



January 6, 2023

Intimations of Mortality

The top 1% of returns paying 49% of the personal income taxes in a state (California) that is the 4th biggest economy in the world & 15% of US Federal tax receipts was one of the more surprising data points I heard all year last year.

- Luke Gromen

The present crisis of American democracy—I think “crisis” is warranted—demands a clear-eyed understanding of the ways in which some differences in ethnic groups and some sources of political polarization are never going to be resolved because they are grounded in realities that governments cannot change.

- Charles Murray

Reflections ... And Thanks

I've been doing this, in different formats, more or less for 28 years.

The process has evolved from primarily a focus on markets and trading, to a place for me to Contemplate Out Loud reflecting my thoughts about an incredible time in history.

The special part about this is that some of you have put up with all of this for the entire 28 years.

The most special parts have been your feedback, your questions and your willingness to call BS. They have been very important to me and challenged me to try to stay on top of my game.

Although I do this, in part, for me, it is particularly fulfilling to learn that my thoughts are having an impact - that you look forward to reading them. I am not concerned about whether you agree with me, but I am very happy that I can stimulate thoughts.

And, friendship. Who knew there could be virtual friends? We might not even be able to be friends in real life, but at this intersection, there is a closeness and a comradery. Thank you.

And, there is loss. As in any group, some will die, and a couple of years ago, I lost one special "friend" in this group, with whom I became particularly close. That was a sad day.

We are now in the crisis period of my roadmap, and the process should conclude within the next decade or so.

It is not clear I will make it that long - I am 77 and in reasonable health, but the 80s seem to be a particularly treacherous time. I very much hope I do make it for a number of reasons, but one of them is to put a bow on this long, Quixotic quest. Although I plan on being cremated, if I had a headstone, it might read, "He hunted down and slew a windmill."

2023 is lining up to be a particularly exciting year, in the may-you-live-in-interesting-times sense of the word.

I am looking forward to sharing it with you. I am looking forward to your feedback, questions and willingness to call BS - and to your friendship.

Markets
(Graphs updated)

No change in outlook

The Most Anticipated Recession - Ever

It's a really tough time to be a contrarian.

Early on in life, if you were paying attention, you learned that the masses are essentially always wrong at major turning points - of anything, but particularly markets. Everyone feeds off of everyone else to carry the narrative forward. It gains momentum, in spite of reality.

So, being a contrarian has served me well.

Now we face the most anticipated recession - ever. The pros expect it; the masses expect it. Even my short list of very perceptive people expects it.

Slam dunk, it will not happen.

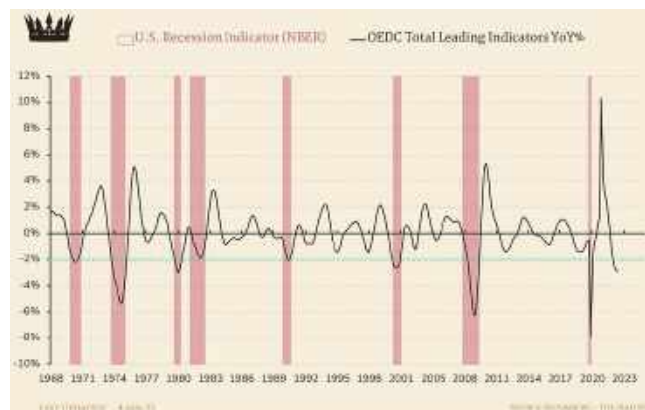
However, your humble skeptic has been caught up in this. I don't see how we avoid a recession.

For the moment, I can only come up with three alternatives: either we have a very mild recession, or we are entering into a depression - or, this is one of the rare times when everyone is right, just to make contrarians suffer.

Always Fade Kramer

There is probably a buy signal in here, somewhere.
Kramer says, "I would not touch crypto in a million years."

Oops



Exactly - Haidt Is A Treasure



The Future of Energy

I can usually find someone who can express my thoughts more eloquently than I can. Go to [MacroVoices](#), episode 356. At the 1:23 mark, Erik Townsend outlines his views of the way the energy future will unfold, and expresses most of what are also my thoughts very well. I don't disagree with him on any major point.

I Think We Are At An Inflection Point

 **Mehran Jalali**  @mehran__jalali · Dec 28, 2022

I spent the last 2 weeks building the ultimate AI assistant for spreadsheets.

It can:

- Autofill entire sheets just based off context
- Generate formulas and filter rows using text commands
- Directly integrate GPT-3 into your sheets

And more...

An artificial intelligence is set to advise a defendant in court for the first time ever. The AI will run on a smartphone and listen to all speech in the courtroom in February before instructing the defendant on what to say via an earpiece. The location of the court and the name of the defendant are being kept under wraps by DoNotPay, the company that created the AI. But it is understood that the defendant is charged with speeding and that they will say only what DoNotPay's tool tells them to via an earbud.

War, Energy and Food

So - Europe decided to depend on Russian natural gas

Russia invaded Ukraine, convincing Europeans that Russia could not be trusted with their energy future

**Europe, particularly Germany, is building LNG terminals at a break-neck speed
Prices for natural gas between the US and Germany will rationalize to within the cost of transport.**

Therefore, your price for natural gas is going up.

Cash-strapped Pakistan has ordered all malls and markets to close by 8:30 pm as part of a wider packet of measures to conserve energy. With a much-needed IMF loan still on hold, the country is reeling from the costs of imported fuel for power generation. Things have gotten so bad that the government has even turned off half of the country's traffic lights just to save a few extra kilowatts.

Highly recommended - Peter Zeihan on electric vehicles [here](#)

Arizona's newly inaugurated Gov. Katie Hobbs (D) has no time to waste as she faces the daunting challenge of addressing the state's use of water from the overallocated Colorado River.

Arizona is one of three states in the river's lower basin, along with California and Nevada. Historic drought, intensified by climate change, has battered the region for the entire 21st century, and last year, the river's waters dropped to a level that triggers automatic allocation cuts from the federal Bureau of Reclamation.

Arizona was issued the largest cut of any state, at 21 percent.

Russia's had a rough time of...everything. The purges of Lenin and Stalin. The World Wars. The post-Soviet collapse. Horrific mismanagement under Khrushchev and Brezhnev and Yeltsin. Sometimes in endless waves, sometimes in searing moments, the Russian birthrate has taken hit after hit after hit to the point that the Russian ethnicity itself is no longer in danger of dying out, it is dying out. And for this particular moment in time, there just aren't many teens today to fill out the ranks of the Russian military tomorrow. - Peter Zeihan

Still warm



Tidbits

The moon landing took place only 66 years after the Wright Brothers' first flight.

Former President Trump has last week hinted that he'll disrupt the 2024 presidential election for Republicans by running as a third-party candidate.

A *New York Times* op-ed suggests that everyone should “mate with shorter people” in order to save the planet.

Author Mara Altman, claims that “When you mate with shorter people, you’re potentially saving the planet by shrinking the needs of subsequent generations.” “Lowering the height minimum for prospective partners on your dating profile is a step toward a greener planet,” she adds in the piece. (Kit - this is beyond parody. Even if it made sense, it would take many, many generations to have any meaningful effect. People are just weird.)

Biden, imo belaboring the obvious but contrary to his prior positions, is expanding Title 42 at the border. He also implemented a program for 30,000 people a month from Haiti, Cuba, Nicaragua, and Venezuela that make up the bulk of border arrivals to apply for asylum from outside the US using an app and to travel to America only after they have secured sponsorship, undergone a security screening, and can pay for their own plane ticket.

Good News

LH referred me to an article in *The Atlantic* by Annie Lowrey, which outlined three pieces of good news to cheer us up. LH is a good man, who is continually castigating me for my negativity. Who in their right mind would think I am guilty of negativity?

"The country's wealth inequality has eased a little too, although the explanation isn't entirely salutary. The value of assets held by the top 0.1 percent of the wealth distribution has dropped from \$18.4 trillion to \$16.9 trillion in the past three quarters; the holdings of the top 10 percent have fallen from \$98.6 trillion to \$92 trillion." (Kit - um, I guess it is an ill wind that blows no man good. A significant market decline is not without its merits.)

"Fourteen years ago, analysts at the Centers for Medicare and Medicaid Services thought that health spending would be roughly 22 percent of GDP in 2022. The real share was 18.3 percent. Government actuaries spent years overestimating the number of dollars Americans would spend in hospitals and doctor's offices—

a decade-plus ago, they thought we would be spending about \$700 billion more on an annual basis than we are today—and the share of the economy devoted to health care. That is because the “cost curve” bent.” (Kit - this is good news, if a little bit of grasping at straws. Missing a 14-year projection is actually all but certain. And, even at the lower rate, we still go bankrupt. But the main point - who knew we could miss a healthcare-related expense projection to the downside - is valid.)

She ends this point with a little realism, "of course, the country still spends an extraordinary amount on health care while having significantly lower life expectancies and worse health outcomes than its peers. And families are still struggling with crushing out-of-pocket costs. But in the long term, the bending of the cost curve promises higher wages for families and more room in the federal budget for other priorities." That last sentence is a doozie. Room in a multi-trillion-dollar deficit is - or should be - an oxymoron.

"It took 76 months for the economy to recover every single job it shed in the Great Recession. It took 30 months for it to recover every job it lost during the pandemic. And in this most recent recession, the labor market gained back the majority of jobs it lost in less than a year—far faster than after the housing crash. This is an extraordinary policy triumph." (Kit - and the cost is inflation and investment in all kinds of schemes.)

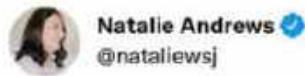
See, I can rain on any parade.

If I were to look for good news, I would point to

- Biden's moderating of his grandstanding on the border**
- Biden's beginning to understand that his energy policy is very destructive**
- The economy's resiliency in the face of incredible headwinds**
- The heatwave in Europe**
- I think 2022 was peak woke**
- Boris (our border collie) is hanging in there**

See, I can do it if I put my mind to it - and it only hurt just a little bit.

The State of the Nation in One Tweet



Scott Perry hasn't voted because he's out here doing a TV hit. Biggs came out and tried to get his attention but he kept talking



Intimations of Mortality

I received a very sad email last week. A person I have known for just under 40 years, who became a friend, both in real-life and as a subscriber to these postings, wrote to say that he had decided to end his life. He was past talking or seeing anybody, hence the email. This is a good man, a rational man, and his reasoning was, imo, more than valid and appropriate. I don't want to go into the details, but I will miss him and his keen insights. He was one of those, who, over lunch, would challenge me and occasionally call BS. He, his wife, Beth and I would have very enjoyable dinners.

As you age, or in his case both age and encounter debilitating illness, death becomes real. Not in the intellectualized, I know we are all going to die, sense.

For most of our lives, except for a brief period around when someone we know dies, it is not really real, but something remote, and we are in denial about death, and that is a good thing. But, as your body deteriorates, and as you see friends and acquaintances pass at an increasing rate, the whole end game becomes very real. You get reminders every day. It begins to show up in your 60s and becomes fully expressed in your 70s. In some ways, life becomes a matter of waiting to see whether it will be cancer or heart disease or a stroke that will, one day, show up on your doorstep. Game over.

But you also actually relish the small things and even, from time to time, live in the moment. Cliches happen.

I would like to think I would face incurable cancer or dementia in the same way my friend is facing his challenges.

We shall see. I am not afraid of death, but the prospect of the process of dying is not something I look forward to. My mother died by inches with emphysema and was a fighter until the end. I cannot imagine. My father went in for a heart bypass and did not survive. I would like to do it Dad's way.

My friend was a fighter. He faced his diminished life with relish and relentlessly researched cures and treatments that would alleviate his condition. But, at some point, quality of life deteriorates to the point that there is total exhaustion, constant pain and no more avenues to explore.

The problem, in my case, would be leaving Beth behind. But that is a false choice. If I am contemplating suicide, I am already on my way out and things are not going well for either of us.

One of the things you learn from playing poker is that winning a hand in hold 'em, beginning with a pair of aces, is not particularly challenging. Winning with 7-2 off-suit is the ultimate challenge. He was dealt a bad hand and played it brilliantly.

The world is losing one of the good guys. I will miss him.

As a postscript, he passed before he could take his life.

Words

There is an argument to be made that proper word usage has gotten out of hand. The Stanford IT department published an [extensive list](#) of words not to be used in correspondence or in coding. The list of forbidden words is now quite long.

The following is a survey, simply answering the question, would you use these words?

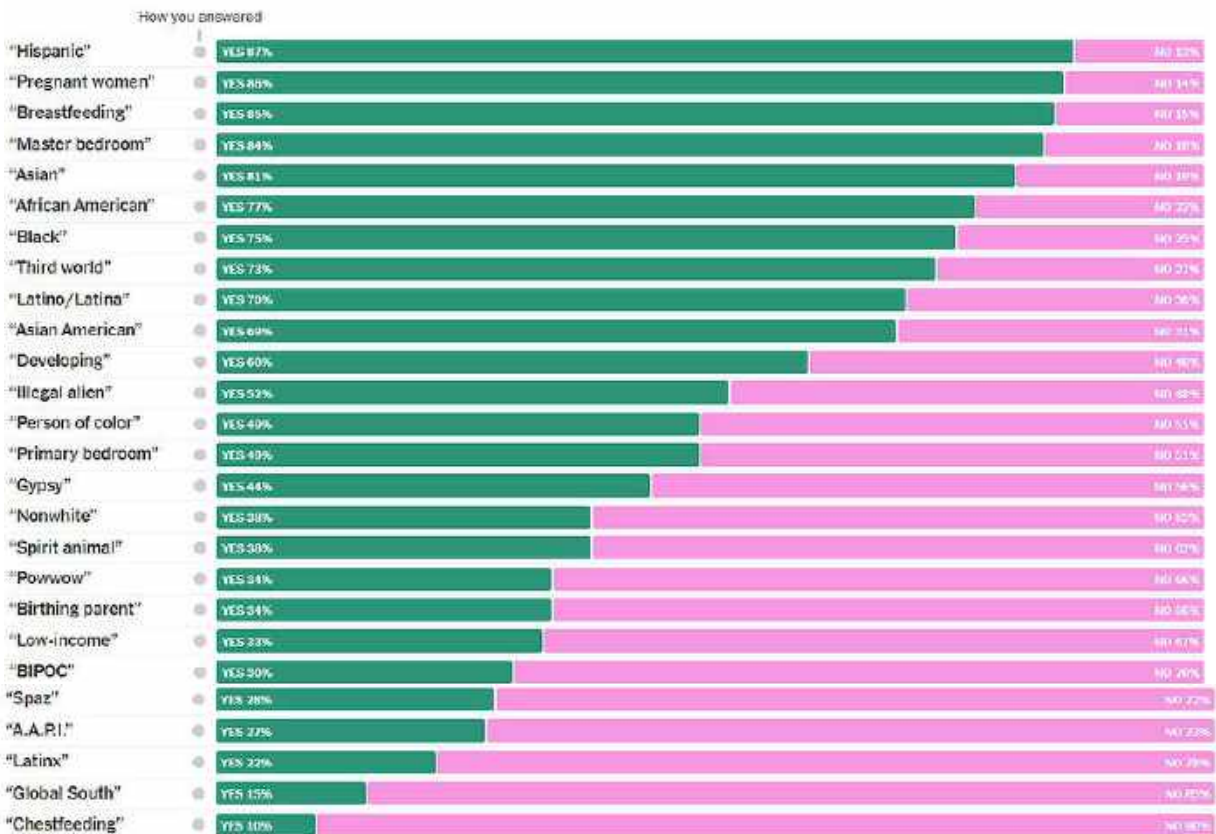
I'm afraid I do not get involved in all of this very much. I primarily try to read the room and not intentionally offend anybody, although I have to admit that I do get some enjoyment out of offending some people, some of the time. And I have been told my room-reading skills are not the best. And, given the extensiveness of the lists, it is increasingly difficult to keep up with what is offensive and what the alternative use is.

The interesting bit is not how many would use a word, but how many would not use some of the words at the top of the chart.

Anyway, I did not find the list particularly offensive - this was not a serious effort in the quest for offensiveness. I would not use "primary bedroom" because I think the whole, master bedroom, thing takes things way too far. Similarly for birthing parent and Latinx (I think the last poll I saw indicated that 3% of "Hispanics" supported use of Latinx - it's mainly a white thing, um, non-Hispanic white thing, primarily used for virtue signaling). It would not occur to me to use global south or chestfeeding or spaz. I have no idea what AAPI is - and it is not in the *Urban Dictionary*, so I guess I won't use it. But I am tempted.

Words 4,423 Americans would and wouldn't say

WOULD YOU USE THE FOLLOWING WORDS OR TERMS?



Note: Survey conducted from Dec. 1 to Dec. 4, 2022. Source: Morning Consult

To show how ridiculous this all is - remember, one of my "laws" is that we take all trends to extreme. Lake Superior University's banned list is outlined, below. These are not politically correct - the school just doesn't like them. ("Amazing" is on the list, and wrt this one word, I am absolutely almost willing to go over to the dark side - does that make sense?)

1. GOAT
2. Inflection point
3. Quiet quitting
4. Gaslighting
5. Moving forward
6. Amazing
7. Does that make sense?
8. Irregardless
9. Absolutely
10. It is what it is

This, too, shall pass, just as goddamn, shit and fuck have come into the common vernacular, so will most of the others.

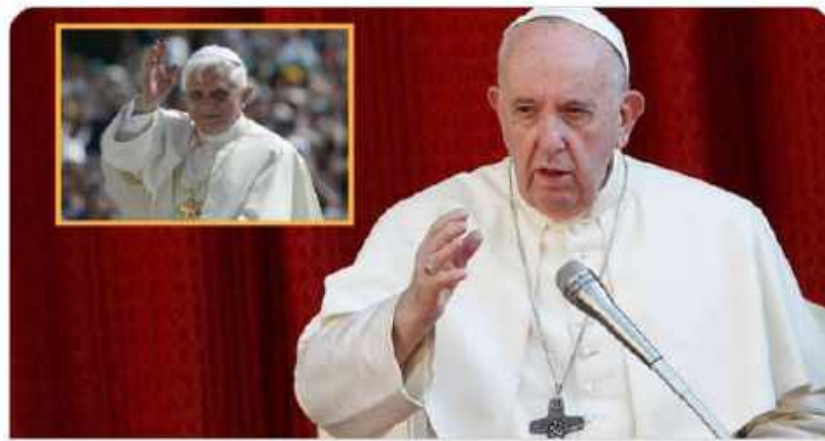
I think the next big religious exercise will be censoring, shaming and banning emissions and recyclable waste. Maybe the next forbidden words will be petroleum and plastic. People will be too busy looking for unacceptable consumption to worry about Latinx or pronouns. Don't know if that's a good thing, but we seem to have an overwhelming urge to be sanctimonious and/or indignant about something. (How do you get around distinguishing two p-words, so that people can say the right word in their heads?)

Boom!



The Babylon Bee  @TheBabylonBee · Jan 2

Pope Francis Announces Passing Of Final Catholic Pope



Boom!



"O.K., I admit it, we're lost, but the important thing is to remain focussed on whose fault it is."

I Think Beth Got It Right



Beth Webster

21h · 🌐



I've got a great idea. I'm so good at seeing faults in others it's a gift actually.... So I'm going to give the few people that are left in my life a loving list of New Years Resolutions that I want them to do for me to help me be happier and more productive in the New Year. I think it might work.

Interesting

The Most Common Causes of Death by Age Group

Most common causes of death in the U.S. by age group (2020)

Legend: Suicide (purple), Other injury (teal), Cancer (yellow), Heart disease (red), Covid-19 (orange), Congenital Anomalies (blue)

	1	2	3	4
5-9 y/o	Unintentional Injury	Malignant Neoplasms	Congenital Anomalies	Homicide
10-14 y/o	Unintentional Injury	Suicide	Malignant Neoplasms	Homicide
15-24 y/o	Unintentional Injury	Homicide	Suicide	Malignant Neoplasms
25-34 y/o	Unintentional Injury	Suicide	Homicide	Heart Disease
35-44 y/o	Unintentional Injury	Heart Disease	Malignant Neoplasms	Suicide
45-54 y/o	Malignant Neoplasms	Heart Disease	Unintentional Injury	Covid-19
55-64 y/o	Malignant Neoplasms	Heart Disease	Covid-19	Unintentional Injury

Source: CDC



Siri - Give Me A Headline That Can Only Come From 2023



Stupidity

God: What are they doing down there?

Angel: They are making milk from almonds.

God: What? I gave them like, 8 animals to get milk from.

Angel: They don't like that milk.

God:

