

December 23, 2022

Merry Christmas / Happy Holidays

**In my 53 years in the investment world, I've seen a number of economic cycles, pendulum swings, manias and panics, bubbles and crashes, but I remember only two real sea changes. I think we may be in the midst of a third one today. -
Howard Marks**

Absolute certainty is the foundational component of totalitarianism: if one is sure that one's political philosophy will lead to the best possible future for humankind, all manner of terrible acts become justifiable in service of the greater good. - Karl Popper



Markets

(Graphs updated)

Things are still going according to my medium-term plan. However, there is another high coming in the dollar, question is fundamental to where we are.

Sometime ago, I said that the dollar had made a high and that it might be THE high, but I thought there was one more high left. Nothing has happened since to confirm one way or the other, but it is important to, well, everything, including gold and silver.

Bitcoin is coming to a critical juncture in its very bullish outlook. The analysis is a little arcane, but bitcoin's price is approaching a level at which short term bullishness is invalidated.



... if JAPAN! is NOW hiking to changing policy NOW because of inflation, remind me why the Fed would be pivoting anytime in 2023? The answer is they will not. You can forget a pivot. - Jim Bianco

(Kit) No change in my view that the Fed keeps raising rates until something breaks. Will keep interest rates high for a while.

Until it cannot.

Pivot is coming, but maybe not for a while and not until a lot of damage is done.

This is just brutal and gets at one of the fundamental truths of our situation. Very, very nice.



Christianity

(As background, I was once a devout Christian (Presbyterian - btw, predestination is every bit a fascinating topic as free will and is basically the same discussion from another aspect) but am now agnostic. One of my lifelong pursuits is studying various religions, so that Beth calls me a god-obsessed agnostic.)

Christmas is my favorite time of year. Memories of my grandparents and my parents and our children, when they were young. Going to church and singing hymns and carols. It was all so very warm and wonderful.

I have those same feelings now, sharing them with Beth and Matt. All the others have departed. The good feelings are mixed with the bittersweet.

And some sorrow. I am sad I lost my religion. It was a great comfort while I had it. I cannot begin to express the joy of knowing I would get to see my parents, grandparents and son after death. I still deeply enjoy hearing *Ave Maria* and *Oh Holy Night*.

It is fascinating that the world has created a planetary shopping orgy out of a religious celebration - the birth of a god.

I have told the story of being in Tokyo with Beth one November, going to the Ginza shopping district, seeing Santa Claus and Christmas trees and hearing Christmas carols. One of my most memorable moments, ever, was in a Japanese department store hearing Barbra Streisand singing *Ave Maria* - a Jew singing a Christmas carol in Latin in a Shinto/Buddhist country.

I have been more than amazed that Christianity, which basically preaches against human nature, has been embraced by billions for thousands of years. In a world in which several hundred years of continued existence is rare and impressive, Christianity has flourished.

(Actually, Buddhism, Judaism, Hinduism and Islam have all been around a very long time, with Islam being the youngest and Hinduism the oldest. Buddhism, as taught by the Buddha, is actually not a religion, although some of its followers have made it one, and Judaism has mostly, but not entirely, gotten out of the religion business. Islam is similar to Christianity in that it preaches against human nature and includes an afterlife. I will continue these thoughts from a

strictly-Christian perspective, realizing that there is a whole, different world out there.)

To completely oversimplify, I think that Christianity out-competed the religions of the Roman Empire because it preached love and eternal life. And perhaps because Roman Emperor Constantine is said to have won a particular battle under the sign of the cross, testing which god was stronger, and perhaps because his mother was Christian. But certainly because he and other emperors embraced and supported Christianity (in the beginning, it was a mixed bag; some emperors persecuted and outlawed Christianity). In general, with notable exceptions, people ignored the preaching against homosexuality or remarrying after divorce, that it was easier for a camel to get through the eye of a needle than for a rich man to get into heaven and the prospect of hell for all who were not saved. They selected the bits they liked, which were, actually, wonderful.

Today, Christianity in America is being out-competed by another religion. That is the religion of human nature and individuality. The prohibitions are against racism, genderism and sexism, and the most valued attribute is diversity. Gambling, pornography, nudity, drunkenness, homosexuality, sex without marriage, remarriage are all ok - everything except murder, rape, child abuse and theft, and in some cities, theft is becoming sanctioned. You can be excommunicated through being canceled, evil exists in different political ideologies and pronouns are holy words.

Sin is just fun, and why should we deny ourselves fun?

Maybe because I will go to hell?

Pascal's Wager goes like this. It is better to be a Christian than not, regardless of whether there is a God. If you are a Christian and there is a God, you will live a just a few years in the grand scheme of things, but get eternal life. If you are not a Christian and there is a God, then you will live just a few years in the grand scheme of things, and then spend eternity in hell. If you are a Christian and there is no God, then you have had a nice life, turn to dust, no harm, no foul. Clearly, in the long run, being a Christian is the right choice, regardless of the actual existence of God, which is unknowable. (I have created Webster's Wager, which complicates things since I am aware of Islam, whereas Pascal either was not or dismissed it. The afterlife zero-sum-game between Christianity and Islam complicates things significantly. Bottom line, a la Pascal, you should choose either Christianity or Islam for the long term, but if you get it wrong, you are eternally screwed. There is no longer a safe bet, only a 50/50 chance. According

to the Hindus and Buddhists, you get to be reborn into the next life and get the chance to try to get it right that next time.)

We have also become educated and exposed to a whole world of differences and alternatives. We have learned that some of the Old Testament is historically inaccurate or false. The Jewish creation story has fallen out of favor. My personal crisis culminated in contemplating prayer, although Job didn't help. Very complicated subject, but god is not going to change the world because I ask him to. Prayer boils down to praising and thanking god and that is about it.

Anyway, we are losing our religious faith and replacing it with a secular faith. I have no idea whether this is a good thing. People need myths and hope - maybe the secular myths will satisfy.

Christianity will go on - for now in Africa and South America - but it will slowly diminish in importance. Particularly in comparison to Islam.

America's and the West's grand experiment in secular religion will be fascinating to follow. The French in their revolution and the communists have tried it. Classical religion refused to be replaced.

The mythmaking will be the most important bit.

The Trump Criminal Referral

Important symbolically. Less significant politically and means next to nothing legally. DOJ will or won't prosecute based on its own criteria, not Congress' and definitely not the outgoing Congress'. However, it does put pressure on the DOJ.

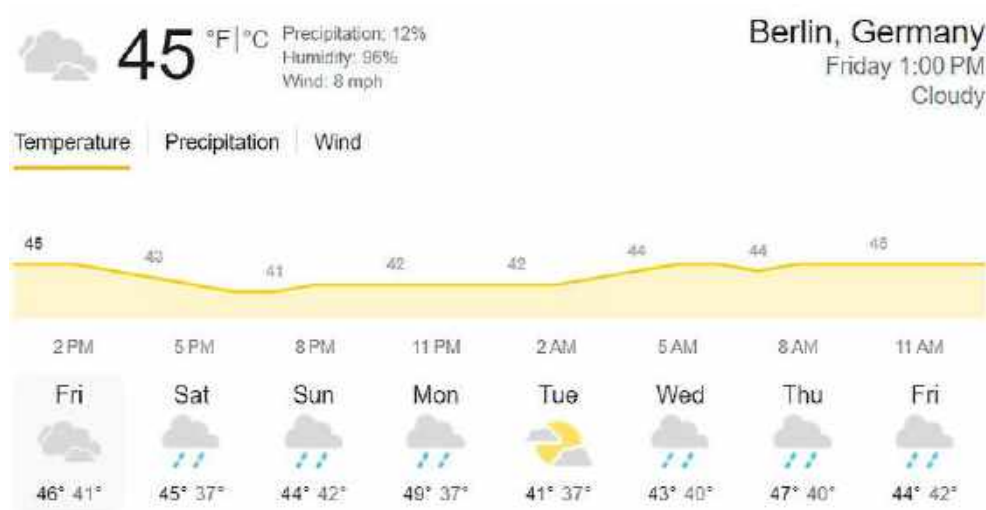
War, Energy and Food

The Energy Department announced it will buy up to 3 million barrels of oil—to be delivered in February—in an effort to begin refilling the Strategic Petroleum Reserve.

Japan announced on Thursday that it will extend the lifespan of its existing nuclear power plants, restart mothballed ones, and build new facilities to replace those that get phased out.

Russian Deputy Prime Minister Alexander Novak said Moscow will ban oil and petroleum product exports to countries complying with the Western-imposed

price cap on Russian oil. He said Russia could cut oil production by 500,000-700,000 barrels per day in early 2023. Meanwhile, President Vladimir Putin signed a decree introducing “special economic measures” in the natural gas sector, blocking Gazprom and its affiliates from fulfilling obligations to foreign companies associated with “unfriendly” countries.



Tidbits

Reality is a bitch. Nearly two years after newly elected President Joe Biden ordered a halt to construction on the project, the Department of Homeland Security announced on Dec. 13 that it will work to close gaps along the southwest border of the wall between the United States and Mexico.

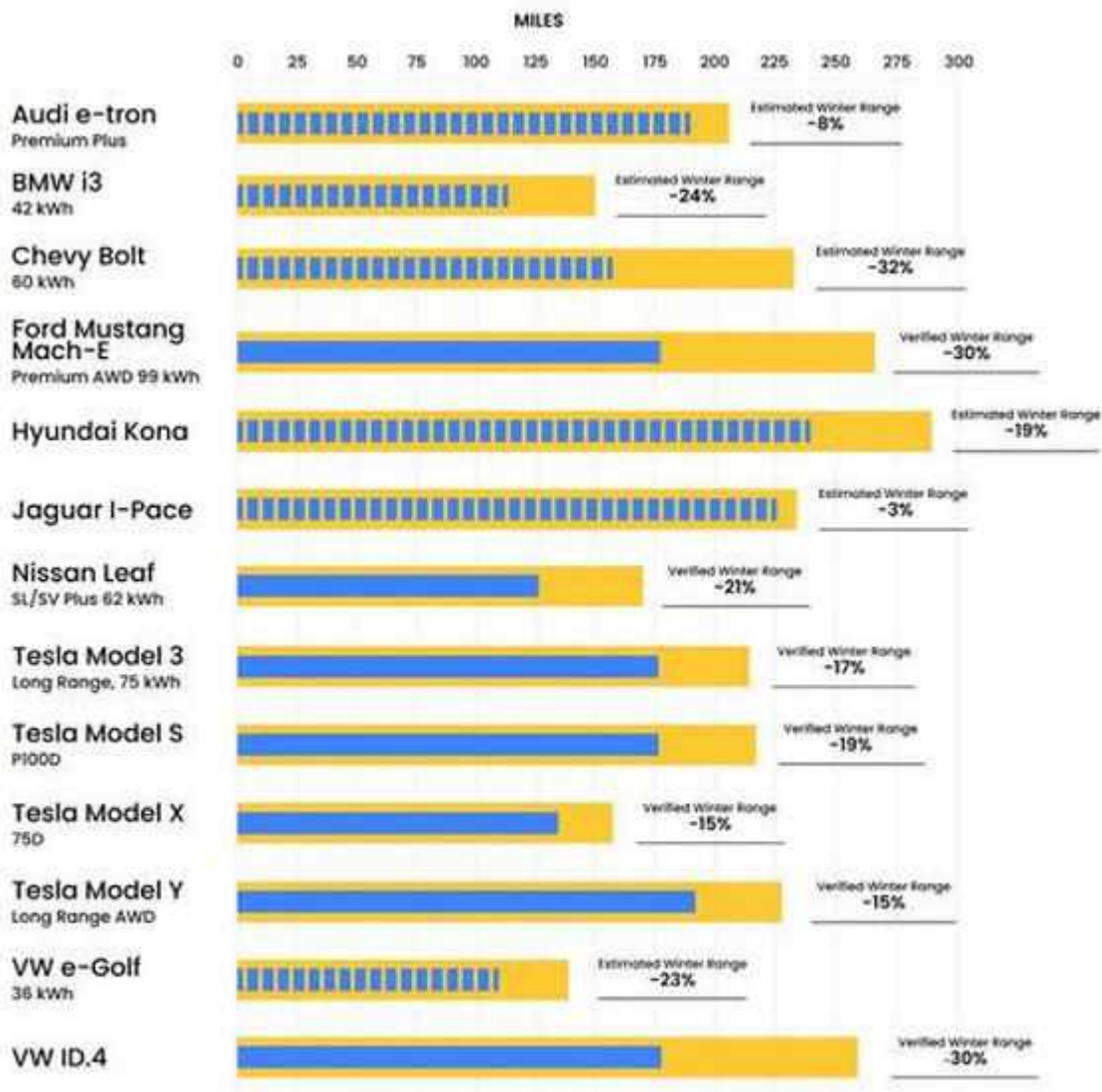
Biden’s 2020 campaign promise was that he would not build “one more foot” of the border wall, which was one of former president Donald Trump’s most prominent objectives.

The Biden administration is confronted with finding solutions to address the end of Title 42. DHS has said that could lead to an estimated 9,000 to 14,000 illegal immigrants crossing from Mexico into the United States every day.



Winter Range For Popular EV Models

Freezing vs. 70-degree Temperatures



20-30°F 70°F



Estimated Winter Range

is expected range at 20-30 F and is calculated using on-board telematics for over 7,000 connected vehicles



Verified Winter Range

is based on original Recurrent research using a combination of on-board devices and real-time usage data for tens of thousands of datapoints

Chief Justice John Roberts on Monday temporarily stayed a lower court's ruling that would've required the Biden administration to end Title 42—a pandemic-era policy allowing border officials to quickly expel migrants—by Wednesday. A coalition of 19 Republican-led states asked the Supreme Court to stop the

policy's wind-down, and Roberts' procedural stay provides time for the Court to decide whether to take on the case.

There is a growing awareness that the mental health problems of Gen Z were caused by 2 interacting factors: loss of childhood independence, and getting on social media in middle school. - Jonathan Haidt

Oh, goodie. Germany and Japan are beginning to build military capabilities.

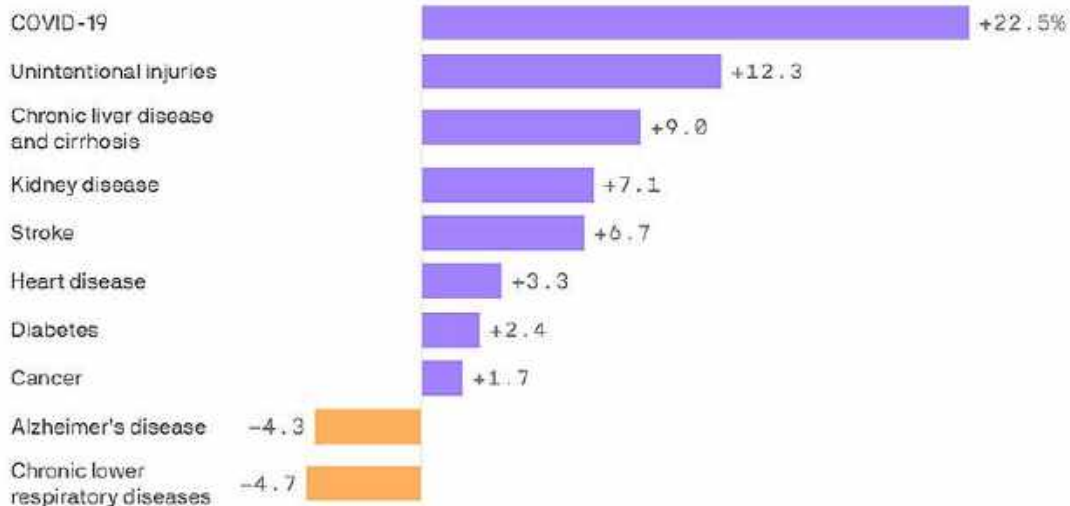
Home sales tumbled more than 7% in November, the 10th straight month of declines

What if I told you that there are fewer open ICU beds in the United States today (17,625) than at any point since Johns Hopkins began tracking the data in 2020? - Ben Hunt

U.S. life expectancy fell to 76.4 years last year from 77 years in 2020, to levels last seen in 1996, driven by the effects of the pandemic as well as the opioid epidemic, according to final mortality data from the Centers for Disease Control and Prevention. ("Unintentional injuries" are primarily drug overdoses.)

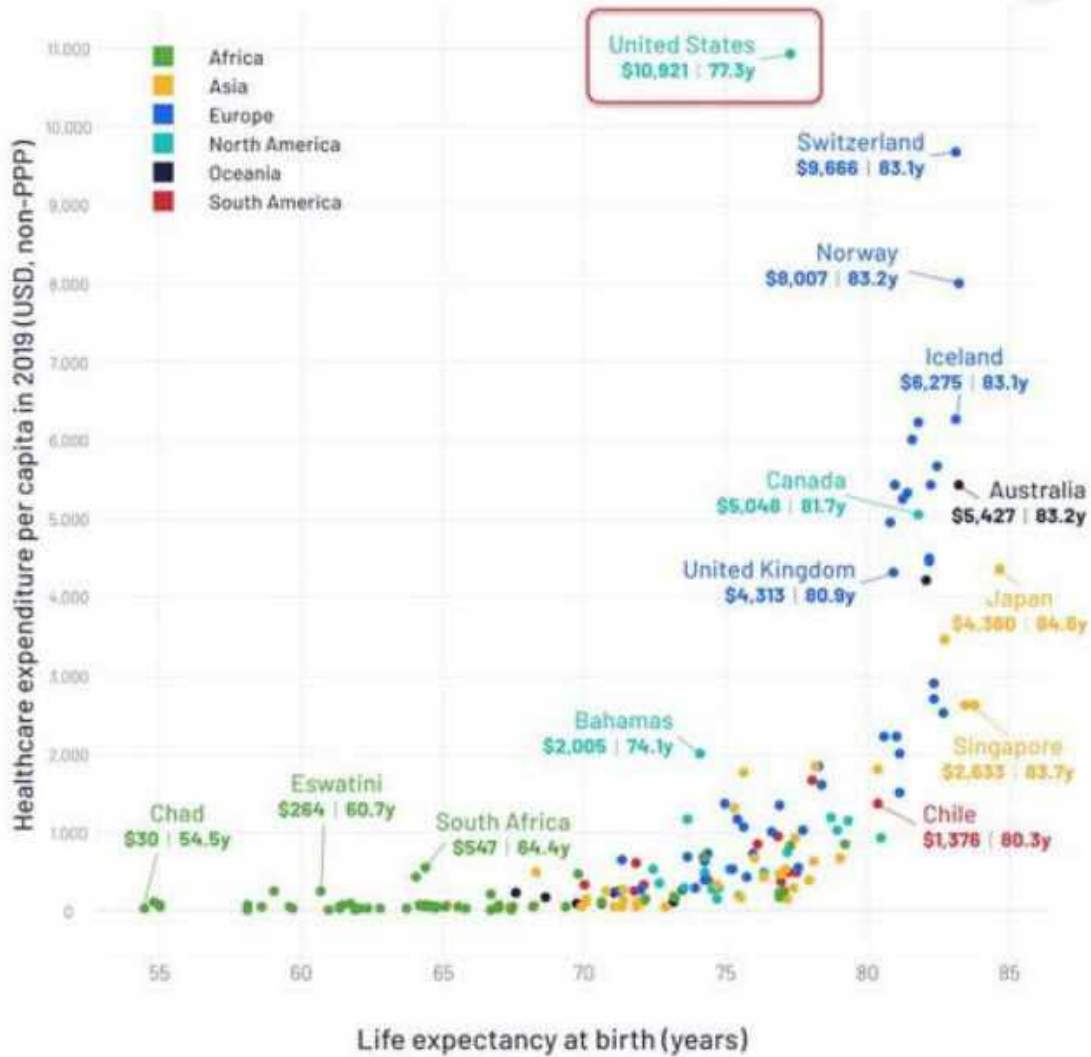
Change in U.S. death rate by cause, 2020 to 2021

Age-adjusted deaths per 100k people for the 10 leading causes of death in 2021



Data: CDC National Center for Health Statistics; Chart: Erin Davis/Axiom Visuals

Healthcare expenditure per capita vs life expectancy



Soaring labor costs and inflation have accelerated McDonald's push into automation. The fast-food chain unveiled its first concept restaurant earlier this month in Forth Worth, Texas, without human interaction.

(Very) strange bedfellows:



Today's world is just propaganda, all the way down. ChatGPT by @OpenAI now *expressly prohibits arguments for fossil fuels*. (It used to offer them.) Not only that, it excludes nuclear energy from its counter-suggestions. Then there's this - something interesting is going on.



Pielke asked ChatGPT about Pielke. ChatGPT reported a fictitious lawsuit filed and later dismissed by Pielke. ChatGPT detailed three sources, none of which returned any hit on Google (Pielke shows the actual searches and dialog with ChatGPT).

Very strange, and more than a little disconcerting.

The Twitter Files

I think I have had time to view the Twitter Files with some perspective.

I want to start by stating the obvious - the FBI is going to meddle in everything it feels it has a stake in - this is not news.

Perhaps more controversial, but clear to me, is that the FBI will cut corners and do questionable things as a matter of course. Very bad thing, but that's the way it has been for decades and it is not going to change now.

Next, the FBI has a legitimate interest in election manipulation by foreign powers and should have allies in social media to help understand what is going on.

So, RussiaGate was a legitimate topic of interest, even though there turned out to be very little there there. Of course Russia is trying to influence our opinions, but Trump was not in cahoots with them and the FBI, at some point, knew it. Every appearance is that the FBI was trying to bias against Trump. (You know by now I am not a Trump supporter and am a Trump critic.) Not a good thing.

The most egregious action was their actively trying to suppress news about the Hunter Biden laptop. The news was legit, and they knew it, but the FBI was pursuing a political agenda, which they really, really should not be doing.

So, bottom line, did I learn anything?

No, I pretty well had connected the dots.

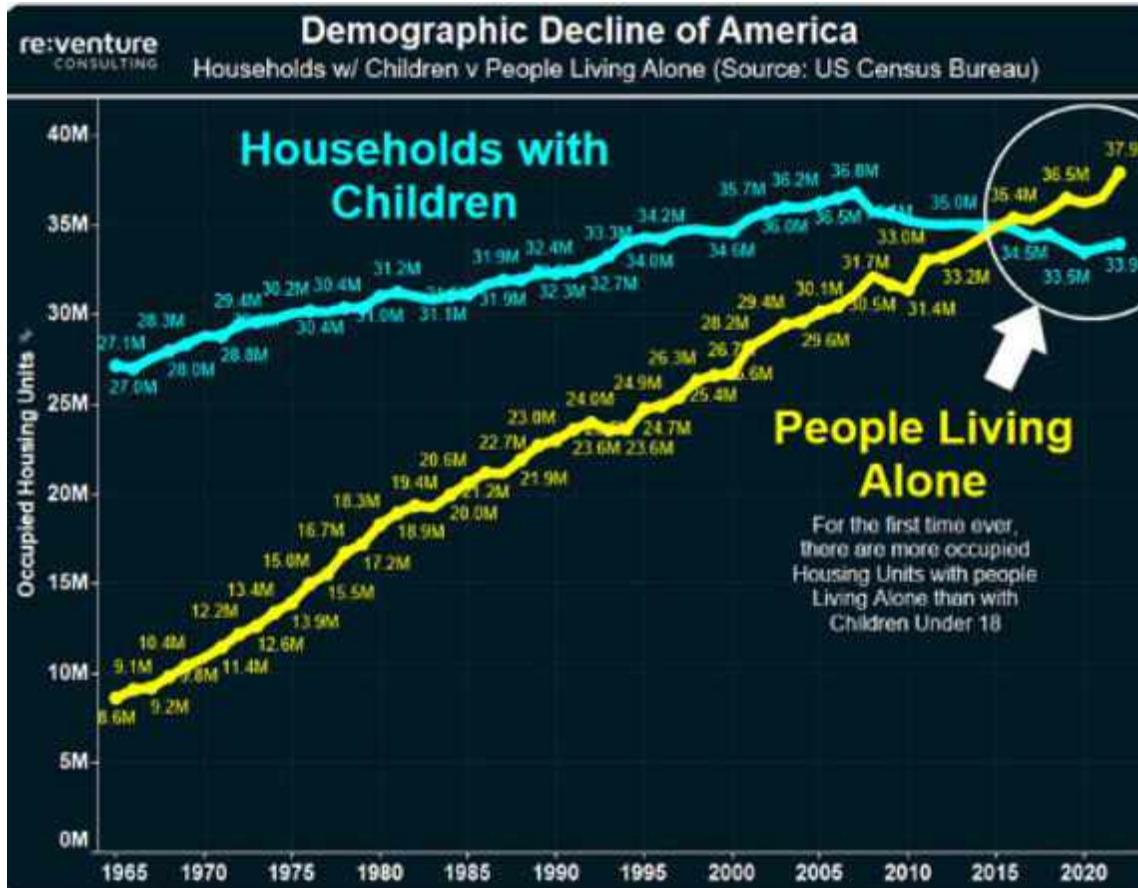
Is anything going to change?

No, power is power. Has been since before Jay Edgar Hoover went toe-to-toe with LBJ. The FBI is near the top of the pyramid. Games will be played.

Shame on Twitter for letting them get away with it.

Good [summary](#) by Michael Shellenberger

Profound



America's Happiest Cities

Top 50 Places Where Americans Are Happiest

Search in table Page 1 of 5 >

Rank	City	Personal Finance Score	Well-Being Score	Quality of Life Score	Ranking Index
1	Sunnyvale, CA	86.50	97.72	100.00	94.74
2	Arlington, VA	94.89	99.35	86.54	93.59
3	Bellevue, WA	88.75	93.97	94.39	92.37
4	Fremont, CA	89.78	95.60	87.66	91.01
5	Frisco, TX	100.00	72.31	84.86	85.72
6	Plano, TX	94.68	77.04	82.06	84.59
7	Roseville, CA	89.78	89.74	69.72	83.08
8	San Jose, CA	71.78	94.95	75.14	80.62
9	Santa Clarita, CA	78.73	73.29	86.17	79.40
10	Irvine, CA	77.91	86.32	72.34	78.86

Austin is number 20.
The unhappiest are Birmingham, Newark and Memphis.

Another Sexist Screed



Dumb Jokes

What if the hokey pokey IS what it's all about?



A Metaphor

The Omnibus Bill to fund the US government for another year is a metaphor for our lawmaking process. - an abomination.

- **Congress doesn't do budgets anymore.**
- **Spending increases without limit even as we approach a fiscal crisis.**
- **Earmarks are back.**
- **The act contains a number of miscellaneous laws that did not pass by themselves or were not brought up for a vote that have nothing to do with budgets.**

Just appalling.

Following is a summary from *The Morning Dispatch*:

As Monday slipped by with the text of the overdue omnibus government funding bill still unreleased, news trickled out explaining the holdup: lawmakers [couldn't agree](#) on whether the new FBI headquarters should be placed in Virginia or Maryland. When the bill's text was finally published at 1:30 a.m. Tuesday morning, lawmakers had reached a compromise: officials would meet with representatives from both states and decide later.

This 11th-hour sausage-making is just one sample of how Congress produced this year's \$1.7 trillion bill, a [4,155 page conglomeration](#) of major spending and minutiae, with a few important policy changes tossed in for good measure. As is the case seemingly every year around this time, lawmakers are complaining that the last-minute scramble to pass a gargantuan package before Christmas is forcing them to rubber-stamp a bill they haven't read—and some Republicans are going so far as to threaten obstruction next year if it passes.

Lawmakers gave the Pentagon a [9.7 percent](#) raise to \$858 billion—a sum \$45 billion higher than what President Joe Biden sought—which will replenish arms stockpiles, give service members a 4.6 percent raise, and bankroll new fighter jets, refueling planes, and ships. Also in the package: some \$45 billion in additional Ukraine aid, guaranteeing Zelensky & Co. continued funding through much of 2023 before a more isolationist House GOP majority takes the reins in a few weeks. This aid includes money for weapons, shoring up Ukraine's government and power grid, and helping Ukrainian refugees. In a nod to those Republican concerns, however, the omnibus will require the Pentagon to report back on what it's doing to ensure weapons don't get diverted and spend \$27 million funding inspectors general at various agencies to keep an eye on the aid money.

It isn't just the Defense Department: Virtually everything else is also getting a raise. The bill sends \$770.8 million to fund state and local police departments—nearly [\\$100 million more](#) than last year's allotment—and gives the FBI \$11.33 billion, \$524 million more than Biden asked for and around \$570 million more than last year, in part [to fund](#) “efforts to investigate extremist violence and domestic terrorism.” Funding for Pell grants, preschool for low-income families, and food stamps will all get a boost, as does the National Labor Relations Board. In addition to the more traditional funding heavy-hitters—\$47.5 billion for the National Institutes of Health, \$118.7 billion for veterans' healthcare—the omnibus will bankroll some pretty niche projects. [\\$3 million](#) to plant pollinator-friendly vegetation near highways? Check. [\\$5 million](#) to study how culverts and other infrastructure affect endangered salmon? Check.

With [more than 7,200 earmarks](#) totaling \$15 billion sneaking their way into the final legislative text from lawmakers in both parties, there's no shortage of seemingly random pet projects—[\\$3.6 million for a Georgia hiking trail](#) named after Michelle Obama, [\\$150,000 for sidewalk repairs](#) in a small Maine town—included in the bill. But there were still plenty of policies left on the cutting room floor.

Biden's call for [\\$9 billion more](#) in COVID-19 response money was not answered, for example. Other provisions that didn't make the cut include the [Afghan Adjustment Act](#) that would've given Afghan evacuees permanent legal status in the U.S., a measure to give the cannabis industry more access to banking, and the [Pregnant Workers Fairness Act](#)—intended to strengthen requirements that employers make reasonable accommodations for pregnant employees.

Not everything that made its way into the omnibus is funding related—lawmakers also tacked on some significant policy changes. After months of handwringing over whether the [Electoral Count Act](#) would be passed, lawmakers simply appended it to the must-pass legislation at the last minute. Lawmakers also included with relatively little fanfare a measure to [ban TikTok](#) from federal government devices, a sign of growing security concerns over the app's Chinese Communist Party-controlled parent company. And the spending package directs the Capitol police to consider whether outgoing House speakers need extended security protection—Speaker Nancy Pelosi's husband was [attacked in their home](#) recently—and expand residential security for Senators amid the rising tide of [threats against lawmakers](#).