



March 15, 2024

My Disease Theory of Human Behavior

I add to this website during the week as I run across items and as thoughts occur. I use Wix as a website builder (not recommended) and yesterday, for some reason or another, it lost a week's work. For better and for worse, this week's offerings will be much slighter than I had planned.

Tolerance will reach such a level that intelligent people will be banned from thinking so as not to offend the imbeciles. - Dostoyevsky

The purpose of propaganda is to make one set of people forget that other sets of people are human. - Aldous Huxley

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. - Hemmingway

Markets

Updated Charts

Still looks like the stock markets have peaked for a while - but no confirmation, yet. It also appears that bitcoin is in a retracement.

A potential change in leverage calculations could make banks a limitless purchaser of Treasuries just as future issuance is surging. This well worn path of sovereign financing would boost liquidity across markets and place upward pressure on asset prices. - Joseph Wang

Wonderful interview with Luke Gromen at Peak Prosperity. This is a MUST LISTEN, [here](#). Luke lays out our future.

On second thought, don't listen. We pretty much agree, although he has forgotten more than I will ever know.

Bottom line - dollar down, inflation up, asset prices up, wages up, yield curve control. He also discussed a topic we have reviewed here several times, and that is there is a window between an oil price high enough so that oil exploration is incentivized and low enough so that it does not kill the economy (Luke focuses on the bond market). He thinks the upper bound is 95-ish and that the lower bound is increasing and at some point will cross the upper bound, and the technical term for this (my words, not his) is, deep shit.

My Disease Theory of Human Behavior

"An era can be considered over when its basic illusions have been exhausted." -
Arthur Miller

When it comes to human nature, how is a Beanie Baby like Black Lives Matter?

Each is a virus that affects the human emotional system.

Just like pneumonia, there are a lot of emotional viruses hanging around. With a good immune system, not much happens.

But, every now and then, there is a mutation that goes, well, viral, and you have a full-blown outbreak on your hands.

There are very seldom antidotes or vaccines or other treatments for these viruses - except for reality. As the world goes insane, increasingly people notice that things are not right, become repulsed by the destruction, and, one-by-one, they heal and drift away. The critical mass implodes and society can move on.

There is some residual left, but, mostly, everyone behaves like it never happened. No one ever actually purchased a Beanie Baby.

No one actually ever said, "believe all women," or "defund the police;" although people are still saying, "blacks cannot be racist."

The first outbreak I remember, and I do not remember it well, was the McCarthy communist witch hunt. Lots of yelling and screaming, lots of careers destroyed, but no one admitted to participating once the outbreak died down.

That's one of the characteristics of these viral outbreaks, at least those of a political nature. Lots of collateral damage. Stores burned, people hurt, careers canceled. And then we move on. Sorry about that. Were we wrong or out of control? Irrelevant. We were sincere.

I also want to note that in the case of major outbreaks, such as BLM, there is a non-zero possibility that the system collapses. It depends on a number of things, but primarily how well the immune system is functioning.

Our immune system is becoming increasingly compromised.

Today, we have outbreaks around net zero and electronic vehicles. I can see lots of collateral damage coming from both, but one day, reality will intrude and we will move on from both and perhaps seriously address global warming.

The really, really big one that will almost certainly collapse the system is the belief that our current debt-and-deficit-fueled orgy is just fine. Party on, dude.

The one that is occupying the majority of our attention today is the childhood-gender-transition thing. Again, lots of lives affected, but one day, this too will pass and calmer heads will prevail. The cool kids and the cool moms with kids will have other worlds to conquer. Those who have a real problem will be able to have it reasonably and effectively addressed.

But there will be another. We have to burn witches or subject heretics to water torture. We have too much time on our hands and too much righteous indignation. Milton Friedman said that there was nothing so permanent as a temporary government program. On the emotional front, there is an active portion of our population that must be indignant and address every perceived wrong.

My thesis even applies to heroin addiction in suburbia. The virus breaks out among the cool moms, lives are wrecked, everyone notices and backs away and all is calm. For a while. As time goes on, memory of the wreckage fades and there is a temptation to be cool, again.

You can play this game at home. Think about the outbreaks of hysteria that have broken out during your lifetime, and not just pet rocks or the Beatles. Think about how many are still around. And wonder what that was all about. Maybe the oil embargoes when we would never see \$50 oil again in our lifetimes. Maybe it was the Great Recession that was inevitably going to lead to depression. Maybe it was Occupy Wall Street (still residual amounts of virus still out there on that one). Statue destruction. The use of pronouns is still creating stress, but much less than in the past - I would guess we are past peak pronoun (I didn't really research this but saw more than 100 pronouns and 70 genders - surely that's a sign of unsustainable absurdity).

Weapons of mass destruction in Iraq? You cannot find a single Democrat who supported that concept, even though essentially all actually did at the time. I would be interested in what you come up with.

Short Takes

CH keeps sending me interesting articles. The latest is about DEI in chip manufacturing.

I had known that the Chips Act had stirred fab manufacturing in the US and that the opening and completion of fabs had been delayed because of a lack of workers. I had just assumed it was the usual - unqualified people and people who would rather play video games.

When we sent our semiconductor manufacturing (mostly) to Japan and to Taiwan, we lost the skills to make a highly-technical process work (this also applies to nuclear and is beginning to apply to petroleum as the old guys retire).

I was once CFO of a company that designed and imported semiconductors from Japan, and enjoyed my meetings in Tokyo with Fujitsu.

Anyway, I have included the entire article from *The Hill* at the bottom of this post. It is impressive, the number of different ways we find to shoot ourselves in the foot.

From *The Telegraph*

Canada's descent into tyranny is almost complete ...Most controversially, the OHA's provisions on posting hateful content would require amendments to Canada's Criminal Code as well as its Human Rights Act. While the victims of online "hate" may be comforted by tough new penalties, the changes are radical, particularly a new hate crime offence which can lead to life imprisonment. Worryingly, the criminal provisions of the OHA would give judges the ability to put people under house arrest because they might commit a hate crime in the future. The potential criminal could also be made to wear an electronic tag if the Attorney General requests it.

Just when you thought things couldn't get worse -

RFK, Jr. mentions Jesse Ventura and Aaron Rogers as possible running mates. We can make the world safe for ayawaska.

It's coming

Two weeks ago, OpenAI signed a collaboration agreement with [Figure AI](#) to "develop next-generation AI models" for the robots as it believes they can "help in everyday life."

Just yesterday, the Figure 01 founder [shared this](#) interesting update.

With OpenAI, Figure 01 can now have full conversations with people.

It can:

- describe its visual experience
- plan future actions
- reflect on its memory
- explain its reasoning verbally
- use common sense for decisions, like knowing where dishes go.

Writing for *The Atlantic*, New York University social psychologist Jonathan Haidt pointed to the smartphone as one of the greatest roadblocks to human development—especially during childhood. “Once young people began carrying the entire internet in their pockets, available to them day and night, it altered their daily experiences and developmental pathways across the board,” he wrote. “Friendship, dating, sexuality, exercise, sleep, academics, politics, family dynamics, identity—all were affected.” Haidt argued that this phone-based childhood robbed kids of vital learning experiences, like discovering independence through playtime. “The main reason why the phone-based childhood is so harmful is because it pushes aside everything else. Smartphones are experience blockers. Our ultimate goal should not be to remove screens entirely, nor should it be to return childhood to exactly the way it was in 1960. Rather, it should be to create a version of childhood and adolescence that keeps young people anchored in the real world while flourishing in the digital age.”

Louis-Vincent Gave notes that US actions against Tik-Tok will have the consequences of foreigners rethinking how safe their investments in the US are.

A quick video take on last night’s TikTok vote. Perhaps the most shorted sighted policy move since the freezing of the Russian oligarchs’ accounts. How many times will US politicians tell foreigners “your money is only good here if we decide it is so.” No wonder, gold, bitcoin etc... are shooting up.

As part of my pledge to keep you informed on language - from the *National Post*
The Supreme Court of Canada ruled in a recent sexual assault case that it was “problematic” for a lower court judge to refer to the alleged victim as a “woman,” implying that the more appropriate term should have been “person with a vagina.”

From CNET

If you live in California, how much you pay for electricity will soon be tied to how much you earn. A state law passed last summer requires the California Public Utilities Commission, or CPUC, to approve a pricing structure that incorporates a flat fee with a sliding scale based on income.

Currently, Californians pay for the energy they use and the cost of upgrading the grid, settling lawsuits related to wildfires and providing assistance to low-income customers is built into the per-kilowatt-hour price. Under the new system, however, funds for these programs would come from “income-graduated fixed charges.”

Please, god, make it stop



Where are the Black people in 'Shogun'?



Unintended consequences



Robert Sterling ✓ @RobertMSterling · 19h



Remote workers finding out that Bernie Sanders wants to double the hours they work every week



unusual_whales ✓ @unusual_whales · 22h

BREAKING: Senator Bernie Sanders has introduced legislation that would make a 32-hour workweek the standard in America, with no loss in pay, per MorePerfectUnion.

Louis-Vincent Gave on the Chinese EV conundrum

Louis: Look, I think it's a super important question, obviously. And here I might have a very biased answer. You know, if to a hammer, everything looks like a nail, to a guy who spends most of his time looking at what's happening in China, he'll tend to identify the causes of a lot of things linked to China. So again, my answer may be biased, but here it is anyway. Make a bit with what you wish. I think if you go back five years ago, the Chinese leadership decided, you know what, we got to put the kibosh on this real estate bubble that's forming. And so, they told the banks no more loans to real estate, period. Instead, if you want to lend money, why don't you lend money to electric vehicles? Why don't you lend money to solar panel manufacturers? Why don't you lend money to basically whatever, to your point, ESG, green technology, whatever you want to call it. And at the same time, they push that message down to the provincial governments and municipal governments. So much so that basically, every Tom, Dick and Harry in China decides okay, I've got to be doing EVs. This is the thing now. And so you see a surge in loans to EVs and lo and behold, fast forward a few years, and China is basically now completely dominating the entire EV supply chain from the production of batteries to the extraction of nickel in Indonesia. You know, 90% of the nickel mines are now owned by Chinese and Indonesia. And so they own basically the entire supply chain. And they're now able to undercut, price wise, any Western producer, or any Japanese or Korean producer. And you and I have talked about this before, from out of nowhere, all of a sudden, China's now the biggest car exporter in the world. You know, three years ago, four years ago, the idea that China would be a car export, would have been seen laughable, and now nobody's laughing. In fact, you might have seen that 10 years ago, Elon Musk was asked about Chinese EVs and laughed on an ABC interview. And now fast forward today, and he's asking for tariffs to be implemented against Chinese cars. So, I highlight this because, this now creates a real quandary for Western policymakers. Western policymakers have spent the past 10 years telling everyone, stop buying internal combustion engine cars, buy electric cars, electric cars are the future, electric cars are good, electric cars are healthy. Electric cars are the salvation. Now, if you're a Western policymaker, and you say this, in essence, what you're saying is buy a Chinese car, because that's what, it will increasingly come down to. So now, if you're France, if you're Germany, if you're Britain, if you're the US, do you want to live in a future where the entire auto industry is controlled by China? I think, for most policymakers, that's a nightmare. That can't happen. So defecto, I think you have no choice, but to pull back on the whole idea of oh, we need to make every car electric. Because if you say we need to make every car electric, you're in essence, saying, we need to make every car Chinese, which again, is just not possible. Now, add on to this, to this sort of very political reality, the simple truth that if you're buying an electric car, and you've got a problem with it, you get in an accident, the repair costs are massive, that if you live in a cold country, they don't work very well, that if you want to sell it, the second hand market is

The nerd in me has followed this for decades - what a wonder! - From Semafor NASA regained contact with Voyager 1 after months of garbled messages. Voyager 1 and 2 launched in 1977, and Voyager 1 is now more than 15 billion miles from Earth. Radio signals take 22.5 hours to reach it. In November, a malfunction left it sending seemingly meaningless data, and NASA worried that the mission was ending. But on Wednesday, the team decoded some of the garbled information with hopes to get “good science data back,” one researcher told Scientific American. It will, however, only be a temporary reprieve: The Voyagers’ power sources are weakening. Eventually they will go silent, tumbling “like a message in a bottle” through interstellar space — to the sadness of the team, some of whom have worked on Voyager for their entire careers.

In spite of his fiery State of the Union address, Biden's approval rating did not improve.

Denmark joins Norway and Sweden as the only countries in Europe forcing women to sign up for the military. Service is compulsory for men over 18 there already.

[The world we live in.](#)

It Ain't Easy Being Green

If you live in California, how much you pay for electricity will soon be tied to much you earn. A state law passed last summer requires the California Public Utilities Commission, or CPUC, to approve a pricing structure that incorporates a flat fee with a sliding scale based on income.

War, Energy and Food

Nothing this week

Miscellany



YOU WERE RIGHT...

People don't land on their feet...

DEI killed the CHIPS Act

BY MATT COLE AND CHRIS NICHOLSON, OPINION CONTRIBUTORS -
03/07/24 7:00 PM ET

DEI — the identity-obsessed dogma that goes by “diversity, equity, and inclusion” — has now trained Google’s new AI to [refuse to draw white people](#). What’s even more alarming is that it’s also infected the supply chain that makes the chips powering everything from AI to missiles, endangering national security.

The Biden administration recently [promised](#) it will finally loosen the purse strings on \$39 billion of CHIPS Act grants to encourage semiconductor fabrication in the U.S. But less than a week later, Intel [announced](#) that it’s putting the brakes on its Columbus factory. The Taiwan Semiconductor Manufacturing Company (TSMC) has [pushed back](#) production at its second Arizona foundry. The remaining major chipmaker, Samsung, just [delayed](#) its first Texas fab.

This is not the way companies typically respond to multi-billion-dollar subsidies. So what explains chipmakers’ apparent ingratitude? In large part, frustration with DEI requirements embedded in the CHIPS Act.

Commentators have noted that CHIPS and Science Act money has been sluggish. What they haven’t noticed is that it’s because the CHIPS Act is so loaded with DEI pork that it can’t move.

The law contains 19 sections aimed at helping minority groups, including one creating a Chief Diversity Officer at the National Science Foundation, and several prioritizing scientific cooperation with what it calls “minority-serving institutions.” A section called “Opportunity and Inclusion” instructs the Department of Commerce to work with minority-owned businesses and make sure chipmakers “increase the participation of economically disadvantaged individuals in the semiconductor workforce.”

The department [interprets](#) that as license to diversify. Its [factsheet](#) asserts that diversity is “critical to strengthening the U.S. semiconductor ecosystem,” adding, “Critically, this must include significant investments to create opportunities for Americans from historically underserved communities.”

The department does not call speed critical, even though the impetus for the CHIPS Act is that 90 percent of the world’s advanced microchips are made in Taiwan, which China is preparing to annex by [2027](#), maybe even [2025](#).

Handouts abound. There’s plenty for the left—requirements that chipmakers submit detailed plans to educate, employ, and train lots of women and people of color, as well as [“justice-involved individuals,”](#) more commonly known as ex-cons. There’s plenty

for the right—veterans and members of rural communities find their way into the typical DEI definition of minorities. There's even plenty for the planet: Arizona Democrats just [bragged](#) they've won \$15 million in CHIPS funding for an ASU project fighting climate change.

That project is going better for Arizona than the actual chips part of the CHIPS Act. Because equity is so critical, the makers of humanity's most complex technology must rely on local labor and apprentices from all those underrepresented groups, as TSMC discovered to its dismay.

Tired of delays at its first fab, the company [flew in](#) 500 employees from Taiwan. This angered local workers, since the implication was that they weren't skilled enough. With CHIPS grants at risk, TSMC caved in December, agreeing to rely on those workers and invest more in training them. A month later, it postponed its second Arizona fab.

Now TSMC has [revealed](#) plans to build a second fab in Japan. Its first, which broke ground in 2021, is about to begin production. TSMC has learned that when the Japanese promise money, they actually give it, and they allow it to use competent workers. TSMC is also sampling [Germany's](#) chip subsidies, as is Intel.

Intel is also building fabs in [Poland](#) and [Israel](#), which means it would rather risk Russian aggression and Hamas rockets over dealing with America's DEI regime. Samsung is [pivoting](#) toward making its South Korean homeland the semiconductor superpower after Taiwan falls.

In short, the world's best chipmakers are tired of being pawns in the CHIPS Act's political games. They've quietly given up on America. Intel must know the coming grants are election-year stunts — mere statements of intent that will not be followed up. Even after due diligence and final agreements, the funds will only be released in dribs and drabs as recipients prove they're jumping through the appropriate hoops. For instance, chipmakers have to make sure they hire plenty of female construction workers, even though less than 10 percent of U.S. construction workers are women. They also have to ensure childcare for the female construction workers and engineers who don't exist yet. They have to remove degree requirements and set "diverse hiring slate policies," which sounds like code for quotas. They must create plans to do all this with "close and ongoing coordination with on-the-ground stakeholders."

No wonder Intel politely postponed its Columbus fab and started planning one in [Ireland](#). Meanwhile, Commerce Secretary Gina Raimondo was [launching](#) a CHIPS-funded training program for historically black colleges.

Now the secretary is [calling](#) for a second CHIPS Act. Before that, let's make the one we have usable. There's an easy fix. A bipartisan group of lawmakers is already trying to pass a bill exempting CHIPS funding from the multiyear environmental review required by the National Environmental Policy Act. The same need for speed calls for adding in a veto of the Commerce Department's diversity tag-alongs. All Congress has to do is insist it meant what it said in the CHIPS Act and no more: giving poor

people opportunities isn't a free pass to enact all of DEI's pet causes, and especially not to make national security wait on them. What Congress didn't give, Congress should be willing to take away.

This is the stuff declining empires are made of. As America pursues national security by building a diverse workforce, China does it by building warships.

The CHIPS Act's current identity as a jobs program for favored minorities means companies are forced to recruit heavily from every population except white and Asian men already trained in the field. It's like fishing in all the places you aren't getting bites.

Instead of solving the problem, the people in charge are trying to cover the problem up just long enough to win reelection. Don't be fooled by the Biden administration's upcoming weekend-at-Bernie's act — the CHIPS Act is dead.

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