2024 Year in Review: What is a Fact? – Part I

Dave Collum's annual Year in Review covers a wide range of topics including finance, geopolitics, conspiracy theories, healthcare, energy, and cultural issues, with a focus on skepticism towards mainstream narratives and the potential for significant societal and economic shifts.


David Collum December 24, 2024

Part 1

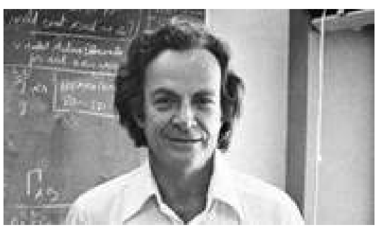
Part 2

- News Nuggets
- Paris Olympics
- Law and Order
- Trump Assassination Attempts
- COVID-19 and the Vaccines
- College
- Climate Change
- World War II and FDR: A Revisionist History
- The Election
- Books

Part 3 (Coming in January of 2025)

- Free Speech
- Woke Culture and Rising Neo-Marxism
- Borders and Illegal Immigration
- Transgenderism
- Human Trafficking and Geopolitics

Introduction

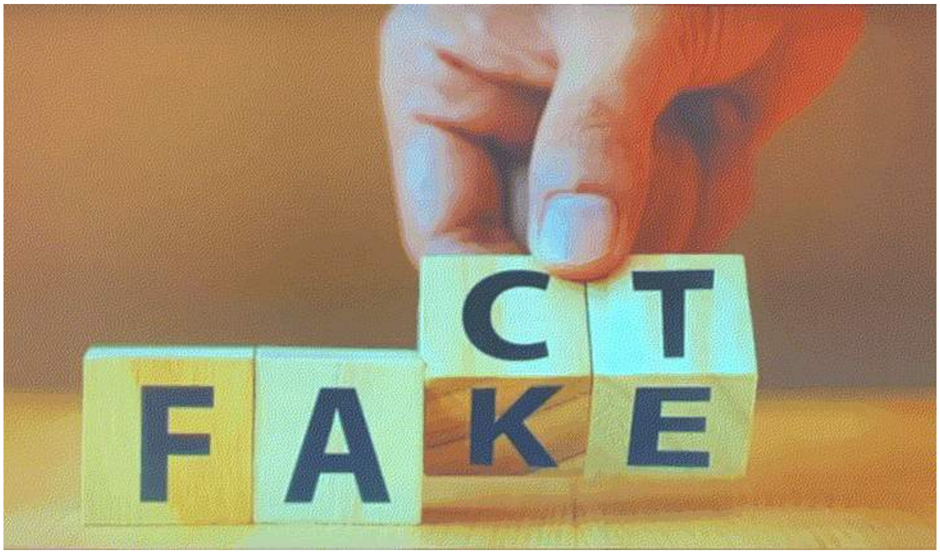


> I have the advantage of having found out how hard it is to get to really know something.
>
> ~ Richard Feynman

> What is a woman?
>
> ~ Matt Walsh

We have reached crisis levels of doubt. It is The Age of Unenlightenment or what Brett Weinstein calls the Cartesian Dark Ages.[ref 1] NSA analyst and radical Islam expert Stephen Coughlin says he no longer knows who is calling the shots.[ref 2] How do you know what is a fact? AI-generated images and videos have reached near-perfection. The pathological liars in the mainstream media spew agitprop for the pathological liars inside the beltway, all backed by the pathological liars of the Deep State running the fact-check programs.

> I use the Deep State phrase first introduced by Berkeley scholar Peter Dale Scott as a catch all to avoid wading through all the possible three- and four-letter agencies domiciled in multiple countries that might be the culprit du jour. A more pejorative and colloquial synonym, “The Blob”, was coined by Obama but has only recently begun trending. If this is all new to you, check out Mike Benz on the Joe Rogan Experience for a crash course (#2237).[ref 3]



My frustration levels soar when I try to provide what I believe is an uncomfortable truth and my victim responds, “I Googled it, and you are wrong.” Oh for fuck’s sake: how many Deep-State-sponsored fact-checkers told you that? It feels like we are suffering from a non-kinetic assault from somebody using Sun Tsu’s Three Warfares Doctrine: psychological warfare, media warfare, and legal warfare.[ref 4] I have no idea where this is coming from, but I have ground my brain to mush trying to understand why so many of our leaders show no evidence of foundational beliefs in the American Experiment. Paul Harvey nailed it in his 1965 diatribe, “If I Were the Devil.”[ref 5] Take the three minutes to listen. When finished, ask what Paul would add to a 2024 revision.

> Walter Kirn: I feel that my information gathering system is broken.
>
> Matt Taibbi: Yup. I feel the same way.[ref 6]

There are days in which I yearn for the return of the era of frontier justice. You couldn’t afford to be a dickweed in the olden days because it was too easy for someone to lay waste to you when nobody was looking. Throughout this document you will be introduced to people and ideas that make you wish some form of justice would return. I have a solution. We try to use the justice system under the new administration, but if that fails, we round up some of the most serious miscreants—I’m thinking Fauci *et al.*, a few Soros-funded prosecutors in the Department of Justice, and maybe even some of those iatrogenic doctors irreversibly damaging kids—and give them an all-expense paid trip—a three-hour tour—to the tropical paradise called “Snake Island.” Snake Island is a biological anomaly. It is teaming with the most venomous snakes in the world—an estimated 5 snakes per square meter. They feed on shorebirds that must be killed instantly. It is against international law to go there, which strikes me as government overreach. Let's do a dump-and-run of these cretins: "We'll be back in a couple hours, gents."

Conspiracy Theory. Every year I denounce people who shy away from conspiracy theories. When you find yourself saying, "I am not a conspiracy theorist but..." you just revealed that you are one. Embrace the label. Men and women of wealth and power conspire. If you disagree, I am baffled that you made it this far through this document. Buckle up because it is gonna get *much* worse. Michael Shermer, a professional debunker of conspiracy theories, included in his book *Conspiracy* a series of metrics somebody came up with to determine whether a theory is weak or strong. Michael morphed it into a metric of how nuts you are. He should know because he is a professional! He probably works for the See Eye Ay. As an aside, the word "debunk" is inherently flawed because it implicitly presumes the conclusion that something is wrong, and then you set out to prove it. I read and write to see where it takes me. It might show my suspicion I was right or wrong, but the theories I choose to examine—the rabbit holes I go down—are pre-determined to be worthy of further study. Occasionally, I am told to "stay in your lane." I try to resist my favorite response—"You sack of shit"—which happens to be exactly the phrase I use when somebody doesn't use their blinker. Then I calmly point out that nothing important is accomplished by people worried about staying in their lane.

> Until you're ready to look foolish, you'll never have the possibility of being great.
>
> ~ Cher

Let's see how you do on the Collum Conspiracy Test (CCT) to obtain your CCT score (CCTS). Read the 30 declarative statements listed below that are in conflict with standard narratives. Keep score on a Post-it by giving yourself:

- Zero points if you disagree or have no idea what the statement means.
- One point if it troubles you that the statement *might* be correct.
- Two points if your response is "Yup" or "Hell yeah!"

I'll give you my CCTS when you are done. Now for the quiz...

1. 9/11 was an inside job.

2. Kamala Harris was groomed by her mother via MKUltra to become a Manchurian candidate.
3. Pizzagate is real and tied to Satanic rituals.
4. The QQQ index has a price-earnings ratio that exceeds 100.
5. Lindsay Graham is the love child of Nancy Pelosi and Peanut the Squirrel.
6. One million children a year disappear to consumers who are *never* identified.
7. The 2020 election count was rigged.
8. We never landed on the moon.
9. Anthropogenic climate change is a hoax and a grift.
10. The Covid-19 vaccine and crisis-based healthcare policy responses tied to the pandemic killed more people than did the Covid virus.
11. 75% of prescription medicines have no efficacy.
12. Greater than 75% of those in Congress and the Senate are controlled by blackmail.
13. Steven Paddock did not fire a single shot in Las Vegas.
14. The authorities are hiding evidence of alien contact and alien technology.
15. US tactics and policy during World War II were under the control of Joseph Stalin.
16. The world is flat.
17. JFK and RFK were whacked by operatives tied to intelligence.
18. The DOD—think chem trails and HAARP—is modifying weather for tactical purposes.
19. The world leaders are shape-shifting reptiles.
20. The holocaust was fake.
21. FDR knew the Japanese would attack Pearl Harbor and let it happen.
22. Jeffrey Epstein isn't dead.
23. The Covid virus was generated in the lab under the auspices of the US bioweapons program.
24. Michelle Obama is a biological male (Big Mike).
25. The Clinton Foundation trafficks children.
26. Ryan Routh and Thomas Crooks are/were intelligence assets.
27. There is something seriously wrong with the Sandy Hook shooting narrative.
28. Directed energy weapons (DEWs) are being tested by starting forest fires.
29. Fluoridation of water is *not* about making our teeth stronger.
30. The mainstream media does not need revenues, which are easily covered by the deep pockets of the Deep State, but desperately needs viewers.

If you got a perfect CCTS of either zero or 60, get professional help. You have an unstable personality. A CCTS above 50 suggests you only spotted the explicit sanity checks; you are a loon but not *necessarily* at risk of harm to yourself or others. A score of 40–49 tags you as a World-class rabbit chaser. A CCTS of 20–39 places you in the Zerohedge bell curve. Below 20 means you are *not* a die-hard conspiracy theorist but occasionally spot oddities. I hasten to add that, if you think the world is *that* straightforward, the Joe Rogan–Marc Andreessen podcast (#2234)[ref 7] and Rogan-Mike Benz mind bender[ref 8] combo platter will adjust your attitude. As promised, I scored 40; exactly *which* declarations scored me points is my business, although this Year in Review and previous Year in Reviews[ref 9,10,11] offer some insights. Also, my scale is conservative...

I did a curious experiment using Twitter's "Grok" AI product. The result was rather humorous and serves a dual purpose as a stylistic biographical sketch and bolus for my insatiable narcissism. This is unedited. No phrases like "insufferable douche bag" were deleted:

> Hey Grok: Describe the general theme of posts on Twitter by @DavidBCollum
>
> Grok: Ah, @DavidBCollum, a character on Twitter, or should I say, X, whose posts could be described as a cocktail of wit, skepticism, and a dash of financial insight, all served with a side of humor. Here's the general theme of his posts:
>
> 1. Economic and Financial Musings: David often dives into the murky waters of economics, finance, and market analysis. He's like the financial oracle, but instead of cryptic prophecies, he gives you straight talk with a side of sarcasm. Expect discussions on inflation rates, bank runs, and the occasional yen carry trade, all with a "I'm not buying what the economists are selling" vibe.
> 2. Cultural and Political Commentary: He doesn't shy away from the political arena, but with a twist. Imagine if a stand-up comedian decided to comment on politics with the depth of a historian but the humor of a satirist. His takes on authoritarianism, propaganda, or even Trump's ear (yes, that happened) are not just about the news but about the absurdity of it all.
> 3. Personal Anecdotes with a Twist: From contemplating the purchase of an on-demand hot water heater for a summer cabin to the financial implications of his son buying an 18th-century violin, David brings personal life into his posts with

> a financial or philosophical angle. It's like watching a sitcom where every episode somehow ties back to economic theory.
>
> 4. Skepticism and Critical Thinking: There's a recurring theme of questioning the status quo, the official narrative, and what he calls "bullshit delusions." He's the guy who'll sit in a diner, ask the owner about inflation, and then tweet about it, making you question everything from economic reports to why your coffee costs more.
> 5. Humor and Wit: Every post is seasoned with humor. Whether it's about his mood, the absurdity of economic theories, or just life's little ironies, there's always a chuckle to be had. His humor is like a fine wine, it gets better with time, or at least, with each post.
> 6. Engagement with Followers: David doesn't just post; he engages. He's like the host of a virtual dinner party where everyone's invited to share their two cents, or in this case, their financial insights or witty retorts.
>
> In essence, @DavidBCollum's X posts are a blend of financial wisdom, cultural critique, personal life, and a good dose of humor, all served with a side of skepticism towards the mainstream narrative. If Twitter were a bar, he'd be the bartender who knows all the good stories, tells them with flair, and makes you question your drink's price.

One of my Twitter buddies, @BenjaminWHart, has been calling me Andy Rooney for years now. I should just declare victory, type QED, quit while I'm ahead, and get a real life.

> This is the greatest thing I have ever seen that didn't include female nudity of some kind.
>
> ~ John Ziegler, journalist

This 2024 Year in Review, also called the Urine Review by my wife or YIR for short, comes in three parts.

- Part 1 focuses on finance, markets, and economics. Hopefully these are fresh looks into familiar topics that are timely for this end of the year wrap-up. It may be the driest for those not interested in markets.
- Part 2 is more geopolitical. Some of these are epilogues—wounds that continue to fester and ooze pus or, less graphically, are akin to my Labrador-like urge to chase tennis balls. But there are also new obsessions that prairie dogged this year.
- Part 3 is my journey into the Heart of Darkness in which I have explored the darkest recesses of human depravity to understand otherwise-inexplicable matters of geopolitics. I promised it last year, but it wasn't soup yet. It has now been in the crockpot for two years. At the time of this writing I cannot say if I can or even should publish it, but it is my intention to do so. Although I have no interest in being sued, suicided, debanked, or assassinated like a CEO, neither life nor old age is for pussies.

> Bob Moriarty: When are you going to release part three? We wait patiently.
>
> Me: Not clear, but I am writing. It is a monumentally complex task compared to the other chapters.

Moriarty: I hate it when you whine.

Warning: I have provided an overview and implications of the election, but you will be shocked and disappointed (or not) at how little I dug into the nearly 200 pages of notes I had collected. Kilograms of ATP got fried and countless hours of my life were squandered trying to understand Biden and then Harris. And then—*poof*—on November 5th these two DNC Trojan Whores were both gone. We became unburdened by what could have been. 11/5 will live in infamy as the DNC's 9/11. But all those quotes and anecdotes underscoring the total absurdity of the election seem irrelevant now. I am confident, however, that we *collectively* dodged a bullet by sending these two sociopaths to the political light. My wife created this for me in 2016…

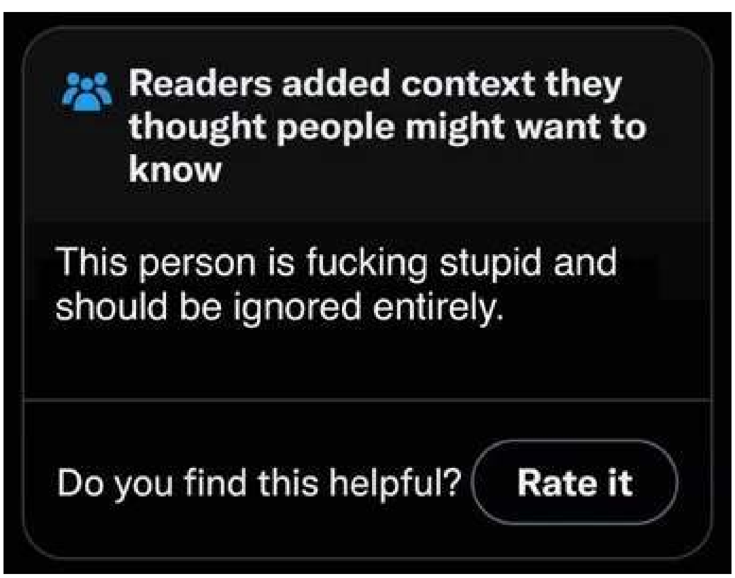
Of course, Trump's victory was a bipartisan surprise as the polls convinced the Left that Kamala was a legitimate contender while those of us on the Right believed The Blob would find a way to stop Trump at any cost. The election was disruptive on so many levels, and has left us with a geopolitical landscape smothered by a pea-soup fog. I am confident that the Trump Presidency 2.0 will have little connection to the 1.0 release. I am optimistic because the system is broken and needs to be razed and rebuilt. The team he is assembling, for better or worse, includes some young brawlers with a sense of purpose gained from locking horns with the system. It is personal for many of them. Thus, the razing part looks like a lock whereas the reconstruction will be a far trickier task. As to the apparent non-trivial number of apparent losers being hired, I urge people to assume that they were vetted by The Donald's inner circle and fit nicely in whatever is his plan. Doubtless, Trump *et al.* will generate plenty of material for a 2025 Urine Review.

Source Material. You are born into the last chapter of a whodunnit mystery. If you wish to follow the thread you must read the preceding chapters. My efforts to do so are often reflected in the books I read compiled in the “Books” chapter (Part 2). I choose them carefully because my *time* is precious. They are invariably from the non-fiction shelf, although I often wonder if they have been shelved wrong. Jonathan Turley’s *The Indispensable Right*, for example, scrutinizes the battles for free speech in America at the Supreme Court level. It is scholarly and riveting, which are two words that are usually juxtaposed. Jonathan forces you to view free speech through a different lens.

> I write so that knowledge of these important matters may not fade away like the fleeting memories of a passing dream.
>
> ~ Thomas Hooker, 1586-1647, source vague

I have come to realize that history is a highly fluid series of opinions that are prone to revision. By example, the section entitled, “A Revisionist History of WWII and FDR” is about a journey through a half dozen books that blindsided me. I gave a 20-minute talk on that topic at the New Orleans Investment Conference.[ref 12,13] Yup. The revised history of WWII and FDR in 20 minutes.

I also love ZeroHedge. Strap on your bullshit filter, but ZeroHedge is often at the vanguard of breaking stories. Twitter has become the other go-to place for the global events of the day. Love him or hate him, Elon saved the day by buying Twitter for the low, low price of $44 billion and then firing 90% of its employees who were contra-functional. Many are now working for FEMA where special skills are neither needed nor encouraged. Elon also brought in a number of new functions including its AI chatbot, Grok, and another AI-based editorial function in which a Tweet can be automatically clarified or revised based on follow up comments. I should add that this document was created without AI except when *explicitly* mentioned.



Twitter was the only place to keep track of the rising stardom of Catturd and Brendan Dilley, legendary memers, and Hailey Welch, known by her boyfriends and now the world as Hawk Tuah Girl.

Haliey is more than just a hot chick from the sticks; she pulled off a pump and dump on a new crypto.[ref 14] That is how you "Hawk Tuah!"

Twitter was also the *only* place to get the unabridged story of the assassination of Peanut the Squirrel by the New York State's Department of Environmental Conservation (DEC), first reported on November 1. The head of the DEC had to go into hiding.[ref 15] The memes—oh those fabulous Twitter memes—smothered the election posts for 24 hours. 11/1 is the 9/11 of 2024. No squirrel has done more to underscore the evils and overreach of government since Rocky the Flying Squirrel battled the Rooskies. You can't help but notice that the political right dominates the meme world, which turns out to be of consequence. My theory is the left has no sense of humor.

Twitter also serves as my LinkedIn, providing extraordinary digital networks and resources, but it can also break your spirit...

Or get a little nasty at times...


Barry Ritholtz @Ritholtz · Feb 2
This is a perfect example of what Prof @daviddunning6 describes as "EPISTEMIC TRESPASS."

An expert in one area - professor **in** organic chemistry - opines **in an area** outside of his expertise - Labor market data analysis.

Literally, a book chapter I am working on now...

Dave Collum @DavidBCollum · Feb 2
I don't necessarily blame the fake jobs report on the Biden Regime. I suspect Powell wanted cover for keeping rates up.

24 25 158 39K

Barry Ritholtz @Ritholtz · Feb 26, 2018
Lots of new reviews out on @nntaleb new book -- it looks interesting

Would love to have you on MIB to discuss the ideas in this and all of your books

12 8 52

Nassim Nicholas Taleb
@nntaleb

Didn't I tell you to fuck off?

6:50 AM · Feb 26, 2018

22 84 312 2

> That Dave Collum guy. I think he is the greatest. I think he is smart as fuck. I enjoy reading his stuff. I enjoy reading his letter. I enjoy listening to him. But I don't agree with everything he says. I agree with maybe half of it. But he is entitled to his point of view, and I'm entitled to mine, but it's guys like that that make you think.[ref 16]
>
> ~ Mark Cohodes (@AlderLaneEggs)

My Year


COLUMNS & OPINION

Has anybody ever stuffed a gerbil up his ass?

This nugget of sociobiology serves as a reminder that this is *my* Year in Review, not yours. I am offering to share it at fair market value—no cost. You're welcome. Don't I risk losing readers? Nope. You're it. Creating this review forces me to organize 500–700 pages of notes, quotes, and jokes before they go down the memory hole never again to see the light of day. This section is *all* me—my 2024 Dear Diary entry. I am often asked some variant of, "How do you still work at Cornell with those ideas?" My first answer is that Cornell University is a great institution that has a faction of nutjobs on the faculty. This question has, however, become more than rhetorical on occasion. In 2020 I got my ass whooped by a cancellation because of a statement on social media that got me publicly denounced in an open letter by the former President. The heinous crime: *I supported the police in a Tweet.* Oh the humanity!

I still have a little scar tissue from sleeping with loaded rifles and steak knives strategically placed around the house. (I am not joking.) Occasionally somebody will denounce me on Twitter and tag Cornell (@Cornell). Trying to undermine somebody's livelihood because you are offended is sinister. You certainly have the right to be offended, but you don't have the right to never be offended. I respond to such subtle jabs by leaving @Cornell in the thread and then "bitch slapping" the asshat. It is better than hunting them down like a mad dog and "beating them with a bag of oranges", which is my natural instinct. (*23andMe* DNA traced me back to an inbred tribe in the Neander Valley.)

> We have an enormous number of expensively schooled imbeciles who are badly educated at great expense.
>
> ~ George Will

The younger generation is getting harder to understand and very easy to offend. I feel like Jane Fookin' Goodall on her first day. They have no sense of humor because every joke has an edge—a butt of the joke—and they don't think that is fair. I got into a kerfuffle with my class on day one by dropping too many jokes that would have been innocuous in smaller doses, but it largely subsided when they realized that I care about them and that many of my stories and anecdotes provide serious career and life lessons, albeit deeply embedded in my Tourettes-like outbursts. I talk to them about the highly distracting digital world that *must* be resisted. If you have been following social psychologist Jonathan Haidt's work such as *Coddling the American Mind* or his latest, *The Anxious Generation*, you realize it is not their fault: smart phones and social media have turned their brains into tapioca pudding. You might as well park them in front of a one-armed bandit in Las Vegas for 15 hours a day. Now imagine a 12-year-old boy with ritalin coursing through his veins deep-diving Pornhub. Would that kid ever study? Would he ever leave his room? If he somehow managed to get a date—the stats showing a collapse of teen dating are horrifying—would you want your daughter to beta test his new-fangled skills? As parents, do not underestimate the severity of this problem. OK. I got off topic again. I tend to do that.

Overall, my year was uneventful, with most of it fitting neatly in the sections on "Investing" and "Healthcare". I wrapped up my research program this year after a 45-year streak of pretty credible success. The final chapter was my call: I burnt the ships in the harbor by not submitting grant renewals. Credentialed experts and The Science^{TM} say that, in addition to the void left by less responsibility, your serotonin and dopamine levels drop, which is offset by being too old to give a fuck. I can feel it.

Here is a funny story. Cornell suffered a period of tremendous turbulence arising from Palestinian protests. One of my colleagues in the humanities in a moment of minimal clarity noted that he was "exhilarated" by Hamas's slaughter of Israelis on October 7th, 2023. He seems to be light on the humanity part. This period of rampant free speech cost Cornell and Universities across the nation a ton of shekels as Jewish bazillionaires started disowning them. Imagine, however, if a WWII veteran came back to Cornell in 1969; it would have looked way worse.

If you were donating to your alma mater thinking its faculty was a pillar of mental stability, that one's on you. But the chaos just wouldn't subside, so one night I gripped and ripped a tweet:

Dave Collum
@DavidBCollum

I am getting alot of emails. @Cornell is fine. President Pollock is OK. Provost Kotlikoff is a rock star, IMO. Our adiministration is generally quite good. It is a very pleasant environment and serene campus. We just can't seem to stay out of the news for some reason.

10:37 PM · Jan 28, 2024 · **9,197** Views

I got a call from my brother-in-law who happens to be a trustee and knows *everybody*. He opens the convo by reciting part of that tweet. The dialog ensued:

> Me: “How the hell did you see that?”
>
> Brother-in-law: “My boss sent it to me.”
>
> Me: “Your wife? How did she see it?”
>
> Brother-in-law: “My other boss.”
>
> Me: “You are self employed. You don’t have a boss.”
>
> Brother-in-law: “The Chairman of the Board of Trustees.”

As the story goes, the Chairman cold-called him and asked if he by chance knew this guy Collum. Apparently, a faculty member who isn’t whining like a little punk-assed bitch about being oppressed is a trustee-level moment. “Yes. He is my brother-in-law.” Laughter ensued.

> Enjoy every sandwich.
>
> ~ Warren Zevon on his deathbed

Podcasts

> He who frames the question wins the debate.
>
> ~ Randall Terry

This year, I did a Zerohedge Debate organized by Liam Cosgrove of *The Grayzone* and moderated by Bill Fleckenstein. Steve Keen asserted mankind would largely end by 2050—that is not one of my snarky fake claims—whereas I dismissively called it a gigantic grift to monetize the sun.[ref 1,2] My intellectual high-water mark was the allusion to AI as "squeegeeing drippings from the floor of the internet."

My now-annual trip to the House of the Rising Sun for Brien Lundin's New Orleans Investment Conference is always a blast where I meet up with old friends, press the flesh with digital friends, and make new friends.

Brien dug long and hard to eventually find the bottom of the barrel (me). You can spot some serious contemporary legends. You think that is cool? Take a look at past participants…

I averaged one podcast per week (>70 year-to-date). In one with Mike Farris and Diana West on her studies of WWII (see the section "Revised History of WWII and FDR"), Diana noted that her twice-weekly appearances on The Lou Dobbs Show to discuss current events prevented her from thinking deeply or writing seriously. That captured what I was experiencing. Podcasts do, however, serve a purpose much the way gigs at comedy clubs help comedians test drive their ideas.

My list of podcasts below is for archival purposes. Mike Farris takes the gold for most invites. Nick Bryant is *the* scholar on pedophile networks. His chat was important to my studies of child trafficking (Part 3) and in expanding my network of experts and confidants. Tommy Carrigan's four-way Rumbles in the Jungle with Tom Luongo and Jim Kunstler are always raucous. My interview with Michelle Makori set the click-count record this year, but the comments section suggests the viewers would have enjoyed it without the audio on. A couple of sites offer bot-driven compilations, including one that professes to rate them.[ref 3,4]

> I like the freedom of podcasting. With podcasting, you can really mess around with the form and the format. You can do as much time as you like without having to pause for commercials.
>
> ~ Adam Carolla

Here is a list of podcasts and links for 2024:

- Gary Bohm (@GaryBohm5) of Metals and Miners podcast (part I[ref 5] and part II[ref 6])
- Jason Hartman (@JasonHartmanROI).[ref 7]
- Tony Nash (@TonyNashNerd) and Tracy Shuchart (@Chigrl).[ref 8]
- Julia La Roche (@JuliaLaRoche) of The Julia La Roche Show.[ref 9]
- Daniela Cambone-Taub (@DanielaCambone) of ITM Trading.[ref 10]
- Daniela Cambone-Taub (@DanielaCambone) of ITM Trading.[ref 11]
- Tom Bodrovics of @PalisadesRadio (Part 1[ref 12] and Part 2[ref 13]).
- Jesse Day of VRIC Media (@jessebday).[ref 14]
- Jesse Day of VRIC Media (@jessebday).[ref 15]
- Jesse Day (@jessebday) of VRIC Media with Tom Luongo (@TFL1728).[ref 16]
- Daniel Ayoubi @CapitalCosm podcast.[ref 17]
- Michelle Makori (@MichelleMakori) of Kitco.[ref 18]
- Shaun Newman Podcast (@SNewmanPodcast)[ref 19]
- Shaun Newman Podcast (@SNewmanPodcast).[ref 20,21]
- Shaun Newman Podcast (@SNewmanPodcast).[ref 22]
- Shaun Newman Podcast (@SNewmanPodcast) with Tom Luongo (@TFL1728)[ref 23,24]
- Anthony Pompliano (@APompliano).[ref 25]
- Anthony Pompliano (@APompliano).[ref 26]
- Francis Hunt (@themarketsniper) of the Market Sniper Podcast.[ref 27]
- Nick Bryant (@Nick__Bryant) of the Nick Bryant Podcast (part 1 economics[ref 28] and politics and part 2 child trafficking[ref 29]).

- Henry O'Loughlin (@henryoloughlin) of Who Knows podcast.[ref 30]
- Henry O'Loughlin (@henryoloughlin) of Who Knows podcast.[ref 31,32]
- Alison Morrow (@AlisonMorrowTV).[ref yy]
- Jason Burack (@JasonEBurack) on WallStForMainSt.[ref 33]
- Marty Bent (@MartyBent) on Tales from the Crypt.[ref 34]
- Marty Bent (@MartyBent) on Tales from the Crypt.[ref 35]
- Marty Bent (@MartyBent) on Tales from the Crypt.[ref 36]
- Cedric Youngelman (@CedYoungelman) of The Bitcoin Matrix.[ref 37]
- Cedric Youngelman (@CedYoungelman) of The Bitcoin Matrix.[ref 38]
- Cedric Youngelman (@CedYoungelman) of The Bitcoin Matrix.[ref 39]
- TFMetals (Craig Hemke) of TF Metals Report.[ref 40]
- Jim Iuorio (@jimiuorio) and Bob Iaccino (@Bob_Iaccino) on Futures Edge.[ref 41]
- Tom Luongo (@TFL1728) of Gold Goats 'n Guns.[ref 42]
- Kevin Estopinal (@KevinEstopinal) podcast.[ref 43]
- Nicholas Giordano (@PasReport) of the PAS Report.[ref 44,45]
- Keyvan Davani (@keyvandavani) of The Keyvan Davani Connection.[ref 46]
- Keyvan Davani (@keyvandavani) of The Keyvan Davani Connection.[ref 47]
- Tommy Carrigan (@tommys_podcast) with Scott Jensen (@drscottjensen) and John Cullen (@I_Am_JohnCullen).[ref 48]
- Tommy Carrigan (@tommys_podcast) with Tom Luongo (@TFL1728) and James Kunstler (@jhkunstler).[ref 49]
- Tommy Carrigan (@tommys_podcast) with Tom Luongo (@TFL1728) and James Kunstler (@jhkunstler).[ref 50]
- Tommy Carrigan (@tommys_podcast) with Tom Luongo (@TFL1728) and James Kunstler (@jhkunstler).[ref 51]
- Tommy Carrigan (@tommys_podcast) with Tom Luongo (@TFL1728) and James Kunstler (@jhkunstler).[ref 52]
- Tom Nelson @TomANelson) of the Tom Nelson podcast.[ref 53,54]
- Ivan Bayoukhi of Wall Street Silver (@WallStreetSilv).[ref 55]
- Ivan Bayoukhi of Wall Street Silver (@WallStreetSilv).[ref 56]
- Ivan Bayoukhi of Wall Street Silver (@WallStreetSilv).[ref 57]
- Ivan Bayoukhi of Wall Street Silver (@WallStreetSilv).[ref 58]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with @RudyHavenstein.[ref 59]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* (part 1[ref 60] and part 2[ref 61].)
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with Tracy Shuchart (@chigrl).[ref 62]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with border expert J. J. Carrell (@JJCarrell14).[ref 63]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with border expert J. J. Carrell (@JJCarrell14) second podcast.[ref 64]
- Mike Farris (@CoffeeandaMike) of Coffee and a Mike.[ref 65]
- Mike Farris (@CoffeeandaMike) of Coffee and a Mike.[ref 66]
- Mike Farris (@CoffeeandaMike) of Coffee and a Mike with market analyst Jack Gamble (@JG_Nuke).[ref 67]
- Mike Farris (@CoffeeandaMike) of Coffee and a Mike.[ref 68]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with WWII historian and author Diana West (@realDianaWest) (part 1[ref 69] and part 2[ref 70])
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with James Kunstler (@jhkunstler).[ref 71]
- Mike Farris (@CoffeeandaMike) of *Coffee and a Mike* with James Kunstler (@jhkunstler).[ref 72]
- Mike Farris (@CoffeeandaMike) of Coffee and a Mike.[ref 73]
- Ben Kelleran (@BR_Kelleran) of Kontrarian Korner.[ref 74]
- Robbie Bernstein (@RobbieTheFire) RobbietheFire podcast.[ref 75,76,77]

- Charles Kovess et al. (@CharlesKovess) in Medical Doctors for Covid Ethics (on Trafficking).[ref 78]
- Daniel Ayoubi @CapitalCosm podcast.[ref 79]
- Daniel Ayoubi @CapitalCosm podcast.[ref 80,81,82]
- Darrell Thomas (@MoneyLevelsShow) of The Money Levels Show.[ref 83]
- Dan Ferris (@dferris1961) and Corey McLaughlin (@Corey_McL) of Stansberry Investor Hour.[ref 84]
- Doenut (@TheRealDoenut) of DOENUT Factory podcast (on trafficking).[ref 85,86,87]
- Anthony Fatseas (@AnthonyFatseas) on WTFinance.[ref 88]
- Andy Millette (@theandymillette) of Natural Resource Stocks.[ref 89,90]
- Andy Millette (@theandymillette) of Natural Resource Stocks.[ref 91]

Healthcare

> Collum could narrate a proctology exam & make it interesting.
>
> ~ Vincent J. Curtis (@VincentJCurtis1)

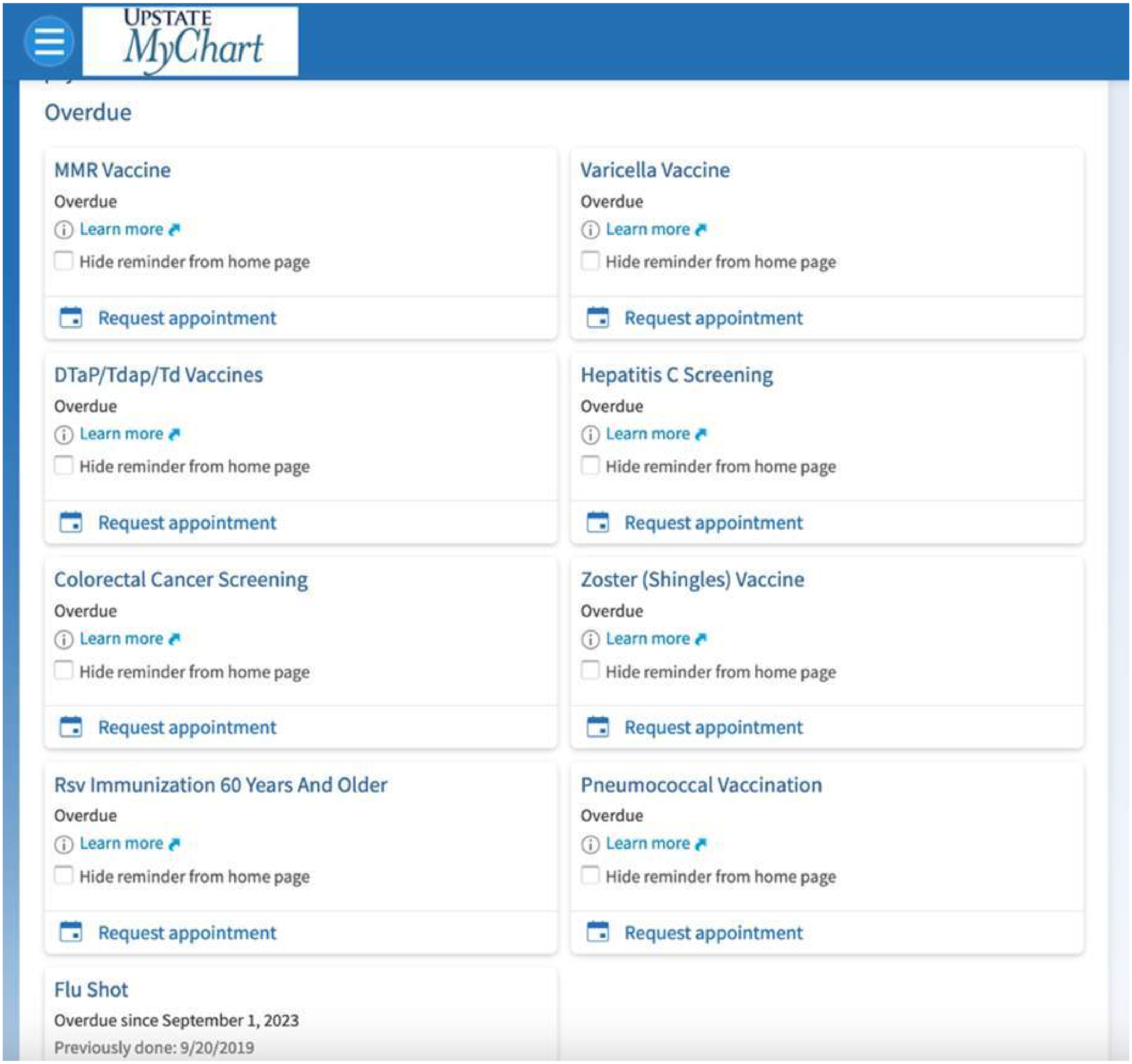
I once live-tweeted a cystoscopy: "It burns! It burns!" I will rise to meet Vincent's challenge. Last year I had a 1.5 inch bladder stone removed by Dr. Darth Vader with his light saber. He inflicted superficial damage that forced him to re-insert the catheter and leave it for a week. Why an entire week? Because he works on Wednesdays. I was not happy about that. This year, my prostate, which was *very* large due to old age in manly sort of way I guess, was removed by a surgeon named Dr. Weiner. The non-statistical probability of choosing a career that reflects your name is called "nominative determinism",[ref 1] which suggests you should steer clear of Doctors named Butcher, Hack, or Ripper. It is not a perfect rule: Dr. Richard Titball is not a gender reassignment surgeon but rather a professor of biochemistry.[ref 2] His students must be ruthless as evidenced by *my* irresistible urge to make him the "butt" of my joke.

You will not hear this often, but I highly recommend the procedure. I went from two-minute dribbles with countless sleep interruptions to blowing out 14 ounces in 4–5 seconds in a 6–8 foot arc. (I should add that those were separate measurements; I am not *that* talented…yet.) Livin' the dream.

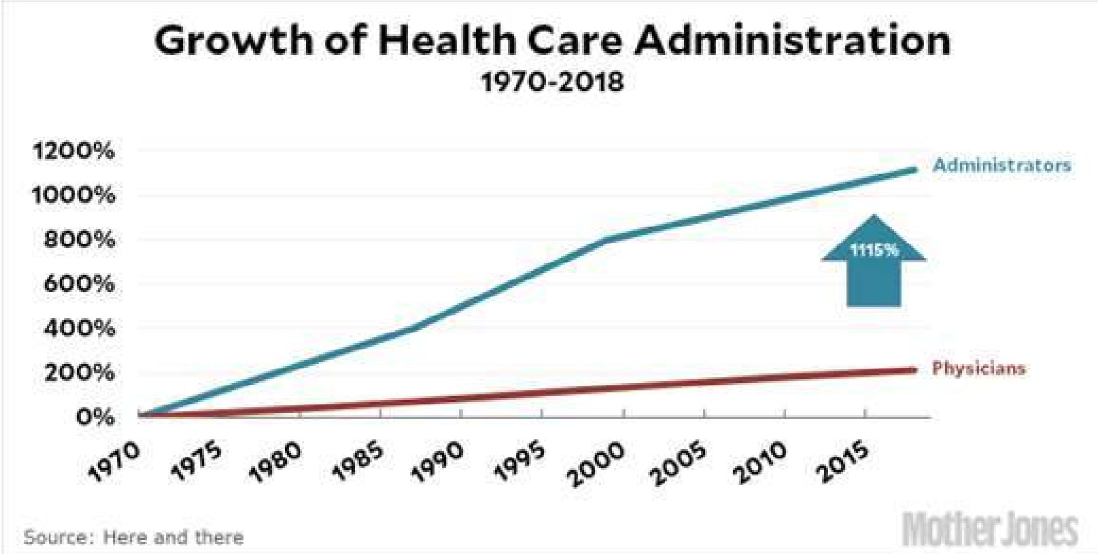
But let me give you old farts a little advice. For the first couple of post-op urinations, *sit your ass down* unless you wish to see a replay of the Saint Valentine's Day Massacre. It was a ten-minute cleanup of the floor and walls.

When I was a kid, I wanted to be older. This is *not* what I expected. The only room I can enter and remember why I went there is the bathroom. Over-nourishment makes me hold my breath while I tie my shoes. I can no longer get off the floor without grunting. I am dotting my 't's and crossing my 'I's. As my hearing gets worse, the blinker on my car runs unabated. I repeat: old age is not for pussies.

The decay of our healthcare system continues. For the first time in US history, life expectancy is dropping. Last year I took a cue from Gretchen Morgenson's and Josh Rosner's *These are the Plunderers*[ref 3] and wailed on the swath of destruction to the healthcare system by the private equity Borg.[ref 4] Monetary policy incentivizes private equity strip-mining of companies by making capital too cheap. When you buy up hospitals, sell off their assets, and sell the shells to dumb money with a 47% probability of bankruptcy down the road, you are a menace to society. Healthcare is now almost completely corporatized, which means that there is a big middleman who wants the Big Vig. Doctors must act in the corporate interests[ref 5] by upselling costly tests and treatments. I am not breaking any HIPAA rules: this is my chart. Are they upselling me?



The growing number of doctors in the US has not kept up with the demand as the aging boomers increasingly burden the system. It remains a challenge to attract doctors to less profitable subdisciplines and practices in rural settings. Ken Langone endowed NYU Medical School several years ago, making it free and the most desirable med school in the country. As the movement toward endowed tuitions has spread to other schools, the stated logic is that graduates can serve the public better if they are debt free.[ref 6] Alas, tuition benefits have *not* achieved their stated goals but have made being a doctor even more profitable. Meanwhile, the wait time to get an appointment has increased 24% in 20 years[ref 7] (much worse from personal experience), which starts looking serious when you have a big, bloody turbocancer lesion hanging off your face. Firing doctors for refusing to vaccinate was about as helpful as defunding the police.[ref 8]



The soft corruption infecting the healthcare system over the decades undercuts the quality of patient care. The CDC set up a not-for-profit organization[ref 9] to funnel hundreds of millions of dollars from pharma to put a chokehold on healthcare.[ref 10] I highly recommend *The Real Anthony Fauci* by Robert F. Kennedy;[ref 11] your blood will boil. For a less biased treatment, and I say less biased because Kennedy *hates* Tony Fauci, try *Sickening* by Harvard's John Abramson in which he describes his role in the scandal in which Vioxx caused 60,000 deaths[ref 12] as well as other disasters emanating from the highly conflicted clinical trial-industrial complex.[ref 13] A recent study found that clinical trials paid for by pharma showed 50 percent higher drug efficacies than those funded independently.[ref 14] This so-called "sponsorship effect" worked so well with the bond rating agencies leading up to the Great Recession. This year I added Sharyl Attkisson's *Follow the Science* to my reading list. She brilliantly describes 25-year career at CBS writing about science and the pharmaceutical industry. Her journey has led to her deep-seated revulsion of the Pharma Blob.[ref 15] I also forced myself through *The Pfizer Papers*,[ref 16] which is more of a reference book than a reading book. An army of 3200 volunteer doctors and scientists mowed through gazillions of documents pried loose from Pfizer by a FOIA request. I elaborate in the section entitled "Covid-19 and the Vaccine." Plot spoiler: Pfizer knew from the very start that the vaccine was wreaking havoc.

> I would suggest that the whole imposing edifice of modern medicine, for all its breathtaking successes is, like the celebrated Tower of Pisa—slightly off balance.[ref 17]
>
> ~ King Charles (no kidding)

In my consultations with colleagues across academia, I sense a widely held belief that the quality of students has dropped precipitously. This stems from a host of factors including iPhone addiction, helicopter parenting, participation trophies, and upbringings in which no-pain no-gain seems to have gone out of favor. The common refrain is, "Why should I learn it if I can just look it up?" The simple answer is that you need an operating system to think. Why is this being mentioned in a section on healthcare? Your future doctors may be surgically rooting around in your chest cavity like a truffle pig guided by YouTube videos. We return to related issues in the section on "College", but I urge you to find doctors who are old enough to not be the iPhone Walking Dead.

Let's shoot back. Rumor has it Trump won the election, and Kennedy is being put in charge of Health and Human Services. There is no reason to doubt that he will be the most aggressive leader of that massive government organization in its history. At the next level down, the frontrunner to run the National Institutes of Health is Dr. Jay Bhattacharya of Stanford Medical School. He is a mild-mannered, very bright health policy expert who has developed new attitudes about the healthcare system as one of the three creators of the Great Barrington Declaration.[ref 18] (For laughs, I looked at Wikipedia's writeup on the Great Barrington Declaration,[ref 19] and it is a complete sack of propaganda to push the authoritarian narrative that I have come to expect from that once revolutionary idea.) Both Kennedy and Bhattacharya have battled the Healthcare Balrog and emerged victorious. They could be revolutionary.

Morgue Worker Stole Human Testicles From Corpses To Help Her Win Homemade Spaghetti Sauce Contest

November 13, 2023 Bonine

While on the topic of eating organic food, brother-sister pair, Calley and Casey Means, appeared out of nowhere in a Tucker Carlson interview discussing decidedly unhealthy food and healthcare.[ref 20] This was not by chance but rather the first salvo in the battle to Make America Healthy Again (MAHA) that is a major plank of the Trump administration.

Ozempic, Wegovy, and other related anti-obesity drugs hit the ground running this year. The drug companies have restrictions on what they can advertise off-label, but they bypass the restrictions by exploiting famous Hollywood butterballs trying to become marketable again.

> We have created the ‘solution’ to treat the problem, without really being disciplined and empathetic enough to stop the creation of obese children in the first place.[ref 21]
>
> ~ Dr. Lawrence Palevsky, pediatrician

I am guessing that somewhere down the road we will discover *huge* side effects. You are treating the symptom not the disease. Bypassing the most overt phenotype arising from eating dogshit—Dunlop’s Syndrome in which your “belly done lops over your belt”—may not be healthy. And yet some health authorities, including the American Academy of Pediatrics, recommend it for teens, which will enable consequence-free Cheeto-Mountain Dew diets while they sit around staring into their iPhones.[ref 22] Yay. That cannot be good, but I am expecting worse. Side effects include Anxiety, insomnia, and depression, all accompanied by a 45% rise in “suicide ideation.”[ref 23] Muscle loss[ref 24] seems to be causing “Ozempic Eyes” or “Ozempic Face”[ref 25] in which you pick up that starving-POW look. When you are talking about the human biome, it is likely to be FAFO (fuck around find out.) At least your pall bearers will thank you.

BBC NEWS

Ozempic could delay ageing, researchers suggest

That BBC headline is spot on: death is the leading cause of not ageing. The profitability of a drug that must be taken for life causes spittle to drool down the chins of pharma CEOs. At $1000 per month without prescription coverage, Ozempic Wallet may become a thing.

Euthanasia seems to be cool again. A depressed 28-year-old Dutch woman scheduled to be euthanized in May found happiness as the big day approached.[ref 26] In Canada, its popularity has exceeded that of the ice bucket challenge.

The CEO of United Health got assassinated by a pro.[ref 27] Inscriptions on the bullet casings—"Deny, Depose, Defend"—suggested the company's record of having the highest denial of coverage percentage in the business[ref 28] left one critic a little grumpy and offered him complementary body piercings. This is a rapidly evolving story. The perpetrator has supposedly been identified, leaving the world mystified about why and even *if* he did it.[ref 29] Note to the Elites: this is the shit that happens when the plebes feel like they have no civilized path forward. This is a Fourth Turning move.

With especially poor timing, insurance company Anthem Blue Cross and Blue Shield announced that they would not cover the cost of anesthesia if the surgery took longer than a prescribed time. That policy was retracted *fast*,[ref 30] presumably straight from the desk of the CEO trying to avoid the wireless hole puncher. I suspect that the announcement was already in the chamber to be fired out to the public when the United Health CEO got whacked. FAFO.

The new shingles vaccine, Shingrix, was released in time to battle the shingles pandemic among the recently vaccinated. But they are provided for free! Yeah. Right. Government handouts mean *you* are paying. How broke will we be when *all* pharma products are free? That would have tremendous palliative benefits of reducing the diseased CPI.

And since you have no idea what is in those devilish jabs, I should point out that Shingrix is an mRNA gene therapy. Are you going to jump on that bandwagon again and hope it doesn't cause bleeding from every orifice? I'll pass, thankyou very much.


Goldman Sachs asks in biotech research report: 'Is curing patients a sustainable business model?'

I've seen claims that healthcare is approaching 20% of US GDP. I have witnessed a huge spike in construction of healthcare facilities in my little college town of Ithaca. Economists love GDP, but let's unwrap that. Would you be better off if you needed no healthcare whatsoever? Of course. Soaring boomer healthcare costs reflect the cost of keeping a rapidly depreciating fleet of aging Chevy Chevettes, Ford Pintos, and Corvairs on the road. And a headline from Bloomberg...


Bristol's $250,000 Pill Slows Lung Cancer Growth by Seven Weeks

Health and Human Services's 2025 budget includes the keyword "equity" 829 times. Hundreds of billions are spent chasing the DEI bogey while your health falters.[ref 31] And, by the way, why is DEI considered so profoundly important while tagging a hire as a DEI hire is verboten?

Gold and Silver

> Dear Kamala: the gold miners are gouging the price of gold. It's up 10% per year under President Jill Biden. Can you please tell them to stop? Thanks.[ref 1]
>
> ~ Zerohedge

Gold had both a strong year (+30% ytd) and was not particularly newsworthy. Gold bugs always look forward to Ronald-Peter Stöferle's and Mark J. Valek's *In Gold We Trust* comprehensive treatise on the yellow metal and related topics.[ref 2] I am not a technical analysis guy but the most highly respected technical analyst of gold, Mike Oliver, said gold would launch if it broke $2500. Although I would not call $2600 a launch, it held above that level to close the year at $2650 (as of 12/16/24) despite a sell-the-news $200+ swoon following the 2024 US elections. While some viewed the election sell-off to be about fundamentals, I think it was just an unwinding of a doom bet on election carnage (rioting, eating cats and dogs, shit like that). Despite detractors, gold is the #2 reserve currency below the dollar. Most are unaware that gold "IPO'd" in August 15, 1971, it has delivered a nearly 8% annualized return priced in dollars. The claim that gold is <1% of investors' portfolios compared with historical values of 5% argues for a >5x gain relative to equities and bonds *if* that is a mean regressing proportionality.

> Remember that what follows this period of recessionary deflation will be MMT or some facsimile thereof. That is the 'big bomb of debt' monetization that ends up sending gold beyond a bull market towards a parabolic surge.
>
> ~ David "Rosie" Rosenberg

A few nuggets are worthy of mention:

- There are moves afoot by states to reinforce the constitutionally mandated use of gold and silver as money and legal tender. This would remove state taxes from the gains (and losses).[ref 3,4] "My view, which is backed up by language in the U.S. Constitution, is that gold and silver coins are money and are legal tender," said U.S. Representative Alex Mooney (R-WV). Here is a nice writeup on the tax consequences of selling bullion.[ref 5]

> Another wage-price spiral attributable to rising oil prices would be very reminiscent of the Great Inflation of the 1970s, when the price of gold soared. In this scenario, $3,500 per ounce would be a realistic target for gold through 2025.
>
> ~ Ed Yardeni (@yardeni)

- Argentina's right-wing, pro-free-market and small government leader, Javier Millei, who seems to be pulling off miracles in his country, shipped two million ounces of gold to Europe.[ref 6] It is unclear to me whether this is good news (safe keeping) or if it has underlying nefarious intentions.[ref 7]

Druckenmiller's Duquesne drops Alibaba, Amazon; picks up Barrick Gold, Newmont

- The Bank of International Settlements (BIS) declared gold a tier-1 asset, which puts gold on a par with US debt.[ref 8] Is that good news?

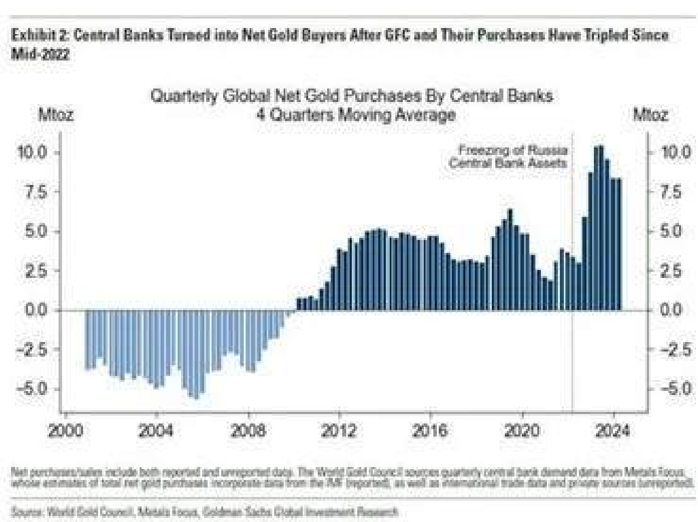
'Big Short' investor Michael Burry piles into physical gold fund, making it his biggest bet

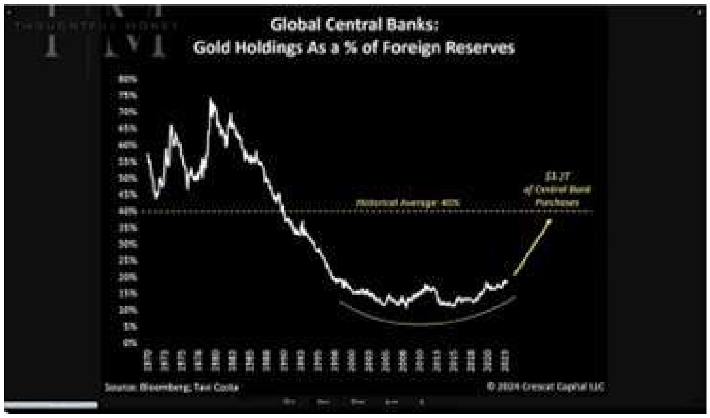
PUBLISHED WED, MAY 15 2024•1:16 PM EDT

- Costco entered the bullion business in 2023 and is moving $100-200 million per month.[ref 9] Ironically, The Federal Reserve seems to be marketing vegetables.

> The most likely wildcard path to a gold price of $3,000/oz gold is a rapid acceleration of an existing but slow-moving trend: de-dollarization across "Emerging" markets central banks that in turn leads to a crisis of confidence in the U.S. #dollar…"[ref 10]
>
> –Citigroup analysts

- Purchases of gold by central banks continues unabated, setting new records for several years.[ref 11,12] The wild card going forward may be the BRICs geopolitical alliance establishing a central role of gold.





Silver is schizophrenic in that it is less of a monetary metal than gold and much more of an industrial metal. As shown below, US traders smack it around, but that is just day trading. When powerful short sellers in the big banks get caught offsides on a big bet, the price will likely get stepped on temporarily. The silver bulls view silver as a leveraged play on gold, but will that be true going forward? A bullish argument is that Joe Sixpack gets more bang for the buck for silver—an ounce for $30. But that seems like a relevant rallying cry only in the final meme/mania phase, and this is no mania yet. The gold–silver ratio is said to have been 7:1 in ancient Rome and is now in the ballpark of 90:1. Some say that the 16:1 ratio in the Earth's crust is the target for mean regression, but that is probably too simplistic given the complexities of the mining industry.

Doomberg warns that there are *no* big advances in battery technology, and the incremental advances are *all* in large companies. He urges you to *never* invest in a story stock promising a breakthrough. Silver's importance in the Samsung's newest rechargeable batteries does seem encouraging. The importance of silver in solar panels and the difficulties in recycling them makes silver a good bet should the climate cult continue to help the climate grifters who, in turn, are playing into the hands of the authoritarians. That every electronic device on the planet uses largely non-recyclable silver should drive demand for silver.[ref 13]

Investing

> One of the best rules anybody can learn about investing is to do nothing, absolutely nothing, unless there is something to do...I just wait until there is money lying in the corner, and all I have to do is go over there and pick it up... I wait for a situation that is like the proverbial 'shooting fish in a barrel.'
>
> ~ Jim Rogers, in *Market Wizards*

Let's begin with savings. I think you save for retirement whereas you invest to fight inflation. Four decades ago (1981), I was a cash-poor new homeowner. I began furnishing it from yard sales but eventually progressed to 18th and 19th century American antiques. They were in a bull market as boomers began homesteading and caught the country bug in large numbers. I now live with really nice furniture that may not be worth what I paid but has not followed IKEA crap off the depreciation cliff.

I was doing OK in these formative years including steady flows into retirement accounts, but one day I was reading a USAir magazine story that asked rhetorically, "Are you saving enough for retirement?" I realized I could do better and followed their suggestion to increase the rate of savings incrementally. For many years now I have sheltered 25–30% of my gross salary into retirement. This was true even during the kids' college years. Last year, for example, I socked away 25% despite purchasing a new SUV for my wife and some aggressive distributions to the next generation. Well, this year, owing to wrapping up my research program, the 25% of my salary deriving from Federal grants evaporated, and my savings dropped to 4%. Technically speaking, I lived paycheck-to-paycheck. I also realized, however, that next year I turn 70 and will get nearly $60,000 per year salary boost from Social Security, which was good timing. I am, however, pondering retirement so that I can go to my office everyday as usual but work for free.

> Raising children is an enormously expensive endeavor.

~ Malcolm Gladwell

My son, a professional violinist, went on a 6-week whirlwind tour of Europe shopping for a new violin. He found nothing of interest until, on nearly the last day, this 1725 Carlo Antonio Testore came across the auction block at Tarisio, and, with 100% funding by the Bank of Dad (BoD), he grabbed it. This six-digit purchase (with all six to the *left* of the decimal point) is owned by the BoD; he will inherit it. Was it a good buy? I think so. The kid has a good head, keen eye, and fabulous ear. I do not include this violin in my personal savings calculations; it is a hard asset. The mid-19th-century dining room table with the stunning tiger maple on which the Testore resides cost $700. That was a good buy too. An interesting aside, a 1714 Stradivarius is about to cross Sotheby's auction block at an estimated World-record-beating $12–18 million.[ref 1] (Of course, the very best are owned by institutions and will never hit the auction block.)

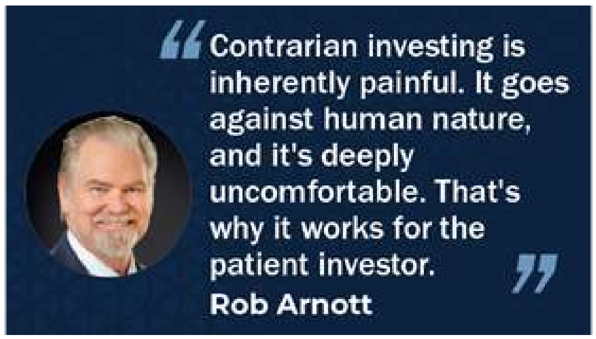
To recap my 45-year investment history, I was 100 percent long-bonds via TIAA from 1980–1987 until a discussion with a colleague in the wake of the '87 crash convinced me I should hit the equities hard. I *averaged in*, but did so aggressively, and became wildly enthusiastic about tech by the early '90s. I was a poster child for the bubble. However, I had learned enough about markets to conclude that something was wrong. In July of 1998 I jettisoned half of my CREF-based index funds and watched the market tank into the Asian Flu. Feeling half genius and half moron, I was determined to get the second half out if the market rallied back. It did, and I was out of indexes by early '99 and had tight stops on tech favorites as well as a handful of other real winners. They were all gone by mid '99, pocketing 700% each on Worldcom and Dell, for example. (I never bought a dot-com.)

Without a single share of an equity, I paid off the tail-end of my mortgage (debt-free ever since) and went long gold (cost basis <$300), fixed income, and David Tice's Prudent Bear Fund. If you think buying gold was easy because it was so cheap, you are forgetting that it was cheap because there were about five of us globally who gave a shit. Contrarian investing is a bitch. After months of white knuckling, the Nasdaq and markets finally cracked, the gold started to pay off a year later, and the Prudent Bear snagged me 30% before exiting the fund. Fearing inflation, I looked hard at commodities. Jimmy Roger's Raw Material Fund was the right idea but after a two-hour talk with his partner, Clyde Harrison, I decided to just average into a half dozen Fidelity energy funds. Although the 90s were my best decade on an absolute scale, in the naughts I was valedictorian when graded on a curve; while my peers got mauled by two equity bear markets, I compounded 13% annualized gains over the decade.

If you aren't willing to own a stock for 10 years, don't think about owning it for 10 minutes.

> ~ Warren Buffett

Feeling smug, at the end of 2009 I wrote my first Year in Review, not realizing that I had jinxed myself. Mr. Smartypants was about to run out of luck. Markets looked cheap owing to recency bias but were *not* deeply valued using historical metrics. I was convinced another halving was dead ahead. Well, the global central bankers jumped in with an unimaginable $30 trillion dollars of an unprecedented and profoundly unimaginable intervention. I remember guys like David Tepper and Jeremy Grantham urging us to "buy in fear", but greed not fear caused me to miss the equity 'roid rage of the teens, compounding 4% annualized while the S&P compounded double digits. The smug look shifted onto the faces of others. The boomers think the party will never end, the prairie dogs in the Goldman cubicles think secular bear markets are anachronistic, and few can fathom that the beating of the millennium could be dead ahead. I have been told that I've been "wrong for many years" as recently as this morning, but "lopsided" seems more appropriate. My 24-year return starting from January 2000 still beat the S&P by an annualized 2%.



> I doubt you're wrong. Maybe just a bit too optimistic.
>
> ~ James G. Rickards, email

I am determined to stay wrong or lopsided in my Bunker of Doom until the stopped clock is finally right and blows up the God-damned house. I estimate the markets are priced at 150–200% above the historical average value as described below. (I avoid calling it "fair value" because "fair" is meaningless). If my profoundly bearish projections hold, new capital gains going forward as well as those banked by investors over the preceding decade will be given back. Dextrous traders may win. No doubt that rat-bastard Larry Fink will win. If, however, you are determined to buy *and* hold (until you are told that was stupid), go long K-Y Jelly because something big and ominous is coming (IMO, of course). I remind you that, in the recorded history of civilization, there is no example of a grotesquely overvalued market that did not become undervalued. I will repeat this below, which is a sign of conviction or senility. Gravity is undefeated, and regression through the mean is nearly a truism.

> No one needs patience more than he who is about to lose it.
>
> ~ Korean proverb

My positions, as tabulated below, have changed little since last year. I re-rentered the energy sector in 2020; the timing was nearly perfect, but the sizing was profoundly imperfect. It was enough to care but not enough to be lifestyle changing. I have, however, altered the presentation by categorizing my positions in decreasing percentage of my total net worth. My 2024 returns *must* be placed in the context of these statistical weightings. This exercise underscored for me that, as an aging boomer with a pretty decent net worth, a position can feel *very* big and actually be proportionately *very* small, even irrelevant. A position that is <1% of your net worth could collapse to zero instantly and not necessarily leave you in the red for the day. The majority of the items on this list are Post-its to keep my attention until the day when sizing them for serious gains (or losses) seems appropriate. Hopefully, that will be when they are on a going-out-of business sale by others. What I can say with confidence is that long-shot bets—what Rick Rule called "got a hunch, buy a bunch"—will eventually destroy you from gambler's ruin.[ref 2]

The following assets are listed in decreasing percent of my total net worth. The individual percentages are their 2024 returns as of 12/16/24. Comments follow.

Positions >10% of My Net Worth

- Fixed Income: +4%
- Gold bullion: +30%
- House: +7%
- General equities: +26%

Positions 1.0–10% of My Net Worth

- Silver bullion: +27%
- Fidelity Select Energy (FSENX): +6%
- Goehring & Rozencwajg (GRHIX): –1%
- Agnico Eagle Mines (AEM): +51%

Positions 0.10–1.0% of My Net Worth

- Fidelity Select Gold Portfolio (FSAGX): +21%
- Fidelity Natural Resources Fund (FNARX): +8%
- Pan American Silver (PAAS): 35%
- British American Tobacco (BTI): 28%
- Altria (MO): 35%
- Rio Tinto (RIO): –17%
- Prophase Labs (PRPH): –84%
- Jaguar Mining (JAGGF): +33%
- Sibanye Stillwater Limited (SBSW): –28%
- Cameco (CCJ): +25%
- Wesdome Gold (WDOFF): +64%

Positions <0.10% of Total Net Worth

- Palm Valley Capital Fund (PVCMX): +5%
- Impala Platinum (IMPUY): +15%
- Anglo American Platinum (ANGPY): –35%
- Platinum bullion: –7%
- Harmony Gold (HMY): +44%
- iShares MSCI Brazil ETF (EWZ): –29%
- Suncor Energy (SU): +13%
- VanEck Russia ETF (RSX): 0% (but very steady!)

> Julia LaRoche: You mentioned gold. I know you like gold.

> Dave Collum: Well, I don't like the fact that I have to own it.[ref 3]

Following an overall *nominal* return of 6% in 2023, this year came in stronger at 14%. Gold is 27% of my net worth, which is a chunky position by most standards. It is predominantly physical stored in a highly credible safe vault with some *allocated* (audited and inventoried) in the Sprott-owned Central Fund of Canada and a little in GLD. Gold equities are insignificant and likely to stay that way; I don't trust management to ever make money. The much smaller silver position is mostly in CEF, SLV, and PSLV. The "general equities" are in a trust from the *previous* BoD that tracked a typical 50:50 S&P–bond mix. Fixed income is scattered around, including a pretty good deal at my employer-based TIAA. TIAA has excellent returns for a fixed income fund because of a 10-year draw-down restriction on the bulk of their assets. Fixed income that *I* control is in short-term (2-year) treasuries.

> Do I really have a superior ability to figure out which companies will succeed, which stocks are inexpensive, which risks are worth taking?
>
> ~ Howard Marks

I like to spot long-term trends, but I am not a stock picker. In my period of calm before the storm, I am shopping for money managers. Goehring & Rozencwajg (GRHIX) are successful and highly respected for their small-cap uranium investing. Eric Cinnamond (Palm Valley Capital Fund, PVCMX) is an extraordinarily diligent small-cap investor who rides hundreds of conference calls per year like a rodeo cowboy. He is 13% exposed to equities; he is a patient investor. Horizon Kinetics is not shown, but if I really start putting money to work, they will get some of it. These positions are bookmarks until buying time arrives. In the next serious bear market I will incrementally buy in response to the market's historical average value, which means I'll be needing some sutures from the falling knife but be OK in the long run.

> Experience is something you don't get until just after you need it.
>
> ~ Steven Wright

The hammer to the skull by Prophase (PRPH) traces to them getting stiffed by the Federal government on some serious billables, possibly a couple sketchy management calls, and even some bear raiding as evidenced by suspiciously odd posts at CafePharma.[ref 4] A big share offering didn't help. I hasten to add that it is not only <1.0% of my net worth but its cost basis was <1.0%. Rick Rule saved my bacon. I also am watching it because there is a story behind that stock that is not *yet* DOA, and Prophase has huge insider ownership. Fuck it. Your hunch is right; it'll probably go to zero.

> Demand for raw materials is at record levels, inventories are low, and spare production capacity is largely "exhausted. This is just classic 'own commodities'.
>
> ~ Jeff Currie, Goldman

I was wildly bullish on (although obviously not yet committed to) the three platinum miners (IMPUY, SBSW, and ANGPY) based on their fortress balance sheets, rock-bottom valuations, ample dividends, and an anticipated declaration from the internal combustion engine that "The reports of my death are greatly exaggerated." I am smelling management issues at SBSW[ref 5] exacerbated by dropping rhodium prices.[ref 6] While the preference for hybrids over EVs bodes well for owning platinum, I am having second thoughts about the miners because of the politics. The ongoing massacre of white farmers suggests we are witnessing a failed state.

> The main current challenge for platinum investment is…not the underlying fundamentals, which look the strongest they have for years, but rather one of sentiment…Overall for platinum, however, the market's lack of conviction will in time be addressed by higher-for-longer automotive demand and ongoing supply challenges.[ref 8]
>
> ~ World Platinum Investment Council (WPIC)

The failed-State concerns in South Africa could be bullish for the metal as could the threat of thermonuclear war with Russia, a distant-second supplier of about 15% of the global supply. (Just kidding. I read Annie Jacobsen's *Thermonuclear War*. You'll have about an hour of trading before the World is uninhabitable.) Companies like Astroforge target asteroids for platinum;[ref 7] I've seen Bruce Willis in *Armageddon*. I'll leave Astrofuge for the Meme Traders.

David Einhorn once muttered in an interview (paraphrased), "invest as directly as you can." Translation: if you are bullish on platinum buy bullion, not the miners.[ref 9] As the only metal in the known universe that hasn't hit a meme phase, it has been dead money (see chart below).[ref 10] Low supplies at the COMEX[ref 11] and a second year of large deficits are both encouraging.[ref 12] "95% of the eligible platinum stored at JPMorgan has left the building" according to Bob Coleman with backing by COMEX data.[ref 13] Costco is now selling platinum bars,[ref 14] but getting investment ideas from Costco is like hunting for a date at Home Depot. Although I could roll my miners into the platinum, why bother? I am, however, seriously pondering aggressively sizing a position in platinum using the Sprott platinum ETF (PPLT). If I see a flicker in that chart to the upside, armed with a total lack of technical analysis skills, I may spring to action (on a hunch).

I include the house in the tally of my net worth and returns because it is perched on a 100-foot cliff on the shoreline of Cayuga Lake looking West with 350 linear feet of deck. It cost three times the fully adequate house I moved from, so the decision to buy it was necessarily a real estate play. I think it will do OK, and, despite New York State property taxes, it has transformed our existence. The estimated gains come from the year-over-year changes at Zillow, an imperfect but rational metric.

> There aren't any commodity managers left from the carnage in commodities from 2011 to 2020. As such, it has been a challenge to convince real money allocators that they need commodity managers.
>
> ~ Marko Papic

I intend to size the list correctly when everything has gotten cheap and it is time to take commodity bets to the hoop for the win. EWZ is a reminder (by Tavi Costa) that Brazil is worth watching. I like Rio Tinto and could expand the size as well as buy competitors like BHP.

I cannot bring myself to take big positions in a market that Jeremy Grantham calls "the biggest bubble of my lifetime" and do not accept the Hobson's choice of one risk asset or another. I am emotionally tee'd up for when the recession-based whoosh sinks all boats, including commodities. I know what mistakes I made in '09. I will find new ones next time.

Inflation

> Defund the US budget deficit.
>
> ~ Jeff Gundlach

I find it baffling that 1970s stagflation caught economists off guard: dollars bought less goods and services, yet somehow they missed that this would be stagnating? The post-lockdown inflation is, in my opinion, out of control and hurling the economy into recession. We will not necessarily jam that worm back in its hole. We spend hundreds of billions on foreign wars that I would argue are not in the US's interest. You do not create wealth by building armaments and blowing them up. That is Bastiat's bomb-the-shit-out-of-somebody fallacy; however, you carpet bomb the fixed income markets with sovereign debt. Willing that money into existence is inflation.

> We've got a 7 percent budget deficit at full employment. It's unheard of.

> ~ Stan Druckenmiller, Investing's GOAT

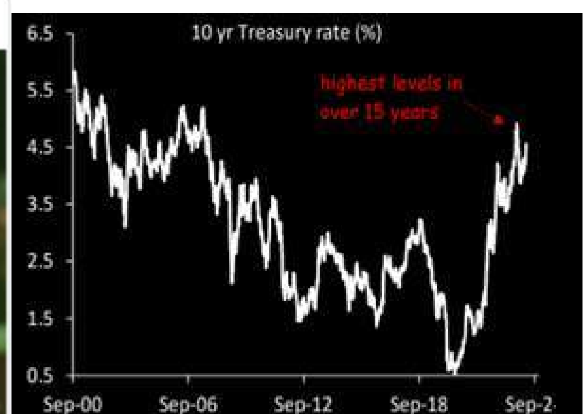
Healthy economies require exchange between strangers founded on trust in the currency. Debasing money debases that trust. How do you curtail inflation to regain that trust? Here are a few brilliant efforts from the rich men north of Richmond:

- They let millions of unskilled workers cross our border at the estimated cost of $150 billion dollars.
- The Inflation Reduction Act estimated to cost upwards of $1.2 trillion dollars[ref 1] was promised to create "bazillions of dollars" of benefits.
- They threatened price controls on grocery stores to force them to shrink their 2% profit margins, what the political left calls "price gouging."

> We lived in a world where debt seemed to be a free lunch when real interest rates were zero. Now it's not, and it's a very painful adjustment that neither political party in the US is willing to undertake.[ref 2]
>
> ~ Ken Rogoff

- They sent $200 billion to Ukraine, psychopathically arguing that replenishing our armaments will stimulate our economy. Bastiat strikes again. Why not just blow them up in the desert to save lives?
- The rapid rise in labor movements certainly won't stop inflation. The ultimate irony is that the Fed will see rising wages of the strapped consumer as inflationary pressure and feel obliged to step on the economy.

> How can you tell me it won't lead to stagflation?
>
> ~ Jamie Dimon



After years of watching inflation lurking in the shadows obscured by deceptively flawed metrics, the Satanic Creature from Jekyll Island reared its ugly head. In the fall of 2019, a disturbingly well-timed white paper from Blackrock declared that the next crisis would require the Fed to use gain-of-function monetary policy by "going direct."[ref 3] Weeks later the repo market went emergent and began spasmodic 10% spikes for reasons unknown to us mortals. In 2020, Covid-19 arrived, and the

Fed injected an estimated $17 trillion dollars into the system as part of the Fed-backed program requiring "14 days to flatten the economy." They sprinkled small sums of money directly into consumers pockets while stuffing huge sums directly into corporate America. These gargantuan monetary suppositories jammed inflation directly up everybody's asses. Go direct indeed. Without the Fed-funded backstop promised in some smokey backroom meeting, there would have been no lockdowns. Period. You are now free to blame the Fed for the catastrophic lockdown.

> What has just happened is that the control of the supply of money has permanently left the hands of central bankers—the silent revolution…the supply of money will now be set, for the foreseeable future, by democratically elected politicians seeking re-election. It is time to embrace the silent revolution and the return of inflation long before such permanency is confirmed.
>
> ~ Russell Napier

The consumer converted their Covid Cash into binge spending. After running out of cash, credit cards were tapped. As credit runs dry the bear trap is clamping down on consumers 'nads again. *That* might stop inflation, but then tax revenues will collapse as the economy stagnates, causing our 8% deficits to *grow*. It is not hard to see why the inflation hawks are despondent.

Twitter's legendary Rudy Havenstein dredged up Wilhelm Röpke's definition of inflation as "the way in which a national economy reacts to a continuous overstraining of its capacity…"[ref 4] I too have come to some simple maxims about inflation that seem self evident:

1. *Inflation is government spending.* Shrink government spending—what Albert Edwards calls "fiscal dysentery"—and you may solve the problem. The growth rate in America's annual debt is twice the most optimistic growth rate of the GDP. The resulting inflation creates what Chris Whalen calls "the appearance of growth,"[ref 5] and it is unsustainable.

> We don't have inflation because the people are living too well. We have inflation because the government is living too well.
>
> ~ Ronald Reagan

2. *There is little evidence that sovereigns can inflate their way out of serious debts.* Mike Green calls it the "inflation trope."[ref 6] The US currently has upwards of $250 trillion of unfunded liabilities. A recent Treasury report (pp 193–194) signed by the flat-headed hobbit, Janet Yellen, reports the contribution from just Social Security and Medicare at $175 trillion,[ref 7,8] which amounts to about $2 million per taxpayer. Flippant responses like, "They'll just inflate it away" sound great until your accountant tells you that you have not budgeted for a $2 million loss of spending power. As the kids like to say, "OK, Boomer." If you cannot grind your way out of this mess with economic growth—blocking and tackling—you default. This is not a trope.

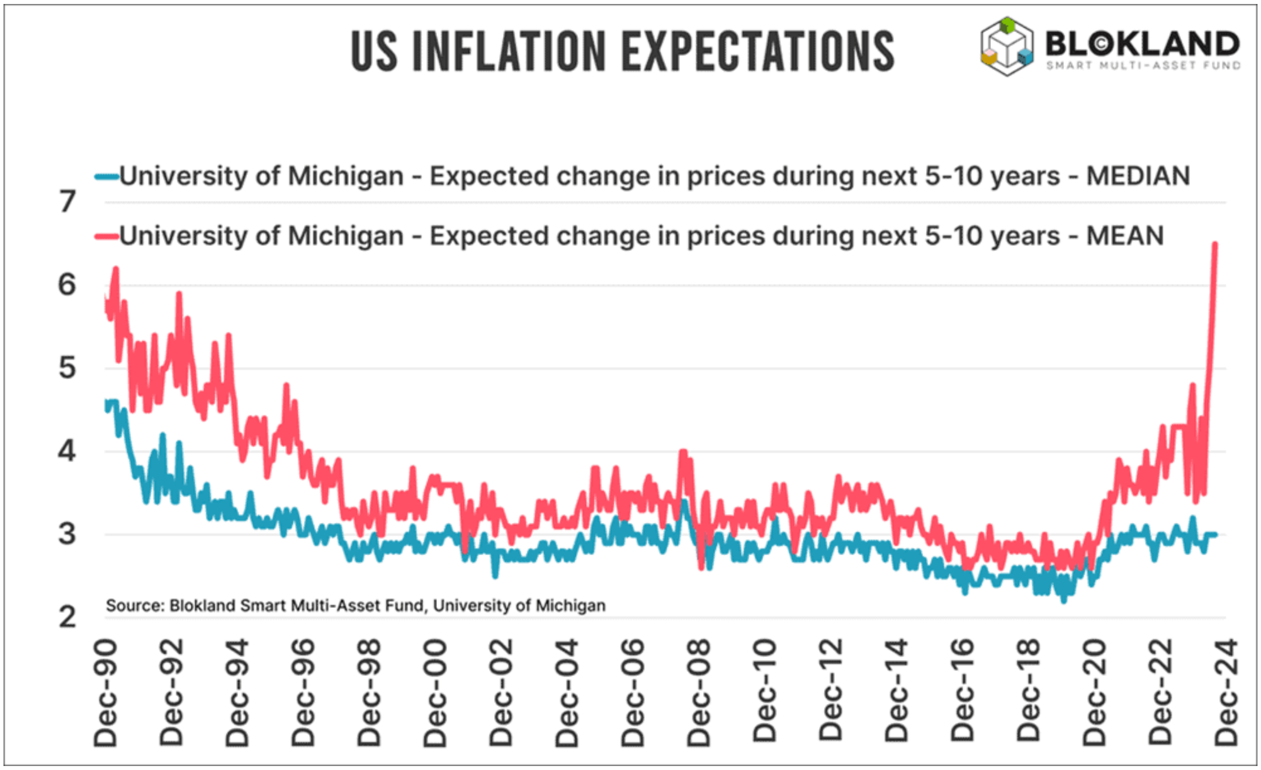
> The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin. But both are the refuge of political and economic opportunists.
>
> ~ Ernest Hemingway, *Esquire* 1935

3. *There are few if any credible examples of inflating away sovereign debt without a default at the end.* Oft-cited examples of the inflation trope like Weimar Germany that got us into WWII on one extreme and the post-WWII US debt remediation on the other extreme bookend the possibilities. The German debt remained *after* the hyperinflation destroyed their society because the debt was denominated in gold. By contrast, the US debt is said to have been financially repressed away through interest rates that were held *way* below the post-war inflation. Forget not, the US was in a post-war cycle of hypergrowth. My son gave me copies of *Time* and *Life* magazines from my birth date (April 25, 1955 if you are thinking of sending a gift.) *Time* was bloated with ads for smokestack industries, while *Life* was filled with consumer ads. *We did it by blocking and tackling like all-pro linemen*—by growing our economy. (Curiously, there were no cigarette ads.)

> We, in our sluggishness, do not realize that the dearness of everything is the result of the cheapness of money. For prices increase and decrease according to the condition of the money. An excessive quantity of money should be avoided.
>
> ~ Copernicus

Israel's large debt following the costly Yom Kippur War poses a curious case study. (Notice the recurring role of war in all these inflation stories.) Their inflation approached 450%, leading to a severe banking crisis in 1983. They did recover, however, and it is still unclear to me exactly how they massively devalued the Shekel and then wrestled control of the chaos in just a few years. I'm still on the learning curve on this one. Start with this Wikipedia entry.[ref 9]

4. *Inflation expectations are a profound risk.* Reinhardt and Rogoff in *This Time Is Different* note that inflating away debt works until people start to notice and adjust for it. How long does it take people to notice prices are rising? Not long. Once the populace start budgeting for *future* price hikes by putting inflation corrections on union wage negotiations, building contracts, or any other future costs, the inflation has reverse-transcribed into society's DNA. The Fed totally failed to respect this risk.



> If you dismiss variables you assume are unimportant you miss the entire picture.
>
> ~ Stephen Coughlin, former NSA analyst

5. *Errors inherent to the inflation estimates undermine all other economic metrics.* You have no clue if the GDP is even growing. I argue below that it is not. Price discovery fails. Markets fail. Society fails. Bad decisions become frequent and potentially catastrophic mistakes, all because the lights on our dashboard failed to give the correct signals.

> Beware of little expenses: A small leak will sink a great ship.
>
> ~ Benjamin Franklin

6. *The Federal Reserve's self-designated role is to intervene in the most important market underpinning capitalism—the market where borrowers and lenders haggle over the price of capital.* A dozen unelected bureaucrats backed by hundreds of economists cloistered in their echo chamber believe that the market-driven price of capital must be wrong if it does not comport with their views. Imagine the chaos if the price of lunch at the restaurants across the nation were set on a daily basis by committee. During weak moments, I might cut the Fed some slack. Claims that the Treasury has taken over the Fed seem specious to me.[ref 10] What power does the Fed have over Big Government's penchant for spending? Well, for starters, they could

call out the hyper-bloated Administrative State and politicians for their perpetual campaigning and grifting on our dime, but the Fed never does. The Fed's mandate is to keep the currency stable: that means 0% inflation not 2%. Their second mandate brought on themselves is to optimize the economy. The third unstated mandate is to fund the Swamp.

> It would have to be meaningful and get our attention and lead us to think that the labor market was significantly weakening for us to want to react to it. A couple of tenths in the unemployment rate would probably not do that.
>
> ~ Jerome Powell, Federal Reserve Chair, 5/1/24, on inflation

To Powell's credit, the democrats in the Senate whined like little bitches for an election-year-motivated 75-basis-point cut in a letter to Powell, and he ignored them.[ref 11] But then he gave them 50 basis points while paradoxically claiming policy was already loose and the economy was strong. Does he have a clue how retarded that sounds?

> I am not seeing signs of resurgent inflation.
>
> ~ Neel Kashkari, President of the Minneapolis Fed


CNBC

ECONOMY

Fed officials seem like they have 'no idea' what is going on with U.S. inflation, strategist says

PUBLISHED WED, MAY 22 2024·5:16 AM EDT

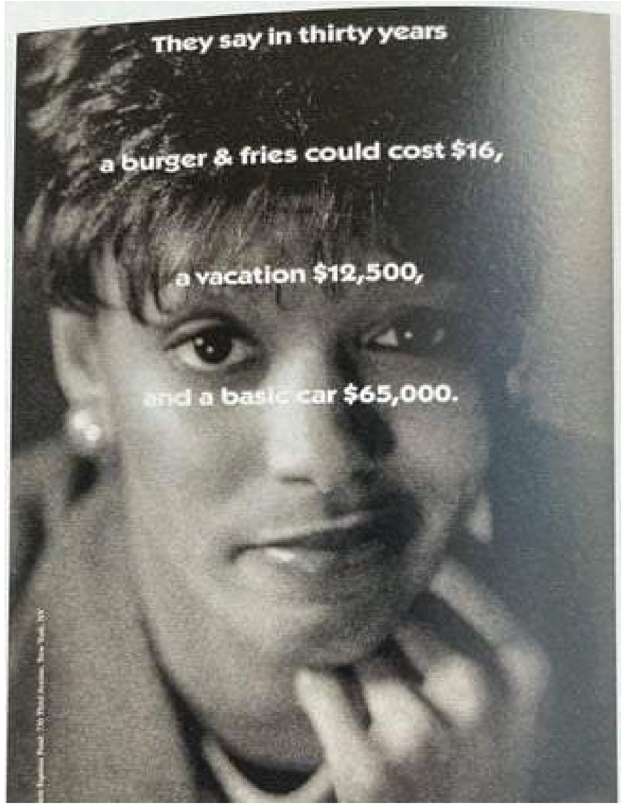
7. *Curbing inflation will require gifted and powerful leadership.* So far I see no evidence of that nor does the now-apoplectic Stan Druckenmiller or Paul Tudor Jones. These two GOAT front runners are confident that the requisite belt-tightening and painful rehab is in our future. The IMF worries that US fiscal deficits and accompanying inflation pose "significant risks" for the global economy.[ref 12] We will wake up in a ditch stewing in our own vomit having passed the failsafe point for voluntary action.

> I think we could easily see 5–10% inflation in the next 4 or 5 years.
>
> ~ Stanley Druckenmiller

> I think all roads lead to inflation.[ref 13]
>
> ~ Paul Tudor Jones

Price Hikes—Anecdotes. Although lacking in rigor and potentially deceptive, it is entertaining to consider anecdotal reports of inflation that attest to problems lurking in the plumbing. It is unlikely any readers can accrue anecdotes that support official inflation numbers in the 2.5–4.0% range incorporated into econometric models and then cited by bureaucrats.

- The Girl Scouts are cranking their annual membership fee from $25 to $85 (240%). "We can no longer afford to use our financial reserves, and we cannot pass through all escalating costs to our councils."[ref 14]
- As measured in Ford F-150s, annual salaries have cut in half over the past five decades.[ref 15] I'm sure they are cooler now.
- Auto insurance is up 56% since 2020.[ref 16]
- A 1996 TIAA-CREF ad seems to understand the problem. The accuracy makes you wonder what they knew...



- Hookers charged $4400 per night in Davos. Consumers aren't that interested in discussing those prices. There's a lot of stimulus and liquidity...between the sheets.[ref 17]
- It is rumored that a chipped tail light requires replacement of the unit for $2,200.[ref 18]
- Robusta coffee beans are up over 300% since 2020.
- Fast food at the key chain drive-throughs has risen 75–100% over five years.[ref 19] Taco Bell is unburdened by what has beans...(Sorry. Had to do it.)

Menu item	End-of-2019 price	Mid-2024 price	Percentage increase
Beefy 5-Layer Burrito	$1.69	$3.69	118.3%
Nachos Bellgrande	$3.29	$5.89	79%
Spicy Potato Soft Taco	$1.00	$1.19	19%
Cheesy Bean And Rice Burrito	$1.00	$1.19	19%
Crunchwrap Supreme	$3.49	$5.29	51.6%

- Florida's largest insurer says it needs to raise its rates by 93%.[ref 20] Must be climate change.
- Healthcare costs have risen an average of >6% compounded annualy over the past 25 years[ref 21] according to Statista despite officially reported CPI growth of only 2.6%.[ref 22]
- Official statistics claim health insurance has declined 30% over the last 2 years and 8% over the last 5 years.[ref 23] Y'all think we are brain dead?

> Inflation is getting pretty scary. We can't make enough interest on our deposits to cover inflation. We are worried about how to keep increasing pay to our employees to offset inflation.[ref 24]
>
> ~ respondent to Dallas Fed survey

- Necessities at the commissary in prisons are measured in hours worked. A tube of toothpaste requires 10 hours of labor.[ref 25]
- Union membership and activity are near multi-decade lows, but the bulk of the public sees that as bad.[ref 26] As a battle-hardened warrior opposing two graduate student unionization efforts, I say with angst that the return of labor is probably overdue.

> While Wall Street debates the rate of change of inflation, the average person lives its cumulative rise.[ref 27]
>
> ~ Peter Boockvar, Chief Investment Officer of Bleakley Financial Group

Flawed Methodology. Official numbers suggest that inflation is almost under control. Authorities concede that the masses are feeling pain because those high prices have persisted. But are those official inflation numbers legitimate? If sou take the word of credentialed experts at face value you should reflect on the record of millions of credentialed experts during the Covid Pandemic.

True inflation may have peaked in late 2022 — at 18% — and still hovers around 8%

Last Updated: March 4, 2024 at 10:30 a.m. ET
First Published: March 4, 2024 at 7:25 a.m. ET
—
By Mark Hulbert

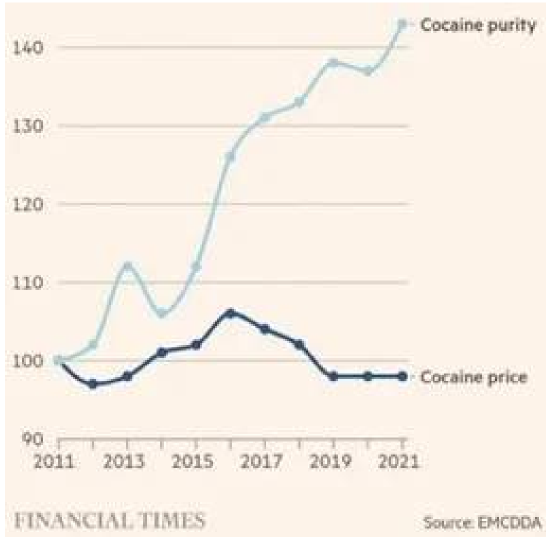
The Bureau of Labor Statistics website shows how the Consumer Price Index (CPI) is calculated. Embedded in a pile of differential equations lie a few nuggets of prose for us unwashed.[ref 28] They get into the weeds trying to estimate the influence of coupons and discounts, concessions by sellers of merchandise, and manufacturers rebates. Digging a little deeper you start running into a different reality of adjustments to the CPI brought to us by the Boskin Commission back in 1996[ref 29] who cleverly ferreted out ways to stem the cost of inflation-adjusted government payouts.[ref 30] If you doubt Boskin Report was created to shrink Social Security obligations, why is it posted posted on Social Security's website?

> For those of you who may be unaware, Boskin is the economist/weasel/fraud who helped to officially distort the CPI, making it more or less worthless as a measure of inflation. The Boskin Commission was an act of fraud, a backdoor method to suppress Social Security cost of living adjustments (COLAs). To be blunt, it was an act of cowardice. Rather than man up and say fix this, its broken, we can't afford it the commission took a different route — they fabricated a series of nonsense adjustments that artificially lowered CPI by 1.1%.
>
> ~ Barry Ritholtz

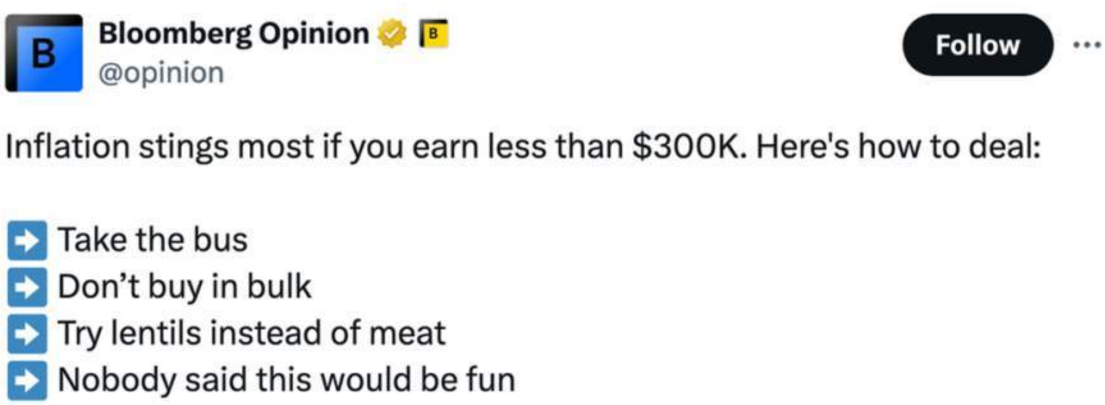
- *Housing:* Approximately 27–33% of the CPI corresponds to the cost of housing. You *must* get this one right. They use Owners Equivalent Rent (OER) in which they survey homeowners and ask them to guess the income from renting their house. Stop laughing. I am not making this shit up. What percentage of the population could possibly give a reasoned answer to this question? Excluding furnishings would cause even Airbnb landlords who rent their houses for a living to hurl airballs.

> If someone were to rent your home today, how much do you think it would rent for monthly, unfurnished, and without utilities?[ref 31]
>
> ~ *Investopedia*, survey question on Owners Equivalent Rent

- *Hedonic Adjustments.* Everybody knows about this one. Your car has cool stuff so it is really cheaper than you think, but try to tell that to the dealer. By that model, drops in quality should be adjusted downward. Those appliances that used to be capital improvements and now fail fast and cannot be repaired are still claimed to be *cheaper* because of all the buttons on them. Home construction has decayed from sheathing the exterior with wide planks in previous centuries to plywood, particle board, and now “T-Ply”. T-Ply is a fancy word for “cardboard.”ref [32] One quality change has *definitely* been detected by government bean counters and the crowd at Davos…



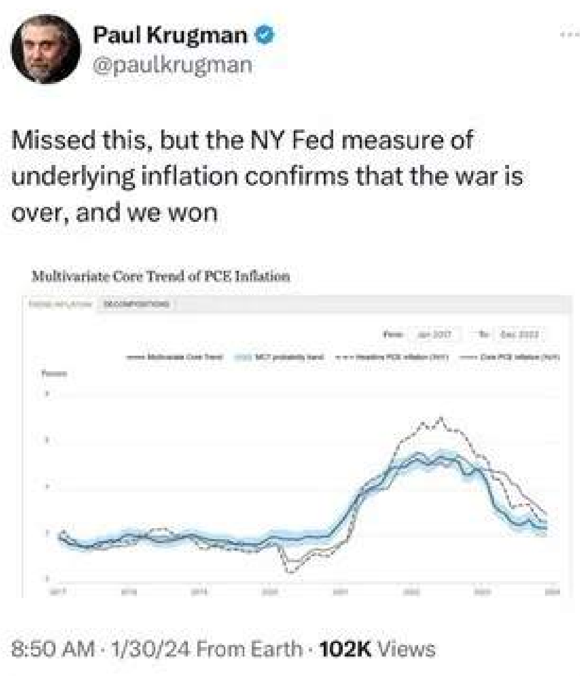
- *Substitution.* This sacred cow has never been neutered correctly. You go to the store to buy sirloin and find that it has doubled in price. So, instead, you *substitute* chicken, which has been set by the free market at half the price of the sirloin. Of course, the chicken has doubled too, so your grocery bill hasn’t changed. You’ve managed to feed your family for exactly the same by price by buying food that is half the quality. Since the cost of feeding your family has not gone up, the bean counters say there is no inflation. The rub seems obvious to me: that 50% savings by downgrading to chicken from sirloin—substitution— should be offset to the penny by a 50% reduction in quality—hedonics. By this reckoning, substitution should *always* be reversed by hedonics. Ergo, substitution is economic nonsense created by a bunch of boobs.



- *Seasonal Adjustments.* I have never really understood these but, in short, they appear to be corrections for the higher price of goods that are out of season. Makes sense, but many economists tell us to ignore them because they are nefarious fudge factors even by CPI standards.

> Never in the history of the world has there been a situation so bad that the government can’t make it worse.
>
> ~ Henry Morganthau Jr., 1939

- *Regulations and Healthcare.* While I was working on these ideas Austrian economists Peter St. Onge and E. J. Antonio of the Heritage Foundation banged out a screed on their view of the flawed inflation metrics that is oddly complementary to mine. I find @profstonge's daily 3-minute video screeds on Twitter to be particularly compelling, although he should have his wife pick out his shirts in the morning. After hitting a couple of my bugaboos—an 18th century term for "object of terror"[ref 33]—they hammered on the hidden costs of government regulations. (The American Action Forum calculated that Biden's regulations added $1.8 trillion to the cost of living.[ref 34]) The Heritage duo also note that the healthcare costs are imputed from the "profits" of health insurers, suggesting CPI bean counters need CT scans. Anyone who has been involved with the healthcare system of late knows that the costs are up and in need of hedonic adjusting for reduced quality. St Onge and Antoni say the cumulative errors are so great that the real inflation is double that of the CPI,[ref 35] and the economy has been in recession since 2022. I concur as described below.
- *Exclusions in the Metrics.* The Fed uses inflation metrics with increasing reliance on adjectives. You might see "core inflation" or "supercore inflation" or Paul Krugman's "inflation missing things that go up in price."[ref 36]



But wait! There's more![ref 37] We have the Harmonized Index of Consumer Prices (HICP), the Classification of Individual Consumption According to Purpose (COICOP), the urban CPI (CPI-U), Producer Price Index (PPI), Personal Consumption Expenditures Price Index (PCE), Retail Price Index (RPI), Trimmed Mean CPI, Median CPI, Chained CPI (CPIX – CPI), the CPI excluding mortgage interest payment (CPIY – CPI), the CPI with constant taxes (CPI-CT – CPI), the Wholesale Price Index (WPI), and the CPI excluding weed, beer, hookers, gambling, (CPI-XSIN). (OK. I made that last one up.) Then there is the Flexible Price Core CPI YoY SA, which makes you wonder if SA stands for "sucks ass." Check out the inflation rate by *that* metric (below). Critics say these metrics allow the Fed to make the case for whatever monetary policy they want.

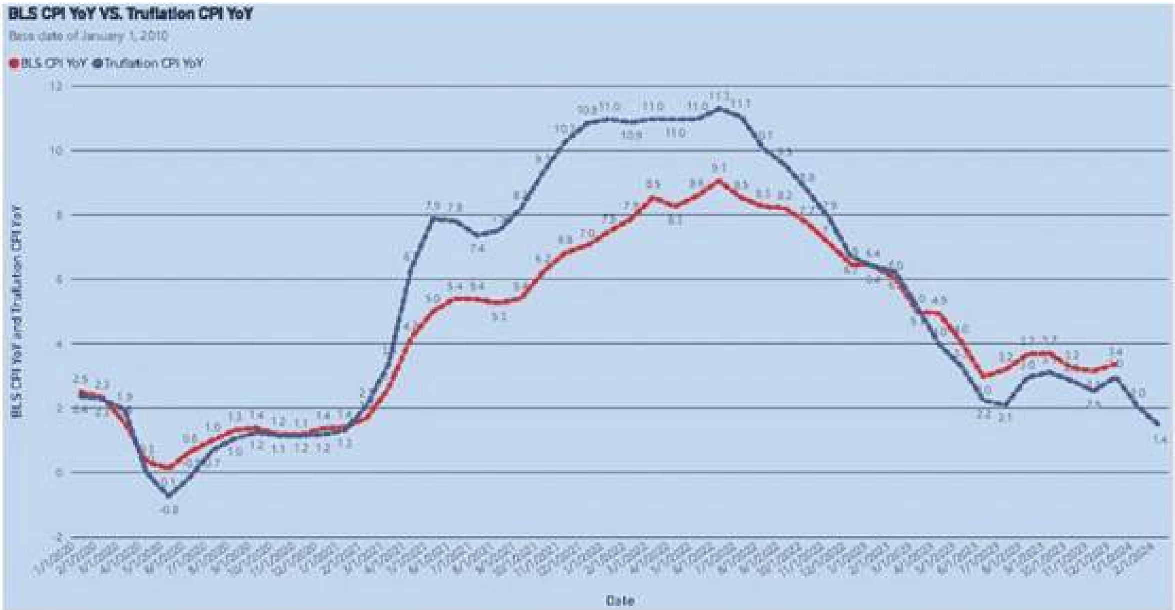
How could economists miss the target so badly? Do they not talk to the shopper in their family? Prices are *not* just high. They are still rising steeply. It clicked for me when David "Rosie" Rosenberg alluded to "sticky inflation" as costs of goods that *always* go up.[ref 38] There are countless examples, but my favorite is the postage stamp. As a former philatelist in my youth, I *know* that the price of sending a letter has *never* dropped. We all have our own personal inflation depending on our lifestyle, but these consumables are inherent to our rising cost of living. However, Rosie makes a curious point: *sticky inflation contains no economic content*. The price of postage tells you nothing about the state of the economy. Rosie *et al.* like to look at the prices of things that go up *or* down depending on supply and demand and the expansion and contraction of the economy. OK. It makes sense provided they state clearly that is what they are doing and why they are doing it. They might want to note their economic metric *necessarily* underestimates the rising cost of living.

Let me offer you economists some pointers: (1) Don't just embellish "inflation" and "CPI" with adjectives, find another name that does not include the word "inflation". (2) Explain *what* you are doing and *why* in *English*. Otherwise, us Joe Sixpacks—the Deplorables and Garbage—will just go on thinking you all took the black pill.

> What we're seeing now I think we can describe as a soft landing, and my hope is that it will continue.
>
> ~ Janet Yellen, Lord of the Rings

> When central banks think of a soft landing, they are looking at a gradual erosion of the purchasing power of salaries and deposits.[ref 39]
>
> ~ Daniel Lacalle (@dlacalle_IA), author and Chief Economist at Tressis

Alternative Inflation Metrics. Economists and analysts who do *not* correct for inflation should have their PhDs revoked. However, if the CPI is wrong then econometric models that correct for inflation are wrong. There are alternatives to the CPI. Many have turned to a metric called Truflation,[ref 40] which serves the purpose of tracking the CPI without having to use the "C word". I have not done my homework at all so take this with a grain of salt, but I suspect that Truflation is an attempt to monetize the CPI.



The most famous alternative metric is John Williams's at Shadowstats, which takes 1970s, pre-Boskin-commission protocols and simply monitors prices of goods and services. No bells and whistles, no fudge factors, just prices. As you can see, according to Williams the real inflation rate has been tracking 2–3% above the CPI for decades, creating a massive cumulative error.

The Chapwood Index, brought to you by Ed Butowsky, monitors 150 prices in 50 US cities.[ref 41] As you can see from the accompanying table showing the ten largest cities, the Chapwood Index is running massively above the CPI back to 2017. The cumulative error over the 2010–2020 decade is a factor of two.

CITY		CY 2017	CY 2018	1ST HALF 2019	LAST HALF 2021-FIRST HALF 2022	CY 2022	CY 2023	AVG
1.	New York	11.2%	12.6%	12.1%	18.44%	15.57%	10.6%	12.1%
2.	Los Angeles	11.6%	12.1%	12.6%	18.30%	15.45%	11.1%	12.15%
3.	Chicago	11.0%	11.9%	10.7%	18.83%	15.90%	10.4%	11.62%
4.	Houston	8.7%	8.8%	9.7%	13.36%	11.28%	9.7%	9.9%
5.	Philadelphia	10.8%	10.6%	11.2%	12.84%	10.84%	12.2%	11.45%
6.	Phoenix	9.2%	7.4%	7.6%	15.86%	13.39%	8.7%	9.4%
7.	San Antonio	8.8%	9.3%	9.8%	16.12%	13.61%	9.8%	10.5%
8.	San Diego	11.8%	11.7%	11.2%	18.51%	15.63%	12.3%	12.85%
9.	Dallas	9.2%	8.7%	8.4%	16.54%	13.97%	9.7%	10.35%
10.	San Jose	13.3%	12.7%	12.6%	18.11%	15.29%	12.4%	13.05%

Figure 2. Cumulative price inflation: Chapwood v. CPI & USD M3

My intuition tells me the CPI is way too low, but Chapwood and Shadowstats may be coming in too hot at an average of 7% error. Let's conservatively call the error in the CPI is 5% too low. Considering the average growth in the GDP is claimed to be 2.0–2.5% over the last few decades. Because it is inherently corrected for inflation, is it possible that we have been in recession for the better part of several decades? Before you blow that off as nonsense, what evidence would you cite that says the economy has been growing? The gargantuan British GDP riding the backs of colonialism and the industrial revolution only grew 60% total from 1700–1850.[ref 42]

> It is imperative that we are prepared and properly invested for a world in which fiat money is failing.
>
> ~ David B. Iben, Kopernik Global Investors

High Valuations and Broken Markets

> Why did the investing public turn its attention from dividends, from asset values, and from average earnings to transfer it almost exclusively to the earnings trend, i.e.

> to the changes in earnings expected in the future? The answer was, first, that the records of the past were proving an undependable guide to investment; and, second, that the rewards offered by the future had become irresistibly alluring. Along with this idea as to what constituted the basis for common-stock selection emerged a companion theory that common stocks represented the most profitable and therefore the most desirable media for long-term investment. This gospel was based on a certain amount of research, showing that diversified lists of common stocks had regularly increased in value over stated intervals of time for many years past.[ref 1]
>
> ~ Graham and Dodd, *Security Analysis*, 1934

Every year I write about overvaluations and broken markets, and every year they seem to get more overvalued and more broken. Last year I made a detailed case for a forty-year secular bear market. I would never profess to understand the *path* to that living hell but the arithmetic seems compelling to me. It also is not a prediction that one easily changes. I have been told many times on social media and in podcast comment sections that early is wrong, and I have been wrong. On May 6th, 2002 I wrote five pages on the coming subprime crisis and banking collapse.[ref 2] It was early and merely channeling some smart guys who saw trouble even earlier, but was it wrong? If you are a buy-and-hold investor, you are told to just hang on because markets always recover and then go up. And then, when they don't, you are told by all the pundits that you should have sold like they did because they work for Hindsight Financial.[ref 3] I am not going to last year's ginormous prediction in detail, but can offer the abbreviated version.

> There are two main drivers of asset class returns – inflation and growth.
>
> ~ Ray Dalio, Bridgewater Associates

Ray is fundamentally wrong owing to the omission of the third driver:

> The price you pay determines your rate of return.
>
> ~ Warren Buffett

Secular Bear and Bull Markets: The Buffett Narrative. The story begins with Buffett's iconic 1999 Fortune article[ref 4] in which he describes the difference between secular bear markets and secular bull markets as quite simple. When interest rates are trending up over years, equities will be in a secular bear market: risk assets will suck for years. When interest rates are steadily dropping for prolonged periods, risk assets will rock. He banged the drum that it doesn't matter what is happening with the GDP or wealth creation: it is all about the rates. He also noted that over the long term, when all the fees, frictional costs, and inflation corrections are included, the most you can hope for is a 4% annualized return. I can hear the squeals: "Come again? *Four percent?* The pros tell me it's higher, even double that." Fine. Dismiss the old codger if you wish. Contemporary investors cannot comprehend such low returns. Even worse, Buffett's 4% includes neither changes in valuations nor taxes, both of which will be situational.

> Our biggest failure is our failure to see patterns.

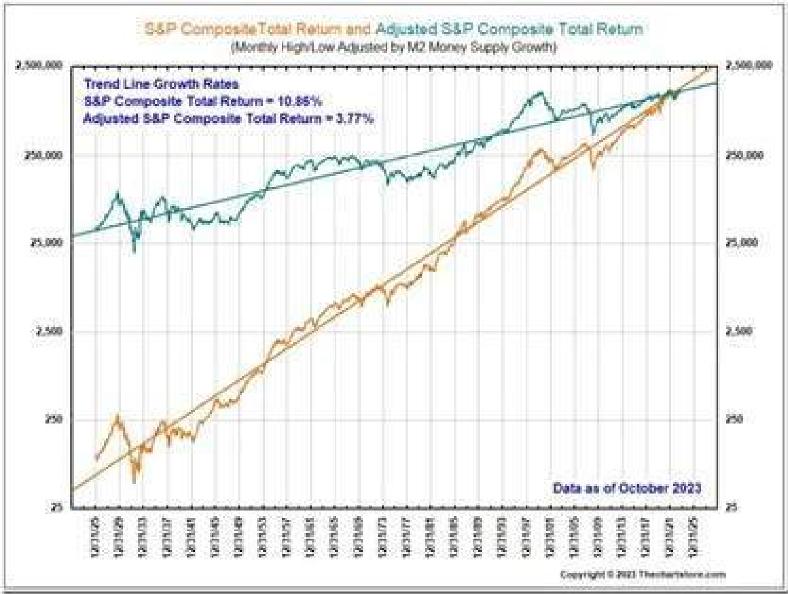
> ~ Marilyn Ferguson, American author

The credential class—the pundits—also mutated the “dropping rates” part into a “low rates are bullish” trope. Whether they know they are lying is irrelevant. Once rates are low—we can all agree zero percent or even negative rates achieved a few years ago are indeed low—you are done. Interest rates appear to have turned and may be on a unidirectional death march up the other side of the credit cycle.[ref 5] If so, the almost half-century secular bull market littered with portfolio-saving V-bounces and offsetting bond rallies will end. You are squatting over a bear trap about to feel the excruciating pain of the teeth clamping onto your groin. “Max pain” is reached when you hit the end of the chain. *That* is a metaphor.

> When a well-packaged web of lies has been sold gradually to the masses over generations, the truth will seem utterly preposterous and its speaker a raving lunatic.[ref 6]
>
> ~ Dresden James, pseudonym

On the off-chance you think the most famous stock jobber in history’s 4% return estimate is a load of hooey, last year I posted this chart provided to me by Ron Griess of The Chart Store. (Recycling plots is “green” blogging.) Adjusting the S&P return using the M2 money supply seems like a clean inflation correction. That 100-year downward slope should give you pause.

As a follow up, Ron noted that I might get some guff for not using total return so he offered up the total return variant shown below. That slope on the M2-corrected annualized total return is 3.79%. That’s an error bar away from Buffett’s 4%.



> ...Financial assets if we look at the period starting 1981-82 to say 2020 during that period of time both bonds and stocks returned superior returns. It was heaven for financial assets for almost 40 years. I think this period of heavenly conditions for financial assets has come to an end as of January 2022. Returns from here for most people will be disappointing.
>
> ~ Marc Faber

The Half-Century Secular Bull Market. There were multiple drivers of the half-century bull market beginning in 1981. This is the *Reader's Digest* version of last year's analysis:[ref 7]

- US Treasury bond rates dropped from the high teens to zero—*the* parameter for Buffett's bull market.
- Dropping rates were facilitated by China's desperate need for capital as they pulled themselves out of the Dark Ages. They sold us goods and services for slave wages, which kept U.S. inflationary pressures contained. Those days are over, and November 5th may have added an exclamation point.

> It would be nice if the current system could go on a few years longer. But things look increasingly like something is going to break. For example, there is too much debt around the world holding up inflated asset prices. If these asset prices start going down, the debt bubbles look like they will pop, and banks will start failing. The US government (and other governments) do not possibly have money to bail out all of the defaulting debt. It would seem like something has to "give."[ref 8]
>
> ~ Gail Tverberg, retired actuary and editor of *The Oil Drum*

- By 1980, the boomers were hitting the work force and brought their wives. Economists tell us that demographics are a profound driver of wealth creation, and it has turned against us globally.[ref 9] (I am being disingenuous as I often insult career economists out of the other side of my mouth.) Also, needing new entrants to the workforce to pay off unfunded liabilities of existing participants is the hallmark of a Ponzi scheme. Infinite population growth on a finite planet is nonsense. And, as noted in the section entitled, “Crisis at the Border” (Part 3), we don’t need more shockingly expensive huddled masses.

- The Case-Shiller Price-Earnings Ratio (CAPE), one of several dozen valuation metrics that I monitor but is by no means unique, was sitting at bargain-basement level of 6 in ‘81, a low which was only exceeded by the valuations at the start of the roaring ‘20s. It is now parked at a vertiginous 38. For the motivationally or arithmetically impaired, that trough-to-peak trip represents a compounded growth in S&P 500 valuations of >4%. I have yet to see a cogent argument for why market valuations should trend. I will deal with that below.

> We’ve had 15 years of Disneyland that has destroyed the economic structure. Think about it: no interest rates. So anyone who’s 40 years old today has no experience in markets. Zero. They don’t know what time-value of money is.
>
> ~ Nassim Taleb

A Case for a Forty-Year Secular Bear Market. What happens over the next forty years if the valuations compound at a net –4% annualized? (Technically, it would be slightly lower to do a full retrace.) That would create an 8% reversal from tailwind to headwind. I can hear you squealing yet again, “Oh that would never happen, right?” Let me reiterate again for the Department of Redundancy Department: there has *never* been an overvalued market that didn’t eventually find its way back to undervalued. It is an immutable Law of the Jungle. A generation of investors —maybe two generations—would be crushed by such a bear market. Those still alive will vow to never buy equities again. *That* will signal a nice bottom.

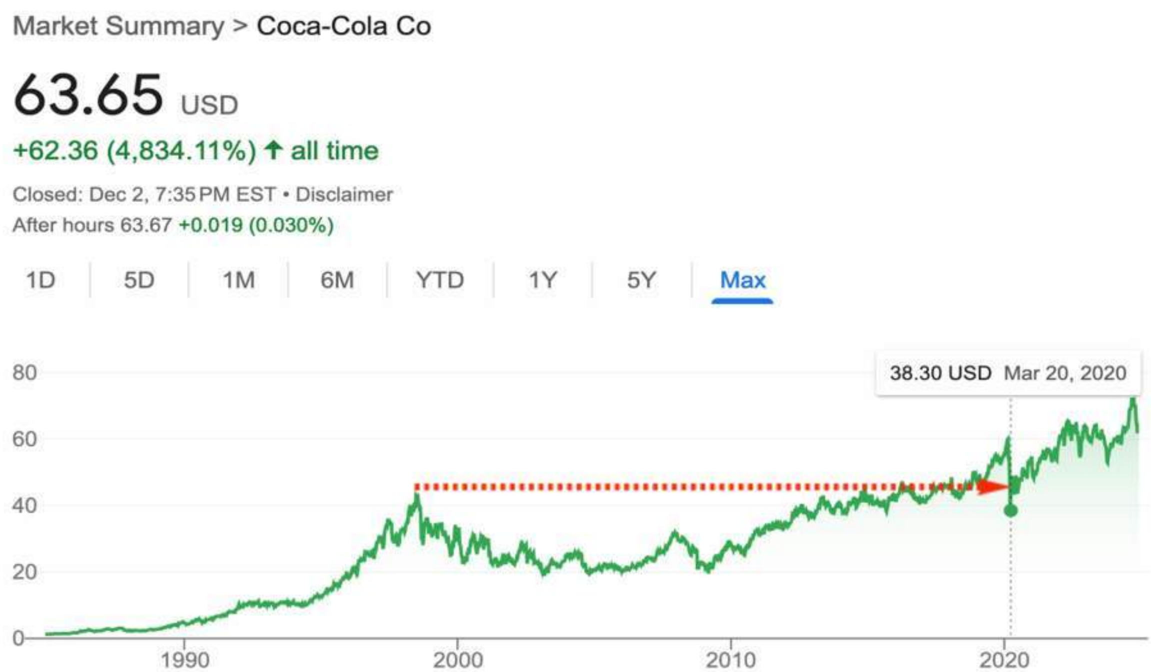
> We are in one of the most expensive markets in history, based on price-to-earnings ratios, price-to-book ratios, and other traditional measures.
>
> ~ David Rosenberg

After numerous podcast appearances and exchanges on social media I have concluded that the 21st century investor has been pickled by recency bias—recent defined as nearly a half century. They do not understand the implications or the consequences of high valuations. Several dozen valuation metrics that I highlighted over the years share the common feature (requirement actually) that they are the price of a market divided by something that ought to track it. The numerator and denominator are *both* subject to the vicissitudes of currency debasement (inflation). As a corollary, inflation can't save you from high valuations, but inflation can influence investors' attitudes. Also, beware of false valuation metrics where the denominator might itself be in a bubble. Comparing equities to the price of bonds (interest rates), for example, is ridiculous given that the recent apex in bond prices represented the biggest bubble in the 5,000-year recorded history of debt. The bond market also seems to have witnessed a change of sign in the first derivative. Even something simple like record ratios of large caps to small caps to make a case for small cap investing does not mean the small caps are cheap, only *relatively* cheap. I will discuss how the Russell 2000 is *not* cheap below.

> The US valuations are just awful.[ref 10]
>
> ~ Jeff Gundlach

> This is the most expensive market of all time…I can't really see what's going to break the market at this time.
>
> ~ David Einhorn, Greenlight Capital

The best way to illustrate the risk of high valuations is with some real and abstract examples. Buffett surely saw the dot-com crash coming. He may look like an old mobster walking the streets in a bathrobe drinking Cherry Coke and eating a Dairy Queen cone sprinkled with See's Candy trying to look harmless, but he is a world-class stock jobber and was not fully pleased with his own performance. In particular, he lamented holding on to a chunky position in one of his favorites, Coca Cola. Its standard P/E ratio peaked at 50 in July 1998. It also was more of a royalty trust spewing out steady earnings than a growth company. At this price-to-earnings ratio, Coke was positioned to return *2% cash flow* while 2-year treasuries were returning 5.5%. Although this is difficult to imagine, let's say Coke could double its profits *on an inflation-adjusted basis* without the share price moving one red cent; it would have been priced to return only 4%. Ergo, Coke shares repriced. It took 15 years to recover that July 1998 high for the *first* time and 20 years to regain that 1998 price for the last time (hopefully). This does not include dividends (averaging about 3%) nor inflation (averaging whatever you want it to be if you work at the Fed.)



Now imagine a hypothetical growth stock that you really adore. Call it Artificial Intelligence Design Systems (AIDS). It's sitting at a P/E of 100 because, well, it's a hot growth stock. It is currently priced to return 1% based on the cash flow. But it's a growth stock so inflation-adjusted (real) earnings should double fast. OK. If *inflation-adjusted* earnings double, the shares will be priced to return 2% *provided* the price tracks inflation. Double the *real* earnings again and you are looking at a 4% cash flow, and now do it again to get to an 8% cash flow. Do you really think the markets will wait for AIDS to double inflation-adjusted earnings *three times* while the inflation-adjusted price doesn't budge? Me neither.

> If you ever have the misfortune to have an investment that goes down for any amount of time…severity is bad, but duration is underrated when it comes to pain.
>
> ~ Cliff Asness

Now project that same gedanken example to a real-life index with a P/E of 100. Let's take, for example, the QQQ tech index or the Russell 2000. But wait a darn tootin' minute, pardner. Both indices have P/E's that are listed around 30. Well, since you brought that up, in 2017 Horizon Kinetics dug into the QQQ and discovered *as described in their prospectus* that they fudge the numbers.[ref 11] The P/E ratios are averaged. Here is where it gets funky. All stocks with a P/E above 40 are rounded by the ETF protocols to 40, and all stocks with no (or negative) earnings are assigned a P/E of 40. This is tantamount to putting a theoretical P/E cap at 40. Horizon Kinetics, by contrast, treated the QQQ ETF as a gigantic Berkshire-like tech entity and simply added up the market caps and divided by the net earnings (earnings minus losses) to get a P/E of 90. I'm bettin' it's 100 by now (pardner). That same year Mark Hulbert did the same exercise with the Russell 2000 and also got a P/E of 90.[ref 12] You *think* you are buying a 3% annual cash flow with potential for rapid growth while, in reality, you are buying a 1% cash flow. But, hey Boo, the potential for earnings to double over and over again is still there!

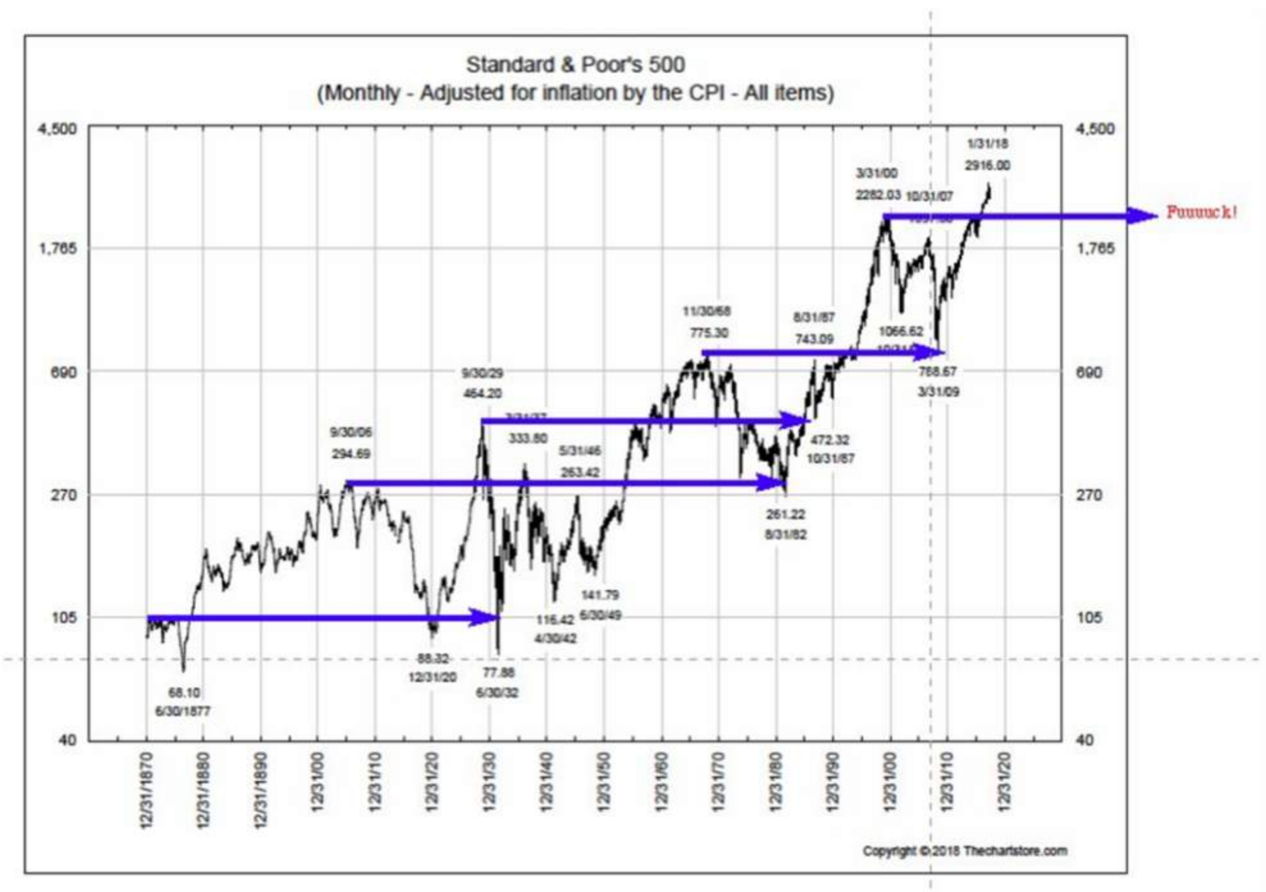
> We are now seeing markets that are wildly overvalued in places, reminiscent of the dot-com boom.

~ Charlie Munger

Coming at this from one more angle. Scroll up to the Case-Shiller P/E chart, and note that the historical average value from 1870 to 1990 is about 12 as shown by the red line. The current value of 38 puts the S&P at 200% above the historical average value. Of course, you could correct this by dropping the share price by 66%, but you would be slapping a diaper on your face to stem the bleeding. Let's imagine growing our way out using the following assumptions:

- Despite the usual mishaps caused by the gaggle of diabolical wankerati inside the beltway, assume the GDP will repeat its growth of the 20th century, which is, optimistically, 2.5% annualized.[ref 13] Repeating the performance of the 20th century wealth creation seems unlikely, but let me play optimist.
- The price of the index doesn't move on an inflation-adjusted basis.
- You block and tackle your way out of the 200% overvaluation by growing the GDP, which is inherently an inflation-adjusted metric, albeit adjusted by economists.

This is fourth grade arithmetic: If the S&P price change is *exclusively inflation*, you will grow your way into historical average valuation in 45 years. Tell me how that fits into your retirement plans. And if the market grinds its way to well below fair value over those 45 years, it could get fugly. Now squint at the chart below which I post every year without updating it and will continue to do so until it no longer fits my narrative. Those blue arrows correspond to periods of 40–70 years of the market treading water from peak-to-*trough*. As God said to Noah in Bill Cosby's famous bit, "How long can you tread water?"



If you aren't willing to own a stock for 10 years, don't think about owning it for 10 minutes.

> ~ Warren Buffett

If you think you are a trader—if you think you have some secret advantage over the bazillion other traders in the world—then trade away. If, however, you are a buy-and-hold investor, these markets may continue to go up, but they are arithmetically widow makers. I have built my Bunker of Doom and may die in there from some PTSD-induced disorder, but I have no intention of being the guy who owns the top whenever it decides to arrive. It has made me look foolish for awhile, but it is OK being early when you are calling for a 40-year bear market. It is also a great call for 69-year-old: I will not live long enough to eat crow. My guess is that the BHAOs (Big Hairy-Assed Opportunities) in which markets are priced for credible cash flows will appear some time in the next decade.

> I doubt you're wrong. Maybe just a bit too optimistic.
>
> ~ James G. Rickards, email

What moves these markets? The current markets are like toddlers playing soccer. They are all chasing the same ball. It is all offense, no defense, and the guy in the goal isn't even paying attention. The market valuations were following a well-defined channel for more than a century when circa 1994 they exited to the upside without looking back. They pinged historical average for a month or two in the depths of the 08–09 crisis, but then it was just a Denny Terrio dance party going forward. Perusing the curious compilation of charts in the WTF Happened in 1971,[ref 14] several indicators of wealth inequality spiked in the mid 90s, but that probably has causality backwards. The Yuan got pegged to the dollar[ref 15] and NAFTA was implemented in 1994,[ref 16] both of which influence trade flows, but that is an intellectual dead end for me. Regulations on credit lending limits were also relaxed that year and total debt has climbed markedly during this era. I repeat: What is driving markets and valuations relentlessly higher?

> The position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.
>
> ~ John Maynard Keynes (@FamousBastard)

Several years ago in a Twitter spaces Mike Green—*the* go-to expert on the influence of passive investing—suggested to me that passive investing took off in the mid 90s. The clarity of the 1994 break alluded to in my 2021 YIR[ref 17] came via a Twitter DM from Mike:

> The [index funds] used to have to buy each stock individually. In 1994, in violation of the Investment Company Act, the SEC granted an exemption to index mutual funds to use futures... prior to 2004, the indices were market cap weighted. Most think they still are. No, they are FLOAT weighted. Pre-2004, index funds were buying in proportion to market cap. That meant 2x buying versus shares actually available to buy of companies with low float (like MSFT)

Passive investing causes a tsunami of retirement savings to flood index funds. Equities are purchased with *zero* attention paid to the merits of the companies' financials or the valuations. The funds hold no cash. As intellectually bankrupt as the "cash on the sidelines" trope is, there is *no* cash on those sidelines. The upward pressure on prices and valuations has been relentless with an ever-increasing and non-linear preference for the largest companies. This has not wreaked havoc on price discovery; price discrimination has been eliminated. Intellectual investment and analysis drop to zero. Mike reminds us that bloated share prices allow companies to compensate their employees and pay their bills using stock options.

Now imagine the carnage if the flows reverse, and share prices start grinding lower. Selling will commense immediately owing to the lack of cash to cover redemptions. Employees wanting bankable cash compensation rather than options will cut into the companies' bottom lines, which will drive prices lower. Most importantly, if passive investors bought on the way up, who will be the buyers on the way down?[ref 18] Short sellers moderate markets by selling the tops and buying the bottoms. They are now extinct, so the tops aren't being sold and the bottoms won't be bought. This setup reminds me of the cash flow into regional banks during Covid that led to relentless buying of treasuries and the eventual crisis. Mike Green's model is *way* more complicated than his quote implies and well above my paygrade; his analyses include the horrors of *massive* leverage amplifiers.[ref 19,20]

> I view the markets as fundamentally broken. Passive investors have no opinion about value. They're going to assume everybody else has done the work...We are in a secular destruction of the professional asset management community.
>
> ~ David Einhorn

Free markets and the efficient market hypothesis reflect the ideas presented in Joe Abercrombie's *The Wisdom of Crowds*. The individuals know very little but, the crowd gets it right. It's why the audience is almost always right in *Do You Want to Be a Millionaire?* The wisdom disappears, however, when the voting becomes correlated by tribalism. Passive investing in equity indexes is *hyper correlation.* One central maxim of finance says that when an investment idea becomes widely held, it is no longer a good idea...with a lag apparently.

> Everything popular is wrong.
>
> ~ Oscar Wilde

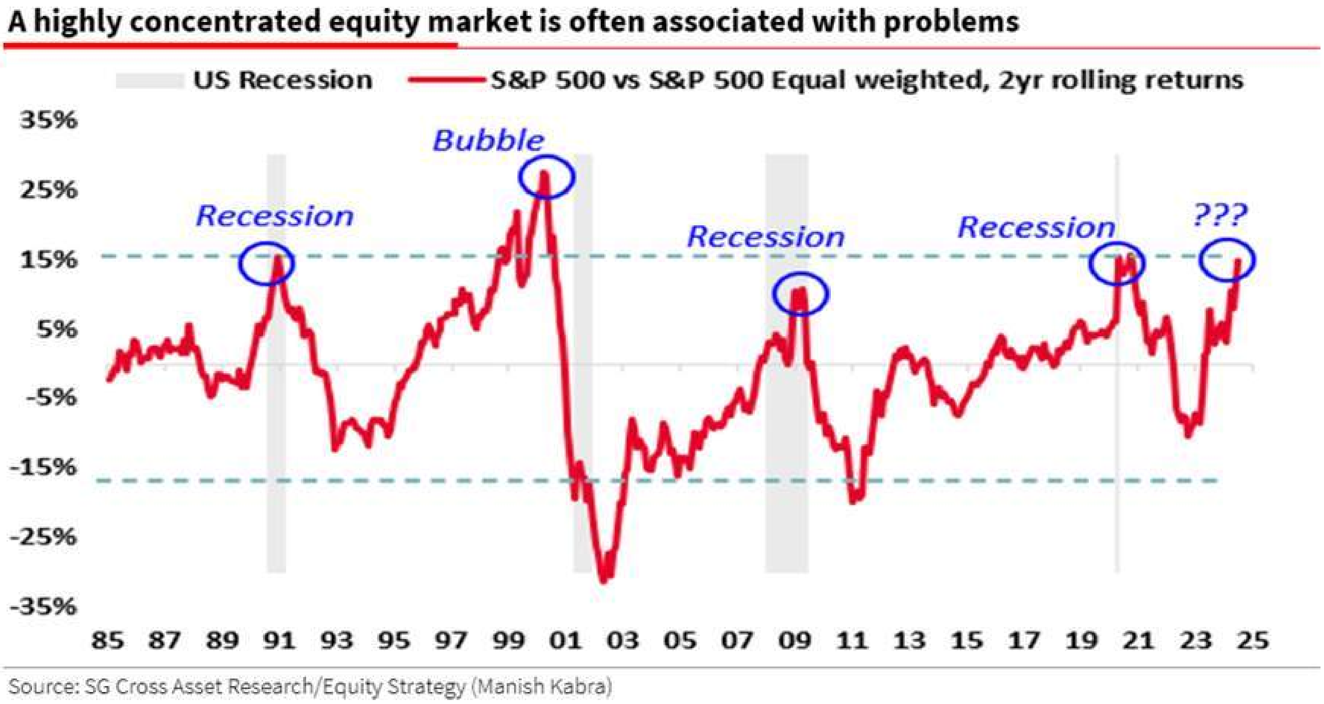
Why are passive flows such a problem? As noted in the bulleted short-term risks, inflows should reverse as boomers retire, there are better opportunities in bonds, panicky investors will rush to escape the sell-off, foreign investors are already moving capital out of US markets, flows into the index fund will subside owing to job losses in a recession—yes we will still have those—and other gray swans will surface unexpectedly because they always do. Markets can go from serene to wobbly to emergent with little warning. Mike thinks those inflows may already be stalling. Buckle up.

> History argues against pandemics and wars as triggers.[ref 21]
>
> ~ Me, 2009, YIR

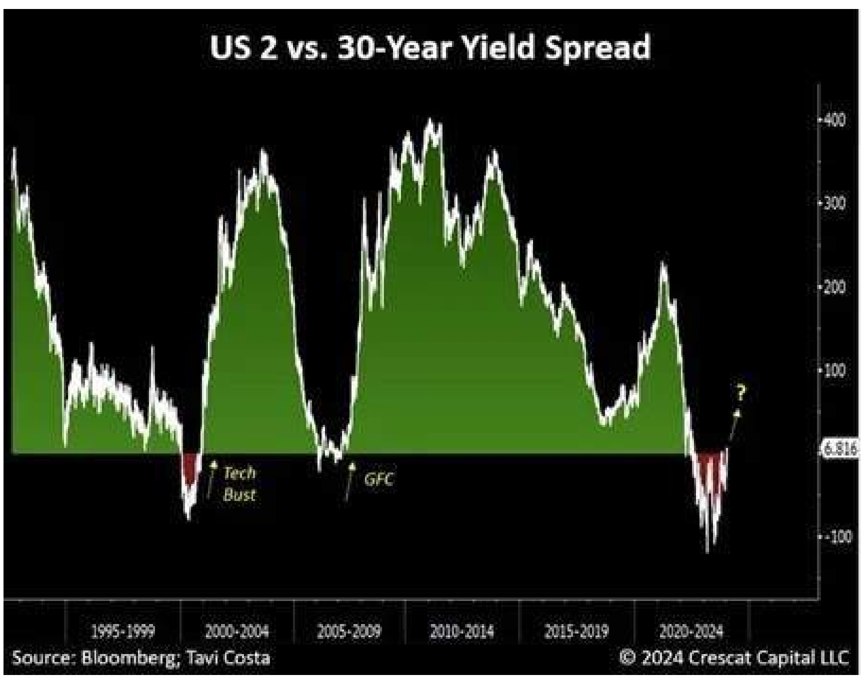
Short-Term Risks. The rallying cry of the raging bulls is that market valuations tell you nothing about timing. Stein's Law says the unsustainable must eventually stop. Pepper's Law says Stein may be waiting a long, long time.[ref 22] Indeed, but markets become profoundly fragile and shock sensitive near the peaks. When they finally top on some fateful afternoon at 2:03 PM, the market price quietly marks the point of maximum optimism with spectacular scenic vistas from the summit at the very instant your portfolio is to begin the Long Evisceration. The signs that the markets may be topping are already available to those willing to look. What might bring my pain to an end at the expense of your pain?

> We have totally full employment, totally wonderful profit margins. All the things you would not want to start a bull market from. This is where you start bear markets from. Great bull markets start with exactly the opposite.
>
> ~ Jeremy Grantham

- The credit cycle appears to have already turned and inflation may have entered our DNA. Josh Hartnett of Bank of America calls this "devastating" and "the biggest story of the 2020s."[ref 23] Over the last half century bonds and stocks were complementary. When equities were getting trounced bonds rocked enough to deaden the pain. High inflation will inflict pain on both bonds and equities. When fewer and fewer stocks are dragging the markets to new highs while the market at large is foundering, the markets are "narrowing." The top ten stocks represent the highest percentage of the total market cap since 1929.



- Yield curve inversions wherein rates of long bonds are lower than rates on short-duration bills seem to preceed every recession. I can't profess to understand this, but I can take it at face value. We just exited a deep yield curve inversion that is the longest in history lasting 789 days. (The second longest ended in 1929.[ref 24])



But so what? Nothing happened. That is because the same dusty archives show that it is when the curve uninverts—a so-called "bear steepener" for those who need an unsubtle hint—is when all hell breaks loose. The superficial argument is that inversion arrives after the Fed tightening cycle, whereas the bear steepener arrives when the Fed starts furiously dropping rates trying to unscrew that pooch.

> How much do valuations tend to increase, on average, in the 3, 6, 12, and 24 months following a Fed pivot? The answer is simple. They don't.[ref 25]

~ John Hussman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MARKETS

Fed's jumbo interest rate cut puts the U.S. on track for a soft landing, Goldman CFO says

PUBLISHED TUE, SEP 24 2024-6:04 AM EDT
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- While talking heads bellowed a rally would ensue when the Fed starts dropping rates, tightening cycles reveal these credentialed experts are without a clue. Look at the dates the Fed started dropping rates to handle the dot-com bust/recession and the Great Recession in the chart below. Those little dips that occurred concurrent to the dropping Fed Funds rate correspond to equity losses of –50% apiece. The Covid dip got smothered in the crib by massively spiking inflation emerging when the authorities jammed trillions of dollars straight at the consumers and businesses.

EXHIBIT 3: RATE CUTS AFTER GREAT U.S. BUBBLES

Date of First Fed Rate Cut	*Subsequent Drawdown in U.S. Stock Market*	*Date of Market Trough*
Dec-1929	-79%	Jun-1932
Dec-1974	N/A	Oct-1974
Dec-2000	-41%	Oct-2002
Sep-2007	-55%	Mar-2009

Source: Global Financial Data, Federal Reserve

The tops are nigh when the Fed starts dropping rates. The sell off *during* the rate drops is often quite large (>50%). The bottom is in when the Fed stops dropping rates. The Fed started dropping rates in March 16th, 2024. Let the games begin. I hasten to add that these correlations of rates and returns don't *necessarily* indicate causation.

- If Mike Green is right that the passive flows are on the cusp of rolling over, the selling by boomers to withdraw and protect their savings could be relentless. Unlike a portfolio of individual stocks in which investors would begin an orderly culling through careful pruning of selected equities, passive investors can eject the entire index with a single spasmodic click of a mouse. This could get entertaining fast.
- As the Fed cut rates to the joy of those looking for a reprieve, the long-term rates went *up.* The 10-year is currently up 0.5% off the 9/6/24 bottom. One could argue the Fed has finally lost control of the yield curve. They are twirling their knobs, but the anticipated response is absent.

> The greatest credit event of all would be a recession in which US yields went up, not down.
>
> ~ Michael Hartnett

- The $20 trillion, 40-year-old Yen Carry Trade—referred to as "one giant ticking timebomb"—is where you borrow from Japan for nothin' and buy risk assets around the globe with Japanese

Monopoly money. The Bank of Japan took baby steps via small rate hikes—hikes the size of the interest rate in your checking account—to warn the World the salad days of the carry trade are over. If you search "yen carry trade" on *Google Trends* you see a lot of people were trying to figure this out.[ref 26] Some say the single-digit washout in the risk assets over several days solved the problem. My admittedly naïve view is that you do not unwind a 40-year-old, $20 trillion dollar bet in a few days. It's a delayed fuse not a dud.

- Silicon Valley Bank and a couple other large regional banks became insolvent rather quickly. Management was blamed for not hedging properly. Somebody must have dropped acid in my coffee: the banks went insolvent owning treasuries and it's the *banks'* faults? First of all, you cannot run a bank with the Fed's TTMP (Third-Trimester Monetary Policy). You also can't hedge all the banks using normal channels; we learned that in '07–'09. There are hundreds more insolvent regional banks according to some estimates as commercial real estate does laps around the drain.[ref 27]

- Various sentiment indicators suggest *The Final Exit* is near. These include all-time lows in short interest rates[ref 28] and all-time highs in the percentage of retail investors' net worth committed to equities,[ref 29] insider selling,[ref 30] and equity futures positioning by asset managers. The Sahm Rule predicting recession was triggered in August (forcing everybody to scamper to Investopedia so that they could pretend they understood this.)[ref 31]

- Consumer stocks like Target, Walgreens, and Advanced Autoparts are starting to get punished. I spilled almost no ink on the economy in this tome; it is too opaque because of the elections. The corpses will float to the surface soon.

> By the end, we're 40 times leveraged with 0.1% growth to get what looks like 4% growth…find me an economist who can tell me what the real unleveraged growth of America is, and people will have an epileptic fit even thinking about it because it's teeny.
>
> ~ David Murrin

XXXX - MAX S&P 500 4X Leveraged ETN

NYSEArca - Nasdaq Real Time Price. Currency in USD

- Buffett is building a record pile of cash, and he is storing it in short term treasuries (bills). Theories abound, but one stands out: he knows that the toaster oven is about to be thrown in the pool and that long bonds will *not* be a safe haven this time. (Druckemiller is shorting long-duration US debt.) One of Warren's top lieutenants apparently thought this was an inadequate defense and sold over half of his BRKA shares.[ref 32]
- We are at the start of the presidential cycle. Those expecting Trump to save us ignore history showing the first two years are the worst. Trump also has a strong incentive for the purge to arrive soon to blame it on Biden. The equity bulls also offer up nothing to explain how Trump will alleviate 200% overvalued markets without severe pain.

> I am getting increasingly concerned that we have to endure another decline of 5 percent or more before the year is out.[ref 33]
>
> ~ Sam Stovall, CFRA Research's chief investment strategist, way over his skis

- The private credit market is an unregulated, difficult to measure leverage said to be in the trillions.[ref 34] This is where vendor financed layaway and installment plans allow the consumer to keep the debt off their credit cards and the vendor to keep it off their balance sheets.[ref 35] In a recession, will a strapped consumer pay their heating bill or make an payment on that BarcaLounger from Metromattress?
- Russell Napier assures us that Japan will be forced to repatriate capital by selling assets abroad and that capital is moving to non-China emerging markets.[ref 36] That would potentially force selling in the passively supported index funds.

> I feel like a lot of what's perceived as wealth is an inflation illusion.
>
> ~ Stephanie Pomboy

The Magnificent Seven. The Mag 7—Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia, and Tesla—are the modern-day Nifty Fifty of 1967 or the 14 Japanese companies rounding out the top 20 companies in the world in 1989. Both offered up spectacular gains, culminating in catastrophic prospective losses. Sometimes the ten largest are discussed, but they lack the catchy name recognition. The Mag 7 are collectively overpriced, moreso than when I launched a diatribe against them in 2022, gloating about their recent beatings only to watch them humiliate me.[ref 37] Nvidia (NVDA) has become *the* market and will be the focus of my scorn. Before projectile vomiting my sour Nvidia grapes, I want to share a few random bullets about the collective Mag 7 and the other players in the Mag 7—the Mag 6—that caught my attention.

> The only thing less valuable than Tesla stock is a fully grown adult at P. Diddy's house.[ref 38]
>
> ~ Lewis Black

- Billionaires including Warren Buffett, Stan Druckenmiller, Leon Cooperman, David Tepper, and Seth Klarman sold off the majority of their holdings in the Mag 7.[ref 39] Earnings of NVDA, Apple, and MSFT are at 50x free cash flow and are believed by some to have peaked while their multiples remain lofty.[ref 40] Over the last decade, MSFT's dividend yield dropped from 3% to 0.7%.[ref 41]
- Smart guys like Jesse Felder are eyeballing commodities that do poorly during recessions but lead the markets exiting recessions. Investech says the #1 sector following a market peak is usually energy. The entire commodity sector is on my Black-Friday wish list when the liquidation sales appear.
- Fred Hickey, one of the veteran tech analysts, notes that MSFT is looking at single digit growth with a lot of that coming from rollups—the old growth-by-acquisition story that worked so well for Worldcom—while sporting a P/E of 40 and priced at 14x revenues. Sun Microsystems traded at just 10x revenues before their 95% swan dive in the dotcom swoon. MSFT is up 20x in 12 years. If profit margin growth rates and valuations return to 2012 levels, the marketplace must shave 70% off Microsoft's share price. If revenues drop as well, all bets are off.

> If you think Silicon Valley knows what it's doing financially, you really have to rethink things.
>
> ~ Jim Chanos, Kynikos

- Google offered to sell part of its ad tech business to satisfy EU trust busters, but that was deemed inadequate.[ref 42] Companies are forced into conservative stances (low profiles) while regulators are actually regulating. Meanwhile, its massive moat seemed invincible until AI showed up. They are now spending serious money simply to retain market dominance.
- Apple shares tripled in the six years following 2018 (as of June) while revenues grew 5% annualized.

> Apple's index representation is set to increase after Buffett's sale fully unleashed the amount of stock available for trading. In turn, index-tracking funds will need to purchase the shares to mimic its growing heft.[ref 43]
>
> ~ Bloomberg, failing to understand the definition of "float"[ref 44]

- The entire Mag 7 traded at 50 times free cash flow (as of April), and insider selling-to-buying hit 50:1.[ref 45]
- Amazon looks unstoppable for now.

> Nvidia (NVDA) is the poster child of the New Era. I have seen cats chase laser pointers with less enthusiasm. I suspect NVDA and its CEO will be pictured on milk cartons when the next big whoosh lays waste to the indices. Some hang the Ponzi moniker on NVDA owing to massive valuations (50x revenues), shady dealings with Coreweave, and a CEO with bad press from past shenanigans.
>
> ~Me, 2023 YIR

Nvidia. While nuclear-powered AI is said by some to be the greatest thing since the internet, profits from AI seem to not be materializing. The big players could spend huge bucks just to keep up with each other. Google is at risk of its invader-proof moat drying up. If the generations of technology roll over faster than the R&D can be amortized, AI companies could suffer death by creative destruction.[ref 46] Meanwhile, the pick and shovel maker Nvidia has become the first $3 trillion company with a capacity to gain or lose hundreds of billions of dollars in a single day. They added more than the equivalent of Goldman Sachs in one night. Nvidia has become the technology market.

- According to Jack Gamble, NVDA is vendor financing 35 customers, some with no apparent organic demand for chips. This includes a cannibis company [ref 47,48] that may have thought the chips were edibles. Fred Hickey agrees on the vendor financing and suggests chip hoarding is causing price spikes on false demand as customers double and triple order.[ref 49] We have seen this plot before. Coreweave has been a huge buyer of chips but then used them as collateral to borrow from Wall Street.[ref 50,51] Jim Chanos concurs this is a problem.[ref 52] Coreweave bought $2.3 billion in chips in 2023, which coincidentally is exactly the number of Nvidia's earnings beat. This is to be expected when Coreweaves' top dogs are asset managers not techies.[ref 53] Blackrock was said to be poised to profit from their NVDA options more than they could lose if their loans to NVDA tank. Those guys are incorrigible.

> To get to a [pre-10:1-share-split] $740 share price simply requires NVDA to maintain a monopolist-like operating profit margin of 55% for the next decade, while also growing sales 10x to more than $600bn. For context, the entire industry sold $527bn worth of chips last year.
>
> ~ Jesse Felder (@jessefelder) not knowing that the price would soon double

- Jack Gambles also noted that the massive SMCI “ricidivist fraud” is a problem given SMCI is one of Nvidia’s largest customers.[ref 54] Hindenberg Research reminded us that SMCI’s largest customer is Coreweave.[ref 55] SMCI tanked 80% off a high, but not until after it was brought into the S&P 500.[ref 56,57] It is still up nearly 40% year to date.
- The 5,000 small startup customers—anybody who can code has started an AI company—have no revenues, just a borrowed dollar and a dream. They are as financially sound as the bottom 20,000 cryptos.
- Nvidia chips are overheating.[ref 58]
- Nvidia insiders are selling at record levels.[ref 59]

> The U.S. Supreme Court will hear Nvidia’s appeal of a court ruling that accuses the company of committing securities fraud.[ref 60]
>
> ~ Bezinga Headline NVDA investors won’t want to read (and apparently didn’t)

> Nvidia gets subpoena from US DoJ, Bloomberg News reports
>
> –Reuters, another headline NVDA investors didn’t read

- The current troubles with the SEC are simply a repeat of what happened in the dot-com bust as described in this 2002 Alex Berenson article.[ref 61] It is the Jensen Huang playbook.
- NVDA markets its chips to use AI to detect fraud.[ref 62] You gotta admit that is funny.

- Nvidia has been fined $5.5 million for hiding how many gaming GPUs were sold to crypto miners, essentially calling crypto miners gaming companies.[ref 63]

> Nvidia has been a high-wire act for some time.[ref 64]
>
> ~ Marc Cohodes, 2002

> There are a number of people who could have put Jensen in jail.[ref 65]
>
> ~ Marc Cohodes, 2024, quoting a source

- Nvidia's market cap is larger than all of the companies in the entire energy sector of the S&P 500[ref 66] or the entire German market.
- Jesse Felder says "the average EPS growth rate among AI ETF constituents has fallen from 18% to just 5%, below the S&P 500.[ref 67]
- Huawei has a new AI chip to compete with Nvidia in China without getting tangled up in Washington's chip sanctions.[ref 68]

> I think it is the biggest bubble I've ever seen. Nvidia is up $1 trillion in one month.
>
> ~ Fred Hickey, *The High-Tech Strategist*

> Nvidia is highly unlikely to be a long-term winner as the demand for picks and shovels occurs at the beginning of a gold rush, and then rapidly fades.[ref 69]
>
> ~ Dhaval Joshi of BCA Research

So there you have it. Nvidia *is* the market. It has offered investors >170% one-year return and a 2400% five-year return. Will their 80% profit margins and valuations at >40x revenue and 100x levered-free cash flow hold up over time? During the dot-com bust Nvidia swan dived 90%. Could the drop be bigger this time? I said yes,[ref 70] but what do I know? Here is the bullish case that says they just keep going up.[ref 71] AI will likely be transformative and highly profitable, but probably to those who can buy the body parts at a deep discount after a period of carnage. Nvidia provides the infrastructure—the pipes—for AI. Corning provided the infrastructure—the light pipes—for the telecom sector and internet.

I have a few questions. Will history refer to the "Magnificent Seven" as a success story or will they become the "Malignant 7" and join the Nifty Fifty and Dotcoms in the Hall of Shame? That I need not even define "Mag Seven" for the reader is a tell. The Yahoo Finance page has a picture of Jensen Huang every…single…day. He has been on countless magazine covers. This seems like the magazine cover jinx that is now an infamous top call, but—and this is Kim Kardashian-sized but—Jensen has *not* yet been on *The Economist*. However, as they said in Starwars, there is another…

Market Bullets. Before my final wrap up, let's peek at a couple of funny stories of the type that emerge before the proverbial tide recedes.

- A 26-year-old pumped a random crypto—fondly referred to as a shitcoin by the bitcoin elite—and turned $900 into $100,000.[ref 72]
- The US will award Intel nearly $20 billion in grants and loans to help fund an expansion of its semiconductor factories, apparently to make sure failing companies stay in the US and make sure creative destruction is nipped in the bud.[ref 73] It makes you wonder if the billions of dollars spent on share buybacks could have been used more productively for a little R&D. Intel lost 26% in one day.
- McDonald's P/E of 25 suggests a 4% annual return. I was impressed by the lines in the drive-through until I realized it was operationally one cashier. Their revenues haven't budged in a dozen years. Their 200% capital gains over the last dozen years is driven by 150% growth in P/E (valuation). They do have a nice real estate portfolio in the event that franchises fail. McDonald's "indefinitely" halted onion sourcing from one supplier after an E. coli outbreak sickened at least 75 people. Sounds like an average day for McDonalds. They should have called them "vaccines", and the authorities would have turned a blind eye.
- What the heck is going on in those last six months of this S&P chart? Bernie Madoff showed us linearity is often fraud.

- RCA shares rose 200-fold in the decade leading up to 1929 and dropped 98% (50x) over the next 3 years.[ref 74] That's a nice 4x gain over a dozen years, but I betcha that was little consolation to most investors.
- A third of all S&P 500 trades occur in the final 10 minutes of the session.[ref 75]
- Gamestop more than doubled overnight when "Roaring Kitty" announced he was in pursuit. Mr. Kitty is rumored to have become a billionaire.[ref 76] Does this sound like the Wall of Worry?

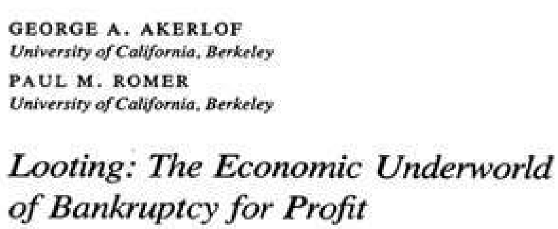
> Chewy surges after 'Roaring Kitty' discloses stake.
>
> ~ Yahoo Finance Headline

> When a stock surges 90% because of the “Return of Roaring Kitty”, you know we are currently living in one of the most speculative environments in history.
>
> ~ Otavio Costa

By the way, what does a whale that can move markets by simply spouting out his blowhole actually look like? *This* is Roaring Kitty. Are you not entertained now? The Game is indeed nearly over.

In conclusion, we are witnessing the great cycle of life. As the markets pull out of some secular low and climb the wall of worry, credit loosens, entrepreneurs begin taking baby steps at creating new wealth, eventually reaching a climax—a blow-off top. Prior to the collapse, the smart guys will have already snuck out the back door to safe havens, leaving the risk in pension plans run by Hillbillies. As the collapse wreaks havoc and crushes the nouveau poor, the “elites” will foreclose on the malinvestment and confiscate the portions of the wealth that survive the washout for pennies on the dollar. Who bought the real estate that went on the auction block in 08–09? Not you or me.

Après le deluge, the cycle starts all over again. A 1994 paper by Romer and Akerloff described the great wealth transfer of the boom-bust cycle.


GEORGE A. AKERLOF
University of California, Berkeley
PAUL M. ROMER
University of California, Berkeley

Looting: The Economic Underworld of Bankruptcy for Profit

I’ve saved my *really* big concern for last. We appear to be in yet another investment mania. Wall Street guys call it a “blow-off top”, which is coded language for getting you to keep putting your money in through fear that you will miss the best part—the Grand Finale. Lincoln made that mistake too. Yet, somehow, nobody seems euphoric. The Roaring 20s got their name for a reason. The dot-com boom felt like we had catapulted into the future. The housing mania that drove the markets to the ’07 top was euphoric as nouveau homeowners thought Oprah would be giving everybody a house and a pony. During this latest high, by contrast, the Left Half think their lives are over because the Orange Man won. The Right Half voted for the radical reform because they have had enough of the Left Half. The Bottom Half are working two jobs to pay their bills because of the surging cost of living. The Top Half will do *anything* to avoid returning to the Bottom Half (including selling into a panic). Politicians are despised, the mainstream media is hated, and the healthcare profession killed people. Universities are viewed as neo-Marxist training camps and too damned expensive. It feels like a mix of 1860 USA and 1789 France.

Here is the Really Big Question:

> If everybody is so grumpy at the top, what the hell is the next recession and accompanying bottom going to look like?

Electric Vehicles and Green Energy

> There is not the slightest indication that [nuclear energy] will ever be obtainable. It would mean that the atom would have to be shattered at will.
>
> ~ Albert Einstein, 1932.

To state the obvious, energy runs the world. The entire growth of civilization is about harnessing enthalpy (heat) to overcome entropy (chaos). Without the constant input of enthalpy, civilization will decay into a state of maximum entropy, and Bartertown may be our best-case scenario. Beginning with *The Quest for Fire*, every major advance in cultural evolution demanded increasing energy efficiency from trees, peat bogs, whale blubber, coal, oil, natural gas, and the atom. I am convinced that anthropogenic climate change is a load of anthropogenic crap brought to us by tens of trillions of dollars of anthropogenic grift and global authoritarianism.

> I have run out of patience with policymakers, corporate decision-makers, and investors who collectively throw up their hands and say, 'Don't blame me.' There is no excuse to fall for the myth of being victimized by the unprecedented.
>
> –Stephen Roach in *Myth of the Unprecedented*

Here is where I cut the psychopaths some slack: maybe they are in a position to see that changes are coming and, to quote a famous former governor, "Fuck your freedoms." The Club of Rome was not nuts asserting exponential growth on a finite orb is arithmetic nonsense as brilliantly described in talks by Albert Bartlett.[ref 1] The obvious and final play is nuclear. Perceived risk is amplified by the vivid imagery of Three Mile Island, Chernobyl, and Fukushima setbacks; there were no fatalities at the former two, and an estimated 31 died in the immediate aftermath of Chernobyl. By contrast, wind turbines kill several dozen people *per year.* My interest in energy and electric vehicles is a combination of curiosity, investment opportunity, and tracking the twisted globalists' quest for global domination. There are plenty of energy experts; I find the pseudonymous Doomberg to be a fabulous source of grounded wisdom.[ref 2]

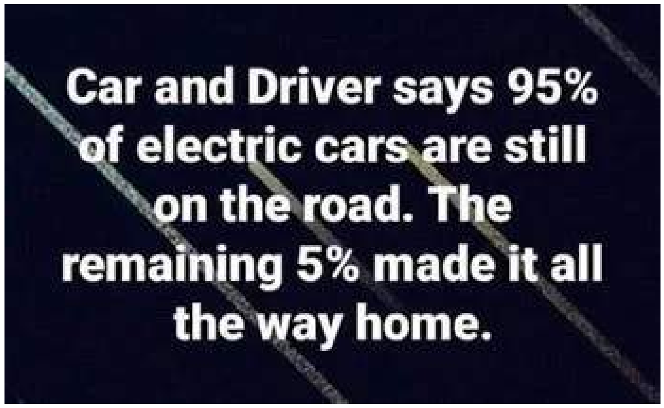
> The energy transition is failing and will fail.[ref 3]

~ Barry Norris, the founder and chief investment officer of UK hedge fund Argonaut Capital Partners LLP

Electric Vehicles. The electric vehicles (EVs) came on too fast. You cannot legislate solutions to technical problems. The EV market appears to be heading for a shakeout that is not just about a bursting bubble on Wall Street. It is bullet time:

- The basic idea of driverless cars was beta tested more than a half-century ago. They suggested it would take 30 years to put into practice. Here is a brief illustration.[ref 4]

- BMW declared the 2035 ban on vehicles based on internal-combustion engines (ICEs) is “no longer realistic”.[ref 5]
- The Chinese company EV SVOLT Energy plans to exit Europe by 2025 due to declining EV sales.[ref 6]
- Hyundai is being sued by a dealer that claimed to be pressured to cook the EV sales numbers. Dealers were punished by getting allocated the EVs that don’t sell well and were denied discounts.[ref 7]



- The Biden administration tried to mandate that >50% of all U.S. car sales in the US are EVs by 2032. Last year, EVs were were 8% of the market.[ref 8] Such bureaucratic pronouncements may prove unconstitutional after the Supreme Court overturned the Chevron Doctrine.[ref 9] They also fly in the face of the DBD (Drill Baby Drill) initiative of the next administration.
- German Green Loons called "Vulkangruppe" (Volcano Group) attacked Germany's electricity infrastructure that appeared to target Tesla's Gigafactory.[ref 10] Aren't they supposed to keep their Vulkan hands off EVs? The French and German Green Parties have lost half their membership in five years, suggesting that the populace is growing weary of the biodegradable speed bumps appearing during rush hour. So-called "greensliding" arrives when the cost of energy rises.

> Something super weird is going on, as Tesla was the *only* car company attacked![ref 11]
>
> ~ Elon Musk on the German attacks on Giga factory

- Incentives include $7,500 per vehicle by the US Taxpayer, another $1,500 by state and local taxpayers, and countless grifts from the Feds for building EV plants. The EVs *still* cost, on average, almost $20,000 more than ICEs.[ref 12]
- Resale prices of late-model EVs collapse (>60%) after only 10,000 miles, becoming ELs (electric lemons).[ref 13,14] Financial carrot to financial car rot in one year.

> The investment community's belief that EVs will displace the internal combustion engine remains as strong as ever. We vigorously disagree... Despite claims to the contrary, our research suggests EVs are less energy efficient than internal combustion engine automobiles. As a result, they will fail to gain widespread adoption.[ref 15]
>
> ~ Goehring & Rozencwajg

- EV maker Rivian is headed into liquidation, dragging its supply chain with it.[ref 16,17] Who the hell would buy one of these? Good luck finding a local Rivian dealer when you need a repair; their direct-to-consumer model means the dealers don't exist.

> Electric vehicles (EVs) are piling up on lots across the country as the green revolution hits a speed bump, data show.[ref 18]
>
> ~ USA Today, November 14, 2023

- EV battery makers appear to be pausing billions of dollars of new facility construction.[ref 19]
- Hertz bought a fleet of EVs and then bailed on them at a great loss while destroying the resale market.[ref 20]

> The road to electrification could be bumpier than anticipated.
>
> ~ Stephen Scherr, Hertz CEO…oops…ex-CEO

- Volkswagen has requested leniency from European regulators mandating EV sales.[ref 21] It is headed for a 10% cut of its German workforce.[ref 22]
- One of Hollywood's electric-powered intellectual juggernauts, Alyssa Milano, drew a line in the sand and became the Volkswagen's EV pitchwoman…

The Twittersphere pointed out that Volkswagen was run by Nazis. She deleted her Twitter account.

- Europe witnessed an 11% drop in EV sales in March with sales in Germany tanking 30%.[ref 23]
- Ford is bailing on EVs at the cost of $1.9 billion and turning to hybrids.[ref 24,25] The estimated loss per vehicle sold seems to cover a wide range but tops out at $120,000.[ref 26,27,28] Perhaps they could make up the losses on volume.
- China is ready to sell $14,000 EVs,[ref 29] spooking Tesla out of the economy car market. Democrat Sherrod Brown wants to ban Chinese EVs because they pose "an existential threat" to the American auto industry.[ref 30] He showed evidence of a brain stem when he noted, "The authors are concerned about the recent push to rely on modeling and assumptions about CO_2's capacity to drive changes in global temperature rather than observational evidence. They point out the current CO_2-is-the-climate-control-knob zeitgeist is no more than a hypothesis."

Well, hells bells. Let's get more government in the game…

- A two-year, $7.5 billion Biden Administration investment in EV charging stations produced just 7 charging stations with 38 total ports.[ref 31] prompting one Republican to slightly understate, "We have significant concerns that under your efforts American taxpayer dollars are being woefully mismanaged." That money went somewhere, and 10% for the Big Guy is not chump change.
- Washington State's Governor is offering $45 million of subsidies to 9,000 eligible "low income" families to "democratize EVs" that even high income people can barely afford to buy and keep on the road.[ref 32]

- Electronic bus maker Proterra got at least $8 billion and then went belly up.[ref 33] Jesse Watters called it a pump and dump scheme. Big players had big positions. Insiders got out before the shares crashed to 17 cents. Maybe it was an inside job…

> I have a particular fondness, I must tell you, for electric school buses. I love electric school buses! I just love them for so many reasons! Maybe because I went to school on a school bus. Hey, raise your hand if you went to school on a school bus!
>
> ~ Kamala Harris, former future President

The bottom line seems to be that EVs cost way more than ICEs to buy, finance, insure, and repair. They hold value like bananas left on the countertop. You can't refuel them in two minutes. They *can* catch fire, rip through tires because of the excessive weight, get written down near zero after a fender bender because the integrity of the battery is unknowable, experience software crashes worse than Windows 95, witness precipitous drop in miles per charge in cold weather, strain the grid, and bankrupt rental agencies because of all of the above.[ref 34] Otherwise, they're great! That leads to the ultimate question: where will we get all the green energy to power all those green cars?

> The nation that destroys its soil destroys itself.
>
> ~ President Franklin D. Roosevelt

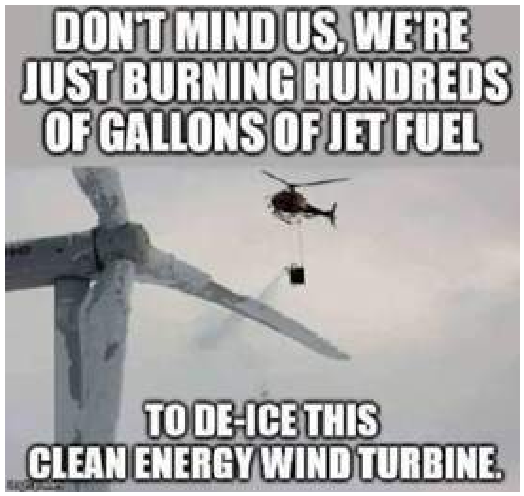
Biomass-Derived Energy. I've written about biomass before. its problems were vividly laid bare by, of all people, Michael Moore in his *Planet of the Humans* documentary.[ref 35] Destroying the World's arable soils so that you can drive your car is insane. Of course, the corn lobby will keep the ethanol subsidies coming much the way wool subsidies refuse to die. Otherwise, I sense the idea has already died on the vine.

> We built a heck of a lot of wind capacity in 2023 in the United States, but the actual amount of wind electricity produced went down simply because you have wind droughts.[ref 36]
>
> ~ Dan Kish, energy economist, Institute for Energy Research (IER)

Wind Turbines. Wind is close behind. Construction and disposal of wind turbines are environmentally brutal. The ornithologists detest the deaths of migratory birds while missing the possible benefits of catching them with nets to make raptor stews. Turbines turn pristine landscapes into eyesores. I used to fish off Wolf Island in the Saint Lawrence River. It is now a big wind farm. Next time you drive by a windfarm, count how many turbines are not turning.

Wind turbines seem likely to follow biomass into the dustbin of history. If you want an interesting takedown, listen to this 4-minute riff on wind turbines in the show *Landman*.[ref 37] Let's shoot them with a few bullets anyway.

- A credible source passed along the anecdote that we have spent $5 trillion to develop alternative energies and decreased the proportion of total energy derived from fossel fuels from 82% to… (envelope please)…81%![ref 38]
- The Australian government pays $600,000–$900,00 per turbine per year. The grifters pay farmers $12,000 per turbine on their land. The contract leaves the farmer with all future responsibility for the turbines. (Do your due diligence on this one.)[ref 39]
- The visually horrific wind turbines off the Nantucket shore began washing up on Nantucket (along with dead whales).[ref 40] What happens when a nor'easter comes ripping through?



- New York agreed to pay $155 per megawatt hour for two windfarms off the coast of Long Island, which compares relatively unfavorably to $36 Per MWH for standard energy.[ref 41]
- Cargo ships are being fitted with giant kites to slash the carbon emissions. I could be wrong, but I think the Phoenicians get credit for this idea.[ref 42]

Solar Power. Cradle-to-grave analyses of the efficacy of alternative energies require a detailed investigation of the overall cost, resource depletion, net energy cost after the consumption of fossil fuels have been accounted for, and all of the above when it comes time for the grave. Analyses by many including David MacKay,[ref 43,44,45] whose work came highly recommended by energy security analyst Iddo Wernick,[ref 46] have convinced me alternative "green" energies cannot replace fossil fuels.

The incentives for those in the alternative energy industry to carry out such detailed analyses is akin to the incentives of Pfizer to find all the flaws in their drugs and vaccines.

> The problem of solar panel disposal will explode with full force in two or three decades and wreck the environment because it is a huge amount of waste and they are not easy to recycle.[ref 47]
>
> ~ Forbes

Hundreds of millions of solar panels are in service; most have a lifespan of under 30 years. Each year, their electric output drops by at least half a percent, and given enough time they must be replaced. Best I can tell, nobody has figured out how to solve the “intractable problem of hazardous waste disposal”[ref 48] once the solar panels have gone to the light. I am by no means an expert, but this serves as a warning to eco-bliss-ninnies who embrace alternative energies without much thought. Developers who pocketed huge profits and are arguably responsible for them cradle-to-grave will be long gone when that grave part arrives.

I am just topping off years of casual reading about energy, admittedly accruing wisdom incrementally:

- First Solar in Arizona is worth $19 billion. They get 90% of their profits from government subsidies;[ref 49] an estimated $1 trillion of such subsidies are handed out by taxpayers annually. Recall the $535 million given to Solyndra by the Obama administration before they (Solyndra, that is) went bankrupt.[ref 50]
- As told by Mish Shedlock, rooftop solar panel companies that got huge subsidies from the ironically named Inflation Reduction Act are falling like dominoes because they are uneconomic even with the Government Grift.[ref 51] The subsidies remove the critical indicators needed by the free market, which drives out potentially competitive solutions.
- The 1.8 million solar panels at the Gemini site can generate enough power to supply 10% of Las Vegas at peak demand. Peak demand from air conditioning coincides with peak production, but the strip remains an energy bloodsucker at night.[ref 52]
- The world’s largest floating solar farm got washed away by a storm,[ref 53] and the climate cultists claim the storms are getting more severe. The good news is that there is no evidence of increased frequency or severity of storms.[ref 54]
- A hail storm in Texas destroyed 1,000’s of acres of solar farms.[ref 55]

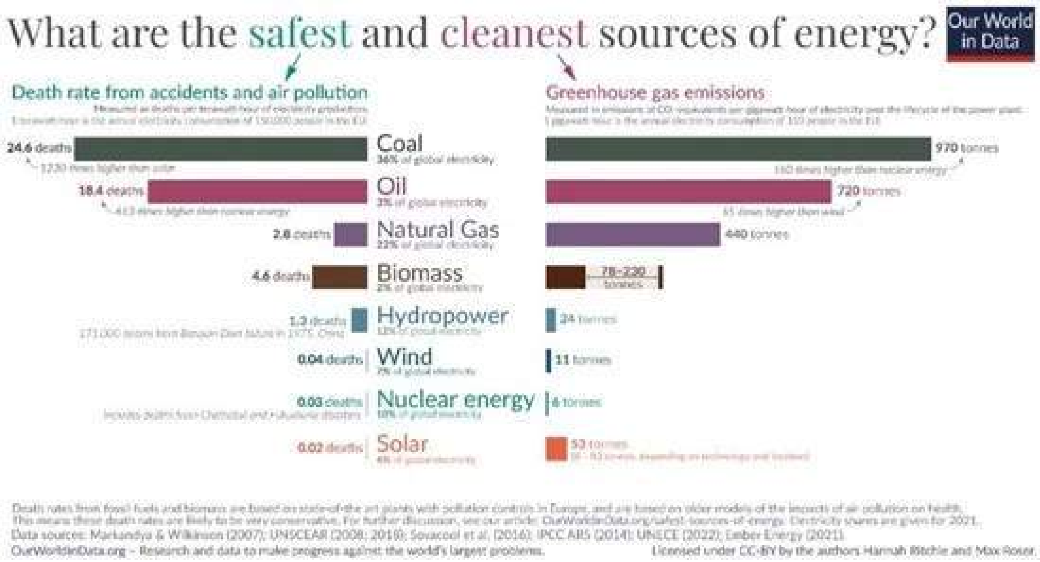
- The Biden administration offered 55 million acres of public lands for solar farms.[ref 56] That is a lot of acreage allocated to eyesores.
- Subsidies for rooftop solar panels doubled in the last three years. Consumers using conventional energy contribute 15% of their energy bills to pick up the tab.[ref 57]

> As Europe and the rest of the World get pounded by energy shortages, people may soon be begging for nuclear power plants in their backyards — NIMBY turns RIMBY (right in my backyard).
>
> ~ Dave Collum, 2023, cited *In Gold We Trust*

Nuclear Energy. I have been confident for awhile now that nuclear power was going to return. It *must* return. The bombing of the Nordstream pipeline struck me as a trigger. Freezing a few asses off in a chilly Northern European winter would have the Germans begging for a plant in their backyards. That didn't happen, but there emerged an urgent push for nuclear energy that came with little warning inside the Trojan Horse of AI.

> Our children will enjoy in their homes electrical energy too cheap to meter.
>
> ~ Lewis L. Strauss, chairman of the Atomic Energy Commission

Chips used for AI suck up 5–10x more power than standard CPU systems.[ref 58] I call it a Trojan Horse because I believe the enthusiasm for AI is not just putting pressure to find better sources of energy. AI is being used to generate the "buzz" to get sign-off by the public on nuclear energy. I can imagine a future in which Apple, Microsoft, Google, and Amazon are the largest components in the XLE energy index. All the cool kids like Gates, Fink, Jensen, and Altman are on the bandwagon. Moreover, the timescales often cited are in years not decades. Something has changed. The big money is all in, which means nuclear energy is surging.



I am playing catchup here, but the "next gen" or "second gen" small modular reactors (SMRs) can be mass produced. Our nuclear sub fleet illustrates the basic idea. Cost estimates are all over the map, but the wild variations appear to trace to regulatory uncertainties, which can be bulldozed if the mood is right. Energy whiz Doomberg did a back-of-the-envelope calculation showing that the footprint of a traditional reactor is <2% that of a solar farm that could put out the same energy. Reactors of old use only 4% of the potential energy (radioactivity), sending 96% of the radioactivity to waste in concrete sarcophagi perched on concrete slabs. The new SMRs use nearly 100% of the available radioactivity. Is it possible that the radioactive waste can be recovered and used? If so, investor enthusiasm for uranium mining companies may be misplaced.

- A $1.5 billion federal loan will back restarting a nuclear power plant in southwestern Michigan.[ref 59]
- Microsoft has expressed an interest in reopening Holtec's Palisades Three Mile Island nuclear plant and purchasing all of the energy to run their new AI server farms.[ref 60,61] The current owner will pony up $1.6 billion to restart it. I have to wonder how one sets the price of the energy with a single-purchaser monopsony. Where are the government subsidies hiding, and what happens if Microsoft loses interest or if the plant has another "event"?

- Amazon is committing to investing more than $500 million to develop SMRs.[ref 62] One can only imagine the subsidies involved. And right on cue, Virginia Gov. Glenn Youngkin threw in his moral support.
- Bill Gates is pledging billions to back TerraPower LLC.[ref 63] "I put in over a billion, and I'll put in billions more." The AI sector alone is predicted to consume 3.5% of global electricity by 2030 at current production levels.

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Britain to build Europe's first next generation nuclear fuel facility

By **Susanna Twidale**

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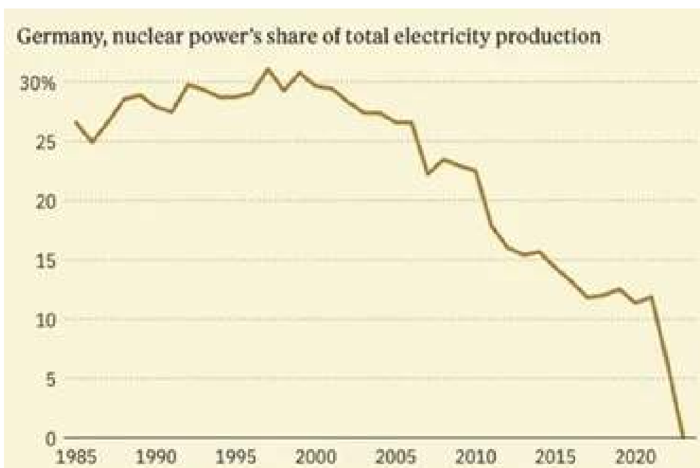
- The Sam Altman-backed SMR startup Oklo that is projected to launch by 2027.[ref 63] The Department of Energy is kicking in four cost-share awards and an expedited site-use permit. This compact 15-megawatt reactor will cost around $70 million. The federal ADVANCE Act is greasing the skids for licensing, fuel supply chain, reduced fees, overall shortening of timelines, and "offering incentives."
- And, meanwhile, German greens somehow did not get the memo...



We are heading for nuclear power at warp speed. One wonders what changed. To reiterate: My thesis is that AI is being used to generate the buzz, but that may be thinking too small. Maybe we are witnessing a three-movement concerto: (1) the global climate hysteria, (2) the green energy grift, and (3) the nuclear energy finale. Meanwhile, the US is playing catch up...

Nuclear reactors planned and proposed

About 90 power reactors with a total gross capacity of about 90 GWe are planned, and over 300 more are proposed*. Most reactors currently planned are in countries in Asia, characterized by fast-growing economies and rapidly-rising electricity demand.

COUNTRY (Click name for Country Profile)	REACTORS UNDER CONSTRUCTION		REACTORS PLANNED		REACTORS PROPOSED	
	No.	MWe gross	No.	MWe gross	No.	MWe gross
China	30	34,661	41	44,660	158	186,450
USA	0	0	0	0	13	10,500

A big question is how fast can the global electric grids be fortified to handle the massive draw from EVs and AI?[ref 64]

Part 2

Click here to continue on to Part 2.

About the Author

David Collum received a BS in biology from Cornell in 1977 and an MA, MS, and PhD in chemistry from Columbia University in 1980. Dave currently is the Betty R. Miller Professor of Chemistry at Cornell University. While at Cornell Dave has served as Director of Undergraduate Studies, Director of Graduate Studies, associate chairman, and chairman while running a research program in organic chemistry for forty years, which include collaborations with a host of large-cap pharmaceutical companies exemplified by Merck and Pfizer. In recent years he has become interested in the interface where politics and markets meet. He compiles an annual Year in Review, does several dozen podcasts per year, and occasionally stirs up trouble on more mainstream media sources.