more productive commercial concepts well outside of the state. Paraphrasing legendary former Citibank CEO Walter Wriston, money goes where it’s treated well.

Growth is yet again what enables government borrowing, so to pretend that the borrowing adds to economic growth is a monument to double counting that would cause even the crooked among us to blush.

To believe that deficit spending stimulates economic growth is the hysterical equivalent of believing that during periods of economic weakness, theft should be legalized. Back to reality, governments can only spend what they’ve extracted from the private economy first... thus dampening economic dynamism thanks to the politicized allocation of precious wealth.
THE TRUE MEANING OF MONEY

The problem yet again is that whether Left or Right, conservative or liberal, free-market or interventionist... neither side understands the why behind deficits – or the meaning of money for that matter. To see why, it’s useful to tack back to the free-market Right, and prominent Austrian School thinker Guido Hülsmann. While Lefties naively assert that deficit spending is the source of prosperity, their free-market counterparts believe – if possible – in something that is perhaps even more absurd: that deficits have an unlimited quality to them... like central banks armed with printing presses.

According to Hülsmann, “…fiat money allows the government to take out loans to an unlimited extent because fiat money by definition can be produced without limitation, without commercial limitation or technological limitation, and can be produced in whatever amount is desired.” If Hülsmann is to be believed, central banks enable unlimited borrowing and spending. Government forever, or something like that. Not really...

Implicit there is that the total Russian country debt that amounts to a U.S. Treasury rounding error is small due to parsimony on the part of Putin et al. Try not to laugh. In truth, Russia has very little debt because even before U.S. sanctions, there wasn’t much of a market for it, nor is there now. Investors aren’t exactly frothing at the mouth to own the future tax revenue streams of a country that’s not terribly innovative. Quick, name one Russian-made product that is well-regarded by the most acquisitive consumers (that would be American consumers) in the world. Tick tock, tick tock.

Something else that is crucial for the purposes of this essay is that Russia has the Russia Central Bank (“RCB”), a fiat-money-producing central bank, but that doesn’t enable government “without commercial limitation or technological limitation” as imagined by Hülsmann. What’s a creation of government if you can’t prop up government? Translated for those who need it, government can’t enable more government via the printing press. Only markets can enable more government borrowing, and presently there’s little market appetite for future Russian government income streams.

At which point it’s useful to further explain to readers why Hülsmann’s allegedly free-market views don’t stand up to the most basic of scrutiny. They don’t, simply because no one earns money, pays out money, borrows money, or lends it. If the previous assertion is hard to countenance at first glance, please stop and think about it. Though “money” factors into all of our economic activity, it’s important to stress that we earn, pay, lend, and borrow what money can be exchanged for. Money is merely an agreement about value among producers that facilitates the exchange of actual market goods.

Fairly explicit in Hülsmann’s theorizing is that money creation is the same as resource creation... that wealth can be printed. Except that it can’t be, which means central banks armed with printing presses can in no
DEFICITS

way enable government without limitation. Never forget that when investors buy debt, they’re buying future income streams paying out currencies that can be exchanged for market goods.

Hülsmann’s reasoning implies that those goods can be printed or summoned by the creation of “money.” In other words, Hülsmann asserts that markets are shockingly stupid whereby the producers of goods and services would actively exchange what’s real for paper rapidly produced by central banks. No, markets are rather wise... Money is a logical corollary of production, not an instigator of it.

Applying this simple logic to the U.S., it’s not the Fed enabling the growth of the federal government... but rather the U.S. political class has arrogated to itself a piece of the world’s largest economy. Borrowing by the U.S. Treasury is yet again a consequence of U.S. prosperity, much as Russia’s very limited borrowing capacity is a consequence of the country’s poverty relative to the U.S.

Moving back to Left-wing mythology, that Russia’s borrowing is limited in concert with seemingly unlimited borrowing for the U.S. is a pretty resounding rejection of all the whining every time members of the Right call for tax cuts. The routine reply from the Left is that tax cuts “for the rich” will “blow out” the deficit... the implicit argument being that tax cuts reduce revenues only to necessitate more borrowing. The view is backward.

Once again, government borrowing, like corporate borrowing, is enabled by expectations of rising tax revenues in the future. With tax cuts, reduced barriers to production logically redound to economic growth that renders the growing nation more attractive to lenders who want to be paid back. Deficits paradoxically signal a revenue problem, albeit one of too much revenue now, and in the future.

The burden for our grandchildren isn’t debt as much as they’re inheriting from us a much less evolved society – technologically, culturally, and surely in terms of health care advances capable of turning today’s killers into tomorrow’s afterthoughts.

Market signals support the above contention. Consider the borrowing costs for the U.S. Treasury over the last 41 years. In 1980, total federal debt was roughly $900 billion, but the yield on the 10-year Treasury note was 11.5%. In 2021, and with the U.S. nearly $30 trillion in arrears, the yield is 1.64%. And no, the Fed didn't do this. Government once again can't support government, after which it’s always worth bringing Russia back into the mix. If central banks could make borrowing simple, then logic dictates Putin would have the RCB working the printing presses non-stop. It would be a waste of paper and electricity. “Money” quite simply has no use without production first.
IT’S THE SPENDING, STUPID

The funny thing about deficits is that both sides have trotted out the trite line over the decades about how we’re “burdening our grandchildren” with our borrowing. Both sides once again miss the point... Their misery about borrowing presumes that we’re having a raucous, joyous party now that will be paid for by future generations. That’s just silly...

The burden of spending is felt right here and right now. Think about it. Politicized allocation of precious resources limits innovation and limits opportunity born of innovation. Government spending is always, always, always a tax that is paid right away. The burden for our grandchildren isn’t debt as much as they’re inheriting from us a much less evolved society – technologically, culturally, and surely in terms of health care advances capable of turning today’s killers into tomorrow’s afterthoughts.

It cannot be stressed enough that total dollars spent by government is the only number that matters, not whether the spending is a consequence of a budget “in balance” or from borrowing. To see why, consider Medicare...

Rolled out after a surge of tax revenues that resulted from the economy-boosting Kennedy/Johnson tax cuts, Medicare began as a $3 billion program. The projection in 1965 from House Committee on Ways and Means was that the entitlement would cost taxpayers $12 billion by 1990. The actual cost was $110 billion. It rose to $511 billion in 2014. By 2019 the number had risen to $799 billion, with no end in sight.

It’s a reminder that a focus on a balanced budget with the “grandchildren” in mind doesn’t even pass the “grandchildren” test when it’s remembered how the cost of government programs just grows and grows. A revenue surge “paid” for Medicare 56 years ago, but the burden is very much ours now.

Do deficits matter? No. On their own, they’re an obvious signal of investor optimism about a country’s future prospects. Deficits only matter to the extent that all government spending is deficit spending since governments only have money to spend insofar as they legislate to themselves a percentage of actual economic growth.

It’s the spending, stupid. Let’s please stop focusing on the logical market consequences of ferocious growth (once again, a growing capacity to borrow), and instead direct all of our energy toward shrinking the economy-sapping tax that is government itself, and that has Pelosi, Schumer, and Biden in control of trillions worth of wealth that they had no role in the creation of.

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CAN EVs LAST ON AMERICA’S RUGGED ROADS?
There are some 285 million internal-combustion engines in America, each as crazy as the Tiger Woods International School of Driving. Our road-going engines offer a thermal efficiency of roughly 38% – a $15 million Mercedes-Benz Formula 1 engine ekes out 50%. If you purchased an aluminum ladder that operated comparably – fitted with five of its 10 rungs – you’d never clean the gutters.

Where does that wasted energy go? It’s dumped overboard as heat wafting into Mother Earth’s thin skin. Think of an internal-combustion engine as a campfire. Think of 1 billion of those campfires ignited daily worldwide, as indeed they are. And let’s not even mention the crud exiting a billion tailpipes.

Not only are our current automobiles inefficient, their Rube Goldbergian complexity surpasses any contraption that cartoonists could imagine. A hot lump of a V-8 might easily comprise 640 parts, each mounting its own frictional war against its neighbor. Further, the engine remains useless until connected to a starter, a fuel system, a cooling system, an exhaust system, and a transmission that might offer eight forward gears with a computerized mapping brain more complicated than Temecula chili.

Electric vehicles (EVs) are thus alluring... Vermont’s Thomas Davenport invented the electric motor in 1834, no doubt under the influence of maple syrup, and the device hasn’t changed much since. Most motors comprise a dozen parts. There’s no transmission, as direct drive works ably. They operate for ages with little maintenance. They don’t idle at stoplights but, instead, lie dormant. Yet from rest, an electric motor produces immense torque, right at the hit of the gas, of which there’s not a whiff. EVs work swell as golf carts and milk floats, that lovely clinking trolley that arrives at dawn bearing dairy products in rural British bergs.

But they are easily overwhelmed by two tons of luxury, safety, and styling accoutrements, by extreme temperatures, and by drivers expecting unhindered 70-mph motion all day.

Remember the George Jetson-esque 1996 to 1999 General Motors EV1, which conspiracy theorists still today claim was killed because it represented “too great a threat to Big Oil.” Under Car and Driver’s lead feet, that first EV1 on a full charge lasted 12 miles. It was such a mess that GM would only lease them, then only after a suitability interview that recollected adopting a special-needs baby from Minsk. Big Oil’s CEOs threatened? The EV1 didn’t so much as wobble their Hugo Boss braces.

The problem? Batteries... always batteries. Today’s are lithium-ion and work better than
they should, apart from occasional threats of spontaneous combustion and stubbornness to recharge. There’s also weight: A Tesla battery pack weighs 1,200 pounds, more than four times the heft of the average four-cylinder engine. By the way, it weighs 1,200 pounds whether it’s fully charged or empty – unlike a gas tank – which should make us all question electric pickup trucks. A standard GM Silverado gas pickup requires three times the power to maintain 75 mph than a Tesla Model 3. Does that imply a 3,600-pound battery must be hauled everywhere the truck goes? A truck that’s fully loaded before it’s fully loaded?

Is the potential mileage of EVs encouraging (see list to the right)? Well, insofar as EVs perform brilliantly as around-town errand-hoppers, yes. But notice that average ranges haven’t varied much in years. A family vacation still suggests the 500-mile range that one tank of unleaded provides in a 2021 Hyundai Santa Fe or even in the spanking new Ford Bronco.
Sport Outer Banks 4x4, which everyone views as a truck, for God’s sake.

EV technology, by which is meant battery technology, hasn’t quite stalled but remains idling outside Saginaw. The business of obtaining lithium and cobalt, for starters, has gone ugly early.

**SUSTAINABLE ENERGY, FINITE RESOURCES**

In Argentina, Chile, and Australia, a half million gallons of water are required to fashion one ton of usable lithium, and there’s a vivid debate about how much remains. Cobalt mines, most in the Congo, have already elicited human-rights violations, and cobalt is fast becoming one of the so-called “conflict materials,” like tin, tungsten, gold, and George Michael records.

Lithium and cobalt are finite resources, just like oil, and are sourced primarily off-shore, just like oil, meaning we might engage in political conflicts to obtain them, just like oil. Mining anything invokes an environmental yowl. Ask astronauts their opinion of that monster tumor that is Alberta’s tar sands. Milton Friedman glorified the mnemonic TANSTAAFL, meaning “There ain’t no such thing as a free lunch.” EVs qualify.

Current research now focuses on solid-state lithium-ion batteries that do not require liquid electrolytes. They offer higher-energy density, are made of ceramics and polymers (like the battery in your fat uncle’s pacemaker), resist bursting into flames, and are faster to recharge. VW and Toyota are early advocates, with the latter promising a prototype any minute. Such batteries are expensive, however, perhaps too dear for low-buck devices like smart phones, and they react unhappily to freeze-up. (Fargo residents may now stop reading.)

Research is intense in China, South Korea,
and Japan (via Panasonic and Toyota, although the Japanese view hydrogen as a better fuel for their own market). Battery research was previously the domain of eggheads too nerdy for management, until their masters felt compelled to react to Elon Musk’s oft-peculiar exertions. Every major car company now views battery R&D as a propriety must-have. “We used to define a car company as a place that pressed its own metal and made its own engines, outsourcing everything else,” says auto journalist Aaron Robinson. “But in the future, they’ll effectively become software companies, with EV computer codes being the most important thing they do and own. The car is just the box the computers come in.”

With advertisements touting ever-greater range, even when it’s a myth, EVs introduced a year ago now feel outdated, as home computers did in the 1990s. At least for the American Big Three, switching assembly lines to EVs poses minimal pain: fewer parts, fewer fluids, a cleaner build, and an outsourced powerplant that pops in and out like toast in a toaster.

The malodorous elephant in the room, of course, is the recharging infrastructure that so obviously will be required. Such stations must be as ubiquitous as existing gas stations, of which America boasts 115,000. A further hurdle is that Americans are opposed to any inconvenience – wearing masks, lifting a finger to activate a turn signal – and will not tolerate a recharging experience one erg more tedious than pumping 15 gallons of unleaded. How to recharge an EV in that same five to 10 minutes? Free Big Gulps? No one yet knows.

EV manufacturers typically quote recharging times that represent only 20% to 80% of actual capacity. If you guess wrong and need to obtain 40 or 50 extra miles to finish your errands and drive home, a public DC fast-charger might do it in 30 minutes. But a full charge in your garage takes more like seven
hours. Ever try to kill 30 minutes at a Kwik Stop?

Our federal government, having once created transcontinental railroads and the interstate highway system, is the most likely candidate to fashion this new recharging infrastructure. Up to now, the feds’ $7,500 rebates have raised EVs’ market share to just beyond 2%. When did 2% last wag the free-enterprise dog? Sometimes it takes presidential decree – in this case, President Joe Biden’s recent American Jobs Plan: $115 billion for bridge and highway repair, $100 billion to bolster the existing electrical grid, $50 billion for added research, and $174 billion for 500,000 recharging pumps by 2030 (that’s roughly four rechargers per existing U.S. gas station). It’s a big deal, because private investors previously knew there weren’t enough EVs to justify their billion-buck throwdowns, and potential EV buyers knew there weren’t enough recharging hubs to justify a $60,000 Polestar 2.

But remember what Friedman said. To wit, corporate tax will rise from 21% to 28%, punishing the very folks we hoped would build the new infrastructure in the first place. And even if the government does it for us, who shall then infuse all that bonus juice into our three electrical grids – which, by the way, were mostly built in the ‘50s and ‘60s and cause more power outages than any other developed nation?

Our usual sources for generating electricity are coal, nuclear, renewable (roughly 20% each), and natural gas (40%). Fracking makes a mess. Coal is worse. If nuclear is our choice, for which Americans post-Fukushima have little appetite, that positively means the feds will be the builders, via new taxes. You want Elon Musk running a nuclear reactor? At least we’re already collecting gasoline taxes (which must be applied to recharging your Tesla, too), and they currently collect $39 billion annually. So, a start.
Despite idealistic assertions, it’s far-fetched that wind farms might energize 285 million American EVs traveling our current average of 13,500 miles annually. And if you’re yet hoping that private investors will supply new generating stations, know this: Electricity from post-deregulation retail companies cost Americans $19.2 billion more in the last decade than from incumbent utilities. Somewhere, a trillion hamsters will have to be taught to march in lockstep. We’re still even arguing about whether EVs should produce some sort of artificial sound – this in the face of studies proving that traffic noise increases risk of high blood pressure, heart attacks, strokes, and a third elbow.

Everyone’s dream, of course, is that this new electricity, bolstered by economies of scale, will come cheaper than drilling and shipping crude from all four corners of the Earth. We don’t know that for sure, but put a name to any other option.

**GM AND TOYOTA: THE SOFTWARE COMPANIES OF TOMORROW**

Everyone’s dream, of course, is that this new electricity, bolstered by economies of scale, will come cheaper than drilling and shipping crude from all four corners of the Earth. We don’t know that for sure, but put a name to any other option.

What might tip Americans toward EV romance? Gas at $5 to $7 per gallon has been suggested, but our fuel remains among the cheapest in the world and has tended to stay so. Our stupendous glut of rotten-mileage SUVs might do it. At some point, $180 refills for your GMC Yukon will have to include six Ambien. Our fascination with 4,500-lb land bruisers must cease. In the EV world, fat does to batteries what it does to human aortas.

What’s funny is that GM and Toyota, as partners, could turn us into EV addicts, simply by skewing their output in that direction. GM says it will produce nothing but EVs by 2035. Toyota says half its output will be electrified by 2025. Ford just unveiled the Mustang Mach-E, a styling abomination that will taint the Mustang’s reputation, yet Dearborn risked it in the name of electrification. Why? It’s the corporate carrot of reduced assembly-line costs, fewer employees, and fewer global-warming accusations.

The company – indeed, the country – that invents the perfect battery will engender a corporate empire the likes of Microsoft or Exxon Mobil. It might require a highly unlikely R&D trifecta in which China, Japan, and the U.S. are equally emersed.

It’s been 25 years since GM unleashed its EV1. Our greatest accomplishment in that span has been the refinement of the computers managing the batteries. If Biden’s recharging stations get built, and if solid-state batteries fulfill their promise, we’re probably two-thirds of the way to an electric touchdown.

John Phillips III is the former executive editor of *Car and Driver*. He will release his third book, *Four Miles West of Nowhere*, this summer.
WE'RE WATCHING TWITTER, SO YOU DON'T HAVE TO

Breaking: CDC updated guidance says it's ok to touch your face if your portfolio is down

Someone should start a rumor about a shortage of jobs so everybody panics and gets one

A pernicious source of bad decisions in our lives...
Knowing just enough about a topic to think you're right, but not enough to know you're wrong.

BREAKING: US Federal Reserve to launch its own shitcoin. Ticker symbol: $DOLLAR

Funny thing that happens on here is people thinking I'm getting paid for my terrible tweets, buddy these things have cost me money, relationships, and dignity

It's pretty simple:
Get vaccinated or get Epsteined.
AMTRAK JOE

NEXT STOP, NOWHERE
The D.C. press corps is entirely in the pocket of the Biden team in the most servile, sycophantic way. Watching their Fourth Estate cosplay “speak truth to power” moments during White House press conferences is pathetic and groan-inducing. They pander for a pat on the head from the jarringly mediocre Press Secretary Jen Psaki and gush at every utterance from anyone even vaguely associated with the reign of good ol’ Amtrak Joe.

While theirs is a total abdication of journalistic integrity, it’s also deeply boring. More or less, the only members of the White House press corps who ever ask a challenging question of the Biden team work for Fox News. You can almost hear the groans coming from the supposed “guardians of our democracy” who sit around them. Legacy media journalists might as well be wearing Harris-Biden 2024 hats while they sit in the West Wing. We’ve certainly seen partisan play-acting like this before. Beltway journos and the national media were devoted to then-President Obama in a way that bordered on the amorous.

With Biden, journalists view their calling as smothering anyone who recognizes reality with a pillow while they drape a cardigan over the president’s shoulders and feed him applesauce.

This is a man who will soon be 79 years old. In all fairness, he’s probably not up for a job that involves much more than feeding squirrels in the park and reading picture books to the grandkids. He’s definitely not a responsible choice to be leader of the free world, but here we are...

As obvious as media partisanship on Biden’s behalf may be, it’s unfortunately effective. In the fourth month of the Biden presidency, a recent AP-NORC poll had his approval rating at 63%. We live in a time when it’s astonishingly difficult for the American people to get an honest sense of what the Biden White House is really doing and how much further Left he hopes to take the country.

‘SOUND LIKE FDR... GOVERN LIKE AOC’

Based on what we have seen in the first four months, swing voters didn’t get the centrist uniter they were promised during the campaign.

That has been clear with every executive order, speech, and casual utterance from Biden since his taking office. What we’re witnessing is a president who speaks in the mumbled tones of a moderate while making radical policy promises (that he can’t deliver because of razor-thin congressional majorities).

Biden’s governing philosophy (if such a thing exists) seems to be “sound like FDR, govern like AOC.” Now I know this is admittedly a contentious, partisan appraisal... but the corporate media has so little interest in an adversarial approach to Biden and the rest of the Democrats in power, the only analysis worth reading these days generally comes from critics on the Right.

With that in mind, here’s an assessment looking at the biggest issues of what Joe Biden...
has done since taking office more than 120 days ago and what he’s likely to do next.

You'll notice it’s quite light on actual accomplishments attributable to his leadership or decision-making, and there are some warning signs flashing about a weakening economy, inflation, and unemployment.

**OPERATION WARP-SPEED BENEFICIARY**

Biden took office in an enviable position when it comes to the COVID pandemic. Whereas Trump was pushed into supporting the worthless lockdowns and absurd interventions of Fauciism while there was maximum virus panic... and Biden got to take charge when a vaccine was already in national distribution. Nationwide deaths and hospitalizations have been plummeting for months. Biden’s proponents will point to his distribution of the vaccine – more than 340 million doses and counting – in his first few months, and this of course isn’t a minor achievement... (though it’s not clear how he did anything other than continue the plans Trump put in place before him).

Remember, it was Trump’s Operation Warp Speed and the geniuses of (the oft-maligned) Big Pharma who actually created the near-miraculous mRNA vaccines that are ending this pandemic.

Biden’s continued obsession with mask wearing – including while alone, outside, as a fully vaccinated person – has been a window into the cultish mindset of the Lockdown Left.

And the Biden administration’s absurd, contradictory, anti-science messaging around what the vaccinated can do normally again has given a tremendous boost to vaccine hesitancy.

**A TAXING PRESIDENCY**

_They haven’t gone up yet, but they will._ That’s a promise everyone expects Biden to keep, and Republicans can’t do much more than complain about it to the public and hope for the best in the mid-term elections. Democrats can use the reconciliation process in Congress to make the tax changes they want. There’s no way to block this, unless some in their own party get cold feet.

What will these tax hikes look like? Biden’s Address to a Joint Session of Congress on April 28 was as forgettable as political theater, but instructive about the intention of this White House to make people “pay their fair share.”

Biden told the American people that taxes on high earners, corporations, and capital gains will be raised, saying...

> We’re going to get rid of the loopholes that allow Americans who make more than $1 million a year pay a lower rate on their capital gains than working Americans pay on their work. This will only affect three tenths of 1% of all Americans. And the IRS will crack down on millionaires and billionaires who cheat on their taxes. That’s estimated to be billions of dollars.

That last part about the IRS definitely raised some eyebrows... Anytime a Democrat talks
about strengthening the IRS, every person who cares for free speech, liberty, and private property should be concerned.

**ONE OF THE BIDEN ADMINISTRATION’S JOBS? APPARENTLY NOT CREATING ANY**

It’s tough to separate what jobs have been created in 2021 because of Biden policy versus those that have been added to payrolls in the private sector despite Biden meddling.

It’s a certainty that there will be increased economic activity, especially hiring, as the economy reopens this year. The best thing Biden could do is get out of the way.

Of course, that’s not the Biden-Democrat plan. He wants to spend trillions of dollars on infrastructure, and a big piece of that will be massive Democrat jobs programs.

The fact that the April jobs report had nonfarm payrolls increasing by 266,000 jobs (around 700,000 less than Dow Jones was predicting) while the unemployment rate rose to 6.1% shows that Biden’s big plans aren’t instilling confidence in businesses to invest and hire.

**IMMIGRATION: BORDERING ON DISASTER**

This has been a total catastrophe for Biden. The U.S.-Mexico border is the most overrun with illegal crossings it has been in living memory. The Biden administration has set records for the most illegal immigrant children ever held in Border Patrol and Health and Human Services custody.

The whole situation is a mess, with hundreds of thousands of illegal immigrants finding ways to scam America’s asylum system and gain de facto permanent status in America.

If we had an honest national press, they would be doing stories night after night on the flood of human trafficking and cartel narcotics smuggling currently going on. Border Patrol and other federal law enforcement agencies tasked with enforcing immigration are completely overwhelmed.

Instead, the Biden administration gets away with pretending this is a processing capacity issue instead of a law enforcement one, and so the flood of illegal immigrants continues.

**A THIRD OBAMA TERM**

As we go into the second “hundred days” of Biden’s first term, there’s no reason to believe his approach will change or moderate.

It’s widely believed on the Right that senior advisors around Biden are doing most of the heavy lifting on major policy and decision-making. In this formulation, Biden is largely a puppet of the Democrat establishment that has gathered around him... and what the American people are left with is effectively a third term of the Obama administration.

If that assessment is correct, we should all get ready for more government, higher taxes, weak economic growth, and endless excuses in the media for why the lofty promises of the increasingly authoritarian, socialist apparatus of the Democrats fail to come to fruition.
THROWING HIS BOOK AT THEM

By P.J. O’Rourke
This is not a book review...

This is especially not a book review of a memoir by a politician. Because they always write them, and we never read them. We just read the reviews.

Oh, sometimes we buy the memoir and leave it around the house to show that we have $29.99 worth of admiration for the thoughts and deeds of the politician in question.

But we don’t actually read the thing. I mean, who has ever gotten past page 10 of What Happened by Hillary Rodham Clinton except book reviewers? Unless they’re fibbing, too.

We like a politician or we don’t. But we leave the drudgery of reading politician prose to book reviewers. We let them explain to us why we should have followed Hillary down the yellow brick road to Oz in 2016... Or why she was the wicked witch that Dorothy’s house fell on.

And that’s that. Unless we’re true inside-the-beltway types, in which case we give the book a “DC read” by consulting the index to see if our name is mentioned, and when we find out that it isn’t we move the book from the coffee table to a shelf in the rumpus room.

Therefore I am not going to review...

On the House: A Washington Memoir
By John Boehner
St. Martin’s Press
2,666 pages $29.99

John Boehner is so blunt that reading his book is like watching a man trying to fell a mighty oak with the flat end of a hatchet – and the next thing you know the tree has come crashing down.

Because you should read it.

Read what the Speaker of the House from 2011 to 2015 has to say about the current state of American politics... What he can’t even wait until he’s started his book to say... What he says on page xiii of his introduction...

“... we’re about halfway though a double-decker shit sandwich, served up to us by an outrage-driven media and a self-interested political class.”
John Boehner is so blunt that reading his book is like watching a man trying to fell a mighty oak with the flat end of a hatchet – and the next thing you know the tree has come crashing down.

It’s such an amazing feat that you have to see it for yourself. But watch out when John yells, “Timber!” He takes his axe to a lot more things than Democrats.

Boehner came away from 24 years as a Republican Congressman with detestation for... a certain kind of Republican.

Here are his thoughts when calling on President Trump to resign after the January 6 invasion of the Capital...

My Republican party – the party of smaller, fairer, more accountable government – had to take back control from the faction that had grown to include everyone from garden-variety whack jobs to insurrectionists.

And Boehner is not shy about getting personal with the whack jobs...

Trump incited that bloody insurrection for nothing more than selfish reasons, perpetuated by the bullshit he’d been shoveling since he lost a fair election the previous November.

Boehner had been furious at the more extreme type of Republicans since the rise of the Tea Party movement during the 2010 midterm elections. There was no love lost between Boehner and Obama whom John describes as “too cool for school.” And Boehner was glad to get a Republican House majority and become Speaker, but...

You could be a total moron and get elected just by having an R next to your name – and that year, by the way, we did pick up a fair number in that category.

Boehner calls out “the far-right knuckleheads that came to Congress radicalized by blind Obama hatred” and says...

They didn’t really want to cut spending. They didn’t want Washington to work. They wanted chaos. And they wanted to go on TV complaining about spending without solving the problem, and then watch the money from outraged viewers flow into their own fundraising coffers.

Boehner is not shy about getting personal with the Tea Partiers either...
There is nothing more dangerous than a reckless asshole who thinks he is smarter than everyone else. Ladies and gentlemen, meet Senator Ted Cruz.

So, depending on what kind of Republican you are, you may come away from reading *On the House* irked at its Republican author.

I myself don’t “want Washington to work” quite as much as Boehner does. But do not let irritation interrupt your reading pleasure.

John gives the other side its due, too...

I lost it on Harry Reid [Democratic Senate Majority Leader 2007 to 2015]. He’d been talking all kinds of shit on the Senate floor... I went over, got in Reid’s face, and said, ‘Do you even listen to all that shit that comes out of your mouth? You can go fuck yourself.’

And...

The thing about Bernie, by the way, is that he is probably the most honest person to ever run for president... he genuinely believes all the crazy shit he says.

But you should read the book even if you’re a left-wing Democrat. Because Boehner is every bit as honest as Senator Bernie, and he genuinely describes all the crazy shit he saw in Washington, D.C.

You can make up your own mind about Boehner as a politician... That’s why I’m not being a book reviewer here. I’m being – in political memoir terms – one of those people who walks around in grocery stores giving out free samples of cheese. (Limburger in this case, given that Boehner is German and how Washington smells.)

You’ll want the whole wedge. I mean, who wouldn’t read a book full of things like Boehner’s story about meeting the venerable southern Democrat Senator Howell Heflin for the first time shortly after the Monica Lewinsky scandal broke...

Seeing me holding a Camel in my hand, he said, with a thick Alabama drawl, ‘I’m glad to see you smoking a cigarette.’ He told me he had just gone to the White House that day, his first visit since the Clintons were elected... ‘I lit up my cigarette like I always did,’ the senator told me, his eyes flickering with annoyance, ‘and these kids come running over to say, ‘Oh, senator, senator, you can’t smoke here.’ And I looked back at them and I said, ‘I can’t smoke here? But would it be OK if I put a penis in my mouth?’
LESSONS FROM A FINANCIAL SERIAL KILLER
That’s how Bernie Madoff – the recently deceased psychotic mastermind behind the world’s biggest and most infamous Ponzi scheme – referred to my friend Erin Arvedlund. That insult, though, is a badge of honor... Madoff – whose body count ultimately amounted to more than 40,000 ripped-off investors who were deceived into thinking they’d accrued $65 billion in profits over more than 40 years – knew Erin was on to him.

In May 2001 – a little less than eight years before Madoff’s insanely simple and deviously smart scheme was exposed and he was sentenced to 150 years in prison – Erin wrote an article for weekly finance and investment newspaper Barron’s that questioned Madoff’s practices and returns. It was the first time in a widely distributed forum that anyone had dared to question a man who – it’s easy to forget now – had for years been a prince of Wall Street.

Erin later wrote Too Good to Be True: The Rise and Fall of Bernie Madoff, the definitive book about Bernie Madoff. She’s appeared on CNBC, Bloomberg Television, Fox Business News, C-SPAN, and National Public Radio, and presented her insight to asset management firms, law schools, and others.

I met Erin in the late 1990s, when she was a reporter at the Moscow Times in Russia and I was a stock analyst at a local investment bank. We’d often swap gossip about Russian markets, stocks, and politics.

Erin later went on to write for the Wall Street Journal, the New York Times, and TheStreet.com. Today, she’s a personal finance and investing reporter and columnist at the Philadelphia Inquirer.

When Madoff died in prison on April 14 at age 82 of kidney disease, I spoke with Erin about why Madoff did it, how being a journalist in Russia helped her, whether it could happen again, and what we can learn from it all.

**HOW DID MADOFF’S SCAM WORK?**

A Ponzi scheme, also known as a pyramid scheme, pays earlier “investors” with funds contributed by more recent victims. As it grows in scope and size, a Ponzi scheme requires ever-greater volumes of cash to continue – so that earlier investors, as well as later ones, can all be paid. Madoff started his scheme in the late 1960s, so over time he had a lot of people to pay off.
The cover for Madoff’s Ponzi scheme was that he was running a hedge fund – and, by all appearances, an extraordinarily successful one, which returned between around 10% and 12% every year, regardless of market conditions. (Madoff’s main business – see below – was a successful, and legitimate, share brokerage.)

In a world of bubbles, where what-started-as-a-joke Dogecoin is now up nearly 17,000% this year so far, that might not sound like much. But low volatility – that is, minimal swings in performance – and very respectable long-term double-digit returns are the purple unicorn dancing on a rainbow of the asset-management world... It’s an impossible fantasy beyond achievement.

“One of the biggest red flags was the consistent performance,” Erin told me. “It was totally unaffected by market conditions.” Madoff’s fund posted down months – which, of course, weren’t down months at all, since there was no actual trading going on – only an absurdly tiny 4% of the time.

WHO WAS RIPPED OFF?

The otherworldly performance of Madoff’s fund was like crack cocaine to the marketing and distribution agents, private bankers, and brokers who were unwitting partners to Madoff’s scheme.

His investors spanned the grandest names in old-money Europe... from supposedly savvy bankers at UBS and Merrill Lynch to charities and pension funds... They all fed the Madoff Ponzi maw. Steven Spielberg, Zsa Zsa Gabor, John Malkovich, and Larry King were among the higher-profile victims of Madoff’s scam. The owner of the New York Mets lost hundreds of millions of dollars, and two years later announced plans to sell a stake in the team. Jim Simons of Renaissance Technologies, one of the world’s most successful (real) hedge funds, recommended Madoff to a university endowment.

Most of Madoff’s victims, though, were people who were well-off but by no means rich... and who suffered life-altering wealth destruction when Madoff’s scheme collapsed.

Madoff spared no one, as Erin wrote...

For decades, Madoff looked his investors in the eye with a smile, shook their hands, and never showed any indication – let alone remorse – that he was robbing them blind. He fooled his closest friends and family, as well as hundreds of university endowments, charities, and pension funds; he stole people’s hard-earned savings, their futures, and their dreams...

His investors spanned the grandest names in old-money Europe... from supposedly savvy bankers at UBS and Merrill Lynch to charities and pension funds... They all fed the Madoff Ponzi maw.
A FINANCIAL SERIAL KILLER

WHAT MADOFF SAID HE WAS DOING

Madoff discouraged investors in his fund from talking about it, and he avoided any kind of publicity for it. This was part of his “velvet rope” approach, as Erin calls it – to create the impression of exclusivity, in order to heighten the appeal of getting access to his fund. Madoff even sometimes turned money away – figuring that over the longer term he'd wind up attracting a lot more investors by making them want in all the more.

He hid behind the shield of “proprietary”: In other words, it’s my secret sauce – think McDonald’s Big Mac special sauce dressing or the recipe for Coca Cola – and I don’t have to tell you, so bug off.

When pushed to discuss the fund’s strategy – and as disclosed in offering memorandums at the time – Madoff said that he used a “split-strike conversion strategy” that involved “buying stocks in the Standard & Poor’s 100 index and buying and selling options against those same index stocks,” Erin wrote in Too Good to Be True.

This explanation had the benefit of causing non-finance types, whose eyes tend to glaze over at the first whisper of investment jargon, to tune out, because it sounds complicated and confusing. And when Madoff was pressed – as Erin did – he hid behind the shield of “proprietary”: In other words, it’s my secret sauce – think McDonald’s Big Mac special sauce dressing or the recipe for Coca Cola – and I don’t have to tell you, so bug off.

Of course, the reality was that for over 45 years, Madoff’s fund (a total misnomer) didn’t make a single trade. “[Madoff] was simply taking investors’ money, depositing the money into his Chase Bank in Manhattan – account number 140081703 – and sending it back out to earlier investors,” Erin reported. (One of the many extraordinary regulatory cracks that Madoff somehow managed to slip through was that Chase Bank never asked questions about a bank account – the entire Madoff Ponzi operation was all run through a single account – that saw tens of billions of dollars pass through it.)

AN UNLIKELY FRAUDSTER

In the aftermath, it’s easy to forget that for years, Madoff was a Wall Street star. With his brother Peter, Madoff set up a pioneering electronic-trading brokerage. He pushed Nasdaq into the forefront of share trading (and was chairman of the exchange in the early 1990s).

He laid the groundwork for the instantaneous trading that we know today. Madoff paid customers to attract their orders – also called payment for order flow – a practice that was revolutionary at the time but became commonplace. At its peak, Madoff’s brokerage house accounted for as much as 10% of total New York Stock Exchange share trading volume.

“Madoff helped create the modern market
structure,” Erin told me. “He could have had that as his legacy. But at the same time, he was building a huge fraud.”

Thanks to his ahead-of-its-time work on Wall Street, Madoff was on Securities Exchange Commission (SEC, the market regulator) regulatory committees. Madoff “kept his enemies close,” Erin said.

In a public forum in 2007, Madoff said (there’s an actual video of this): “In today’s regulatory environment, it’s virtually impossible to violate the rules. It’s impossible for a violation to go undetected, certainly not for a considerable period of time.”

Only he knew how wrong he was.

**MOSCOW AND MADOFF**

Erin developed a unique skill set for plumbing the murky depths of Bernie Madoff by covering markets and companies in Russia in the 1990s...

In Russia back then... lots of companies kept multiple sets of books, depending on who they were showing them to. They’d understate income for tax purposes – and overstate them for borrowing purposes. At that time, in the former Soviet Union, there was little data available and almost no transparency, from the government or from companies.

(Needless to say, this was also a big challenge for me as a stock analyst.)

So Erin had a lot of practice in finding information a different way. “Instead of getting through the front door, a lot of times I had to go in the side door,” she told me.

The level of non-transparency – that is, stonewalling investors, fund distributors, regulators, journalists, and anyone else who asked questions – in Madoff’s scheme was one of its biggest red flags.

**ARE PONZI SCHEMES STILL HAPPENING?**

To butcher the opening line of Leo Tolstoy’s *Anna Karenina*: Good investments are all alike, but every fraudulent investment commits thievery in its own way.

As a Madoff scholar, Erin knows something about pyramid schemes and what they look like. “These kinds of Ponzi schemes will continue to happen,” she told me. “They won’t be on the same scale, though. And no two frauds are ever the same, either.”

One of the ways Madoff was able to get away with his fraud was that at the time, funds could hold custody of shares themselves... There was no requirement for a third party to hold actual ownership of shares. Partly in response to the Madoff fraud, that was changed.
It’s not unusual for regulators – after the fact – to tighten the rules in response to someone who found, and exploited, a loophole or gap in the rules. The SEC emerged from the Madoff scandal looking as competent as the Three Stooges with a hangover. After the dust settled, an SEC inspector general report of the commission’s failure to uncover Madoff said...

Between June 1992 and December 2008 when Madoff confessed, the SEC received six substantive complaints that raised significant red flags concerning Madoff’s hedge fund operations and should have led to questions about whether Madoff was actually engaged in trading. Finally, the SEC was also aware of two articles regarding Madoff’s investment operations that appeared in reputable publications in 2001 and questioned Madoff’s unusually consistent returns.

And a decade and a half later, the SEC is still only just noticing that the barn door is open well after the horse has bolted. “I’m guessing that after Archegos, we’ll see regulation on equity swaps,” Erin told me. (As I wrote last month, Archegos was a big family office and hedge fund that caused investment banks to post losses upwards of $10 billion.) Those new rules – like those implemented after the Madoff meltdown – won’t help the banks (and their shareholders) that lost billions of dollars.

Finance doesn’t have a monopoly on fraud, either. Blood-testing startup Theranos, founded in 2003 by Elizabeth Holmes, was kind of a “medical Madoff.” Theranos reached a private market valuation as high as $9 billion, but the entire underlying idea – technology that required only a small pinprick of blood to run a range of medical tests – was completely bogus.

The similarities with Madoff are startling. “Holmes used jargon and fuzzy language. She offered no transparency at all,” and hid behind the claim of “proprietary” ideas, Erin told me. Like Madoff, Holmes had powerful backers – Oracle founder Larry Ellison and legendary venture capitalist Tim Draper were among the investors in the company. Holmes took investors on the condition – also similar to Madoff – that they not ask too many questions.

Investing is similar to science, in that a result is only worth something if it’s able to be replicated. If a scientific experiment can be repeated – multiple times by multiple people – it’s a lot more likely to be correct. And it can be used as the basis of something much bigger. But if no one can derive the same results, using the same inputs and process? That’s called a fluke.

And Madoff’s investment results were simply mathematically impossible. “There were those who suspected Madoff’s magic was just an
illusion. Among Wall Street option traders, the conventional wisdom was that Madoff’s strategy could not be replicated by anyone in the marketplace – at least not so it generated the double-digit returns he claimed,” Erin wrote. That red flag derailed Theranos, while Madoff got away with it for years.

LESSONS FROM MADOFF

“Anyone can be a swindler,” Erin told me. Madoff was a market innovator and enjoyed enormous (honest) success. He had a Rolodex beyond compare... and enjoyed immense credibility among market participants and regulators.

If someone like that can be a “financial serial killer,” as Erin describes him... well, couldn’t anyone?

Ask questions. No one likes to feel dumb. By shutting down questions about his (nonexistent) investment strategy with the claim that “it’s proprietary,” Madoff was the investment equivalent of the auto mechanic who glances under your car hood, then declares that he’ll need to fix your car’s lower piston’s bipolar tricuspid and replace the dynamic wipe tank’s sparker wrapper. Rather than display your ignorance, you fork over $2,000 and hope he’s not bluffing.

One of the ways that Madoff got away with his Ponzi for so long is the people who were supposed to ask questions – and get the answers – simply didn’t. Madoff created a paper trail of trades that were never made... And no one on Wall Street could ever recall doing a trade with the Madoff fund, despite the fact that, based on its size and its alleged investment strategy, it would have been an enormous player in the options market.

Similarly, visitors to Madoff’s offices were shown the buzzing brokerage floor rather than the quiet Ponzi scheme offices. Investors in Madoff’s funds assumed that everyone else had done their homework about Madoff... and the fact that Madoff was a Wall Street star (and that the vendors of his funds were profiting so handsomely from their relationship with him) meant that anyone inclined to ask questions was encouraged to look away.

Madoff was the investment equivalent of the auto mechanic who glances under your car hood, then declares that he’ll need to fix your car’s lower piston’s bipolar tricuspid and replace the dynamic wipe tank’s sparker wrapper.

Not everyone is driven by money. Feeder funds, bankers, and glad-handing door-openers of every shape and size fell over themselves to market Madoff’s fund because of the unusual fee structure. He didn’t charge a hedge-fund-standard 2% management fee – which allowed distributors of his fund to collect enormous commissions. (In 2008 alone, fund distributor Fairfield Greenwich collected fees of an incredible $1.2 billion.) Every year, Madoff left tens of millions of dollars on the table.
Of course, Madoff wasn’t wanting. He traveled extensively, schmoozed with the rich and famous, and lived in an $8 million penthouse in the swanky Upper East Side 60s of New York’s Manhattan. In 1986, a finance magazine listed Madoff as one of the 100 best-paid Wall Streeters, estimating his compensation that year at $6 million (that’s equivalent to nearly $15 million today).

But he could have been far wealthier, by many orders of magnitude... meaning plain-vanilla greed wasn’t his motivation. So, why?

It’s a question that still puzzles Erin. She thinks that it’s mostly simply because he could. “He enjoyed getting one over on people,” Erin told me. “And he was getting away with it.”

In Madoff’s office was a telling sign: His prized piece of artwork was a replica of a 1976 four-foot sculpture of a screw (pictured left below), called “Soft Screw,” by Swedish-born sculptor Claes Oldenburg (it’s in the National Gallery of Art collection, though it’s not displayed).

It would be comforting, in a way, if there were some evidence that Madoff had a chip – in this case it would be an entire tree trunk, considering the extent of his “revenge” – on his shoulder. The armchair psychologist could get some satisfaction – and reassurance – if Madoff had grown up poor, or bullied, or from a broken home. Then, there would be something to point to... some underlying cause, no matter how tenuous, that would at least seem to partly explain Madoff’s ruthlessness and his inhumanity.

But there isn’t... And it’s more disturbing that Madoff seems to have been motivated by just... well, nothing in particular.

**Hail the whistleblower.** Accountant Harry Markopolos (pictured center below), who worked for a rival hedge fund, tried to understand how Madoff could post such strong returns so consistently. When
he couldn’t, he made multiple detailed filings to the SEC, alleging that Madoff was either running a Ponzi scheme or cheating his brokerage clients to benefit his hedge fund (the November 2005 submission, for example, itemized 29 red flags).

The SEC, incredibly, ignored Markopolos... repeatedly.

One of the reforms implemented by the SEC in the wake of the Madoff scandal was a whistleblower program, which protects whistleblowers from retaliation and pays awards to whistleblowers based on the size of the fraud uncovered. If this had existed at the time, it wouldn’t necessarily have changed the SEC’s non-response to Markopolos – but it was at least a positive change to improve the odds of uncovering fraud sooner.

Subsequently, Markopolos in August 2019 – perhaps with his eyes on the whistleblower prize – alleged that General Electric (GE) was committing nearly $40 billion in fraud relating in part to its insurance business. So far, no charges have been filed against GE... but, as Markopolos learned from his Madoff experience, fraud can be a long game.

Follow your gut – when it tells you not to invest. There are entire chapters of behavioral finance books dedicated to the downfalls of investing with your emotions. “I have a feeling this stock is going to go up” is right up there with “This time it’s different” and “She said she isn’t angry” in the hall of fame of stupid things we choose to believe on the
A FINANCIAL SERIAL KILLER

basis of what our gut, rather than hard logic, tells us.

But the flip side of that indicator – something that our gut tells us doesn’t feel right – is worth listening to. An alley that looks a bit too dark... a potato salad that may have been out in the sun a bit too long... or an investment record that looks a bit too good to be true... even if it’s based on nothing more than a gut feeling, listen to your tingling Spidey sense.

An alley that looks a bit too dark... a potato salad that may have been out in the sun a bit too long... or an investment record that looks a bit too good to be true... even if it’s based on nothing more than a gut feeling, listen to your tingling Spidey sense.

“Some folks knew better,” Erin told me. Salomon Brothers, one of the top Wall Street brokerages during the Madoff era, as well as Goldman Sachs, didn’t do business with him. For her 2001 Barron’s article, Erin talked with a number of well-placed Wall Street players who sensed that something was awry. And the fact that Madoff’s fund was using a two-person accounting firm to audit its books – rather than a brand-name accountancy that delivers automatic credibility – should have set off alarm bells.

Market corrections show who’s swimming naked. In late 2008, markets were tumbling as the global economic crisis kicked into gear. Investors scrambled to sell anything they could... including their Madoff fund holdings. By its nature, a Ponzi scheme constantly needs new money coming in the door... and if there’s too much flowing out, well, that’s a problem. Madoff gave himself up when he knew he wouldn’t be able to meet redemptions.

But if not for the market collapse then, Madoff’s fund could have continued... indefinitely.

If something seems too good to be true... A 2006 Fortune magazine article described Bill Miller as “one of the greatest investors of our time.” The $20 billion mutual fund that Miller managed had outperformed the S&P 500 Index for 15 straight years, a feat never before accomplished.

But then mean reversion reared its ugly head. The next five years – the magazine-cover curse at work – Miller’s fund lost over 30%. Fund research firm Morningstar ranked Miller’s fund dead last among the 1,187 similar U.S. equity funds it tracked over the period.

The thing is, Miller didn’t change his investment strategy. His investment team didn’t change. Markets didn’t go haywire. The boring reality is probably that Miller’s luck simply ran out... and his performance reverted to the mean.

But unlike Miller, who was honest and lucky (for a while), Madoff never – ever – experienced even a single down year at all since, well, he wasn’t investing.

That’s not good luck... It’s too good to be true.
For the first time since COVID-19 hit headlines last year... a **brand-new fear** has investors terrified.

In fact, according to Bank of America, this is now an even bigger threat to killing this historic bull market than the virus ever was.

Maybe you’ve started to hear rumors about what’s going on...

But the real story is far scarier – and far worse – than anyone in the mainstream media is talking about.

Find out what’s really going on, and the best way to protect yourself immediately, [right here](#).
The Oscars, the oldest and most popular awards show in existence and historically the second-most-watched annual broadcast next to the Super Bowl, lost 58% of its audience in a single year. But hey, almost no movies were released in 2020, so no wonder nobody wanted to watch, right? That’s what the Academy of Motion Picture Arts and Sciences, which produces the Oscars show for ABC, would want you to think... But in truth, the Oscars have been dying for more than a decade. In 2010, 41.6 million people watched. In 2021, that number was 9.8 million.
TO HELL WITH THE OSCARS

By John Podhoretz

The quality, or lack thereof, of the 2021 show itself cannot be blamed for its own bad ratings, for the simple reason that no one had seen it yet and therefore could not have been inspired to avoid watching it due to its lousiness. No, what American audiences had seen were its predecessors. The show has stunk up the joint for many years. It has provided precious little entertainment or amusement for the people who used to enjoy it. Viewers were relatively patient. Most kept coming back. But lose 7% of your audience annually and pretty soon you’re down to nothing.

AND THE WINNER FOR THE WORST AWARD SHOW GOES TO...

There hasn’t been a host in years that compares with the easygoing manner of Johnny Carson (who emceed five times) or the delightful neo-Borscht-Belt stylings of Billy Crystal (nine times, the last one in 2012). Oh, they’ve tried all kinds of things... One year, Family Guy’s Seth MacFarlane opened the show by singing a ditty he had penned for himself called (I am not making this up) “I Saw Your Boobs.” A wan
TO HELL WITH THE OSCARS

TV actor named Neil Patrick Harris, who had done a good job on the Tony Awards (whose audience is about a tenth the size of the Oscars), got the gig to little effect. The brilliant standup comedian Chris Rock followed him, but his brand of no-BS balloon puncturing seemed to unnerve the Academy rather than inspire it.

And then, in 2017, Hollywood was torn apart by the “Me Too” movement. That watershed moment accelerated a trend toward humorless correctness that had already begun to take its laborious toll on the proceedings. How could an Oscars host even think of cracking wise at a time when the producer who invented the modern get-my-movie-an-Oscar campaign, Harvey Weinstein, had been exposed as a rapist – a rapist, moreover, whose evil conduct had been an open secret in Hollywood for two decades?

Add to that the supposedly civilization-ending presidency of Donald Trump and how idiot Hollywood journalists sought to depict his rise to power as an expression of white supremacist tendencies even in the most avowedly Left-liberal industry in America. #OscarsSoWhite, as the Twitter hashtag went. The Oscars are the single greatest promotional tool any industry has ever had – a nearly four-hour ad for the centrality, power, and importance of a single medium. And suddenly, the motion-picture business had no idea how to promote itself effectively, or at all.

Hollywood didn’t know what to do. In desperation, it turned to the hottest new star at the time, the hyperactive Black comedian Kevin Hart, to bring multicultural harmony and heat to the spheres. But it turned out Hart had said some putatively offensive things about LGBTQ issues, and within 72 hours of the celebratory announcement, Hart wisely vamoosed before he could get further chomped up in the social media maw.

It seemed that the cultural elite had decided that not only was America rotten to its core, but so was the entire male gender and heterosexuality in general... and this general disposition needed to be reflected in the words spoken from the stage of the Kodak Theater. In such an atmosphere, comedians of any sort – people with genuine experience in generating enthusiastic up-to-the-moment responses from people in the seats in front of them, and therefore the perfect people to manage the show – were more likely to be lightning rods than the kinds of people who could catch lightning in a bottle. They were to be avoided rather than embraced. And the hunt for a few bad words spoken at any time in anyone’s career, which had become standard fare in Oscars coverage, ensured no sane person would be caught dead taking the gig.

And so came the innovation of innovations... the show with no host! Let the movies be the stars, not the host!

This preposterous avoidance of any conceivable controversy went hand in hand with the astounding incompetence that was, in hindsight, the moment at which the Oscars went into its final tailspin. I speak of the stunning moment of glaring, nightmarish amateurism that ended the 2017 show, perhaps the most cringe-inducing live moment in the history of television. Best Picture presenters Faye Dunaway and Warren Beatty – neither of whom seemed capable of
even moving their lips properly due to the astonishing level of cosmetic surgery that had rendered the one-time-hotter-than-hot Bonnie and Clyde almost unrecognizable – literally gave the prize to the wrong movie, *La La Land*. It was left to that film’s generous producer, Jordan Horowitz, to reveal from the card they had handed him that in fact his picture had lost and *Moonlight* had actually won instead. You might watch the Indy 500 in hopes of seeing a car crash and explode, but you don’t want to see it happen on Oscars night.

The Oscars had a brief moment of ectopic life in 2019 when ratings rose again, in part because the wildly popular Marvel movie *Black Panther* had become the first superhero flick to get a Best Picture nod. It didn’t win, but audiences were jazzed by the phenomenon. Why wouldn’t they have been? They had seen the movie, at least. The previous year’s winner was a bizarre jape about a mute woman’s affair with a half-man-half-fish called *The Shape of Water*. And before that was *Moonlight*, about a gay Black man whose life was redeemed as a boy by a saintly drug dealer, which had grossed a grand total of $1.5 million at the box office before Oscars night.

The Oscars have been dying for more than a decade. In 2010, 41.6 million people watched. In 2021, that number was 9.8 million.

**COVID KILLED THE SILVER SCREEN**

The pandemic year was so catastrophic for the motion-picture business, with the nation’s 44,000 screens mostly dark for months at a time, that sensible observers like the peerless entertainment journalist Richard Rushfield suggested canceling the Oscars show and replacing it with a star-studded telethon to raise money for COVID relief. Not only would that have made sense as a matter of simple logic, since almost literally no one had seen any of the movies the Academy eventually nominated, it would also have allowed Hollywood to use its cultural power for a positive end while restoring the show’s role as an ad for the wonders of the movie business.

Instead, Black actress Regina King began the show by saying she was glad the George Floyd verdict had gone the way it did or she would have had to be marching instead of introducing the broadcast. She added: “I
TO HELL WITH THE OSCARS

HOLLYWOOD: WOKE, TONE-DEAF, AND IRRELEVANT

Clooney, one of the biggest stars of the previous decade and a man whom middle America had clasped to its bosom, declared himself happily “out of touch” with the nation that loved him – the America that had elected George W. Bush. “We are,” he said, “a little bit out of touch in Hollywood every once in a while, I think. It’s probably a good thing. We’re the ones who talked about AIDS when it was just being whispered, and we talked about civil rights when it wasn’t really popular. And we, you know, we bring up subjects, we are the ones – this Academy, this group of people gave Hattie McDaniel an Oscar in 1939 when Blacks were still sitting in the backs of theaters. I’m proud to be a part of this Academy, proud to be part of this community, and proud to be out of touch.”

People like Clooney are rewarded for the entertainment they provide, and we do not begrudge them their success. But when they claim they are superior to others in virtue? That attitude is, quite simply, disgusting. The problem these days is that we are assaulted by the supposed virtuousness of celebrities, as they present themselves daily for our perusal on social media. There was a time this was not the case.

Listening to King express her disgust at this country – given her own experience in it as an American who has been a successful working actress since the age of 14 with earnings to boot, has won four Emmys and an Oscar, and just directed her first film – offered us an up-to-the-minute display of a long-simmering attitude that is at the root of the Oscar’s self-destruction. This attitude was exemplified by the speech given by George Clooney when he won his trophy for supporting actor in 2006...

know that a lot of you people at home want to reach for your remote when you feel like Hollywood is preaching to you, but as a mother of a Black son I know the fear that so many live with, and no amount of fame or fortune changes that, OK?”

OK! And guess what? Millions did reach for the remote, just like she said. Ordinary folk getting preached at by people who are far richer and far more famous than they are isn’t a recipe for ratings success, except with those who already agree with you entirely and are thrilled to hear their prejudices reflected by your prejudices.

We are being drowned in content... We cannot keep our heads above water to catch a breath. And instead of throwing us a lifeline, the people who make the movies and star in the movies and give awards to the movies are sucking up all the oxygen with their nonsense, foolishness, and self-satisfaction.

Remember when we knew nothing about movie stars? If you do, you’re relatively old, so if you don’t, you have to trust me that there was a time when this was a fact of life – a time when the power of celebrity was reinforced by the power of scarcity rather than the ubiquity and constant presence in our lives of today’s celebrities. Once upon a time, the American
dream machine always left you wanting more. Details about the lives of famous performers were dribbled out through very narrow channels. They went about their work, and their existences were largely unseen, unless you happened to be a restaurant or bar in Los Angeles or maybe a department store in New York. Hollywood husbanded information about stars the way DeBeers husbanded diamonds – it deliberately kept the amount in circulation low to keep the value high.

The first use of the term “paparazzi” – the generic term for the photographers who capture unbidden the famous going about their daily lives – dates to 1960 and Federico Fellini’s movie La Dolce Vita, which captured the phenomenon in its infancy. Before then, and pretty much until the late 1970s, you could literally go months without hearing much about a performer you loved, and a year without seeing a new photograph of one in a newspaper. They were so elusive that the only way to get a glimpse of one was to wait until a movie showed up on television one night – and you had to check out TV Guide at the beginning of every week and keep track so you knew to be home and ready for it.

Only when stars had something to promote would they surface – perfectly made up, perfectly dressed, and perfectly rehearsed for what to say to the newsreels, Life magazine, and rotogravure sections. If you’ve seen the parody of the movie premiere that opens Singin’ in the Rain, you get the gist. Gene Kelly is a smooth-talking spin doctor who makes up a ludicrously false tale about his classical training as an actor while we see him pounding it out in vaudeville. Meanwhile, his gorgeous silent-film co-star is always on the verge of delivering an oration into the microphone before he seizes the mic yet again, and it’s only when no one is listening that she gets to unburden herself of her thoughts – in a screechy voice that would shatter glass. She can only be seen... never heard. If she is, she’s finished and so is the studio.

Or... on Oscars night. In America and across the world, the Oscars were for many decades the most glamorous event of the year – and in some ways, perhaps, the only glamorous night of the year in a world where there was precious little glamor. You wanted to know what they wore. You wanted to see them accompanied by spouses whom you never saw otherwise. You wanted to see how they did reading a teleprompter. Americans were thirsty for them, and on Oscars night, they had their thirst quenched.

Then came Entertainment Tonight... and the rise of celebrity journalism... and cable’s hundreds of channels... and streaming services... and social media. The Oscars, once a telescope that provided us a glimpse of the people we were taught to believe lived in some secular version of Mt. Olympus, became another cork bobbing about in a vast sea of entertainment. We are being drowned in content... We cannot keep our heads above water to catch a breath. And instead of throwing us a lifeline, the people who make the movies and star in the movies and give awards to the movies are sucking up all the oxygen with their nonsense, foolishness, and self-satisfaction. The hell with them.

John Podhoretz is the editor of Commentary magazine.
FROM OUR INBOX

Inbox continued from page 13.

Kim Iskyan Response: Gary, I’m guessing that you (like I am about mine) are pretty glad that your grandparents got out while the going was good (otherwise, mostly likely neither of us would be around...). From where we are today, it’s harrowing to read about what happened – I can only imagine that your grandparents didn’t want to talk about it.

I’ve made a point to not discuss my heritage with people from Turkey (or Azerbaijan). There is a strong intellectual undercurrent in Turkey that supports Turkish recognition of the genocide... but until then, I’d just as soon not risk that I happen to meet someone who doesn’t feel that way.

You are quite mistaken on the issue of Armenian Genocide. No one denies that perhaps a million Armenians died in the 1915-16 time frame in Eastern Anatolia. The disagreement is that words have meanings, and this does not fit. Genocide means the systematic effort by a government to eliminate a particular ethnic or religious group from their territory. What happened actually was that the Armenian people in Eastern Anatolia saw what they viewed as an opportunity to gain their freedom from the Ottoman Empire during the First World War, and they rebelled against the Ottomans and joined sides with Russia in the fight. Even by modern terms that would be considered insurrection, and that is universally dealt with harshly. If all the Armenians in the Ottoman Empire had resided in East Anatolia, then the case for the use of the word would still be erroneous, but for those pre-disposed to that conclusion and less dedicated to linguistic accuracy, that might at least offer some justification. The fact is however, that there was a large and prosperous community of Armenians residing in Istanbul, and they were never punished or harassed during this period. To a fair minded person, that would serve to illustrate that what occurred was not genocide but the quelling of an insurrection of disloyal Ottoman citizens, fighting essentially as agents of Russia against their own Empire. Empires throughout history have not been kind to such things. We live in a time when people faint when they see...
a gun, and need counselling when they read about war, but it is always dangerous to judge a past time by the very different standards of our effete, sissified present.

Even taking the absurdity of the above into consideration, my main objection is that Americans would possess the hypocrisy to denounce a country that did not exist at the time, for something that happened long before anyone now living was born, and yet would not blame themselves for the absolute certain genocide that our nation perpetrated against the American Indians just 35-40 years before the above timeframe, with the widespread approval of the American public. When our Army, within which I served for 20 years, intentionally distributed smallpox infected blankets to freezing Indian non-combatants, the ugliness of the term genocide is appropriate. Where is the outrage for that in this age of universal outrage? – James R. LTC (Ret), United States Army

**Kim Iskyan Response:** James, thank you for writing in. Neither of us was around back then, so we need to rely on eyewitness accounts and the historical record. From what I’ve read – I lived in Armenia for two years and done a lot of research on this – there is broad support for the notion of genocide... on the part of a lot of people who didn’t have a dog in the fight. There are plenty of Ottomans, of course, who contended otherwise. But in any case, the mathematics of it – the number of Armenians in eastern Turkey, versus the number of dead Armenians two years later – suggests very strongly that the “sh*t happens in wartime” argument is wrongheaded, as is the “popular uprising” theory. Perhaps there’s a certain element of hypocrisy, as you point out with respect to the American treatment of Native Americans. But to me, that doesn’t mean that doing the right thing today by calling what happened with the Armenians a genocide is bad or wrong.

**Re: The Colonial Pipeline Is a Wakeup Call**

Trish, the EMP threat is most definitely real. The good news is that it is relatively easily to protect against, however, it requires a coordinated national effort.

The bad news, as you note, is that the “government” (no administration) has paid more than lip service to the problem.
EMP waves actually come in three distinct phases, which have different rise and fall times, durations, and intensity levels. It is quite possible to install fast switches in the electric grid that would open the circuits (cause a deliberate blackout) at the detection of the first phase pulse. This would prevent damaging currents from flowing through the electric grid.

The other required condition, though, is that major electrical equipment, such as transformers, have been equipped with shielding, similar to a Faraday cage, so that the follow-on EMP pulses cannot induce high enough voltages inside the equipment to breakdown their electrical insulation. Again, we know how to do this, it simply costs time and money and has to be done.

Beyond that, we need to ensure that data centers and other critical infrastructure are similarly shielded and isolated. There is no quick and easy solution – an EMP attack would knock the country off the grid, no matter what, and perpetuate a widespread blackout, but properly protected, the grid could be restored, along with the rest of our infrastructure, in a matter of days.

We would need to maintain backup systems for the military and essential government agencies that could operate in the interim in order to provide a coordinated response to an attack, but that it also doable. But getting to this point requires extensive investment and preparations that we are not making. – Bert

**Trish Regan Response:** Dear Bert, it’s pretty terrifying. We put so much faith in our government to protect us and keep us safe... and yet, when it comes to basics like protecting our infrastructure and grid, I’m fearful that the government is not doing what it needs to do. I’m committed to making sure those in D.C. start listening and will be reporting more on this issue in the future.

Trish, Great job reporting on the EMP threat. Also for calling out the Facebook censuring of a critical issue.

The U.S. military has been hardening its equipment and infrastructure against EMP for decades. They are fully aware, and pro-active, against this threat. That is one of the reasons the cost of military equipment often exceeds equivalent commercial-use equipment of a similar nature. Take a simple example such as Army trucks. Often criticized by congress for the high cost compared to commercial trucks. And yet when you peel the onion you find that these trucks must operate in any global climatic environment with short notice, be protected against EMP which involves the hardening of all electronic systems, and run on virtually any available fuel.

I believe Texas has been at the forefront of pro-active hardening of their grid against EMP. Their recent issues with power outages aside, most of that the fault of Federal government meddling, and you will find a state house that is trying to address the problem. The feds may never be able to make it happen, nor should we count on them. This needs to happen at the state and local utility level, where the rubber meets the road.

Thanks again for a great article. We are on the precipice of a disaster that would
certainly be Armageddon for any country or region so attacked. – Bruce

**Trish Regan Response:** Scary stuff, Bruce. I knew I liked Texas! In all seriousness, I hope we harden the grid in many communities. Fast. Thanks for commenting and for reading...

**Re: Here’s What I Witnessed at the Most Lawless Part of the U.S.-Mexico Border**

I’ve long enjoyed your radio show and have spread the love to family and friends. Was glad to get the American Consequences e-mails and magazine. Love your analysis and commentary, and as a Texan was especially appreciative of the analysis of the situation at the border. God help us all. Thank you for staying the course. So many of us are grateful for your insight. I feel for you and your family seeing the transformation of your beloved New York. May God have mercy on our nation and deliver us from the evil of socialist fascism. Shields up! – Becky E.

**Buck Sexton Response:** Becky! Thank you for much for your kind note and your fantastic taste in radio programming. There’s nothing I appreciate more than when those who enjoy my content spread the word.

As for the border, while it has never been more open and the politics are as contentious as ever, I can assure you that I will hold the line for truth and sanity... Shields High!

**Here’s the solution:** Legalize all drugs. Criminals would have no reason to exist if you can simply walk into CVS or Walgreens and purchase them from a legit source. – Pete

**Buck Sexton Response:** Hi Pete, Solution to what? The border? Even if one concedes that would end the cartels (it would greatly weaken them, probably not destroy them), it doesn’t handle the illegal immigration issue. What do we do about the millions of people from around the world who want to skip the immigration line and help themselves to all the perks of America? Not an easy question, I know. But one we have to tackle.

Buck, Great piece. It seems to me that the Cartels have paid off everybody in Mexico, but there doesn’t seem to be any curiosity about payments to Americans for skid grease on this side of the border. It, no doubt, would be a courageous endeavor for a news organization to uncover authorities on this side who have benefitted directly from the Cartels, but we need sunlight shown on the influential players indirectly responsible for the carnage in the streets and overdoses in the bedrooms and gutters. It’s always been a source of wonderment that career politicians and bureaucrats end up with multiple vacation homes and elegant lifestyles on government wages... – Alliance member RP

**Buck Sexton Response:** RP, thanks so much for writing in. The cartels are the most powerful transnational criminal organizations in the world. They have the money to buy off pretty much any official in Mexico – and anyone they can’t purchase, they can eliminate. Their corrupt, evil tentacles stretch throughout the Mexican state’s power apparatus. News organizations south of our border live in fear of the cartels – and rightly so. As for who benefits from their criminal largess on our side of the Rio Grande... that would be a fascinating exposé indeed.
Daniela Cambone is an editor-at-large and media anchor for Stansberry Research. Daniela is a veteran journalist, having covered financial markets for well over a decade. Before joining Stansberry Research, she was the editor-in-chief and lead anchor for Kitco News, covering global markets, economic news, and commodities. Her work was simultaneously featured and covered on Jim Cramer’s TheStreet.com, Forbes, Yahoo Finance, and MSNBC.

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.

American Consequences is edited by P.J. O’Rourke, author of 19 books including Eat The Rich and How the Hell Did This Happen: The Election of 2016. P.J. cut his teeth as an editor in chief of the National Lampoon and a foreign affairs correspondent for Rolling Stone. He’s since written for The Weekly Standard, The Atlantic... and many other magazines.
P.J. is the H. L. Mencken fellow at the Cato Institute, a member of the editorial board of World Affairs and a regular panelist on NPR’s Wait... Wait... Don’t Tell Me. He lives with his family in rural New England, as far away from the things he writes about as he can get.

Trish Regan, Publisher for American Consequences, is one of America’s brightest and most recognized conservative economic thought leaders. An award-winning journalist, Trish is the host of American Consequences Podcast with Trish Regan, a weekly radio show dedicated to economic and political truth, as well as a columnist for several publications.

Buck Sexton is host of the nationally syndicated talk radio program, The Buck Sexton Show, heard on more than 100 stations across the country. He’s also a former CIA and NYC police department intelligence officer. You can follow him at BuckSexton.com.
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