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# Financial Crisis Report

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## Advancing in a Time of Crisis

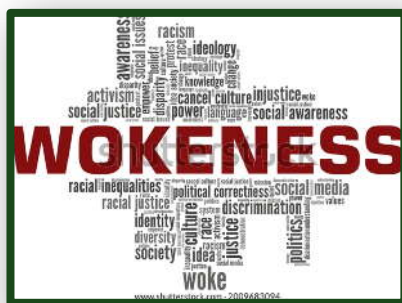
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We are experiencing the most economically unstable period and socially erratic period in the history of the modern world. This period is being marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent and deadly social disruptions including historic pandemics, conflicts, wars, riots and even regime changing coups. As is typical of such times, many fortunes will be both made and lost during this period. After talking with many business owners, executives, professionals, scholars and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets that exists. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to survive and even benefit during this historic time of crisis in the world. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

"At age 20, we worry about what others think of us... at age 40, we don't care what they think of us... at age 60, we discover they haven't been thinking of us at all." - Ann Landers

## Wokeness and Why Corporations Go Woke



### A little history of Wokeness

At its core, the adjective woke started nearly a century ago as a reminder to be awake to racial prejudice and discrimination. That morphed into awareness of additional wrongs like sexism. As the saying today goes, "It was all good."

Racial, gender, religious, and other forms of discrimination are terrible things that go directly against the fundamental principles of equality and freedom that we understand to be guiding principles, at least in the western world. Diversity, equity, and inclusion are helpful concepts. Sexual assault and harassment are and should be illegal. Humans have unalienable human rights. And prejudice, bullying, and otherwise endangering others' mental health are wrong.

The first time I recall encountering pushback of anything similar to woke was at law school in the early 1970's when the concept of affirmative action was first bandied about. This was at the same law school (University of California Law School

San Francisco) that Vice President Kamala Harris was to later study the concept. Soon thereafter, the American business community adopted mandatory sensitivity training throughout its workplaces, and certain employees didn't enjoy spending their time that way. Language also began to change but "political correctness" was a phrase often used derogatorily. During this same period, big corporations and wealthy, middle-aged straight men whose ancestors came from Northern Europe were the only ones who could be insulted with impunity, because they possessed white privilege and thus are deemed inherently unoppressable. However, political correctness did not become a big deal in actual politics.

Soon, though, disputes began growing regarding gay marriage laws, public restroom access, and sports team names. Then America really started to take notice.

### Culture Wars Replace Government Policy Ideas

The so-called "cancel culture" quickly was in full force, characterized first by higher academia, activists, the media, and businesses calling out and trying to stop all hurtful things. Next, the "#MeToo" movement led to high-profile criminal prosecutions and firings. Race-based police misconduct—both real and assumed—led to mass protests, sometimes including athletes kneeling during our national anthem, which in turn led offended citizens to stop watching sports. Simultaneously, small businesses that refused to serve gay couples were sued, which caused outrage.

But what really broke the woke divide wide open politically, however, was when families became convinced that children were being indoctrinated in the wrong direction at school. Elementary students reportedly were being told that they could be any gender (or none) that felt right. Children of



## Wokeness and Why Corporations Go Woke

all ages supposedly were learning critical-race theory and taught to feel white guilt. It was feared that biological boys could go in girls' bathrooms and locker rooms if they considered themselves to be female, and they also could edge out biological girls in athletic competitions.

Somehow, school closures during covid, along with mask and vaccine mandates, all merged with the race, gender, and sexuality concerns, to "trigger" (a woke favorite word) a large and far-ranging gap between the woke and the not woke.

Politicians are here to "bridge such divides", "to heal nations", "to focus Americans on what is most crucial in our country", and "to bring the people together". Well, recently, they have not done well in these areas, and most definitely not in the case of all things woke.

Instead, in 2020 and 2022 the political candidates and office holders chose to exploit these divisions. Trying to drum up populist support, they latched onto or launched into the above issues to insinuate that their political opponents were responsible for whatever cultural and social problems a citizen perceived. Democrats trumpeted (no pun intended) identity politics and accused institutions (and their political supporters) of racism, sexism, and class warfare. Republicans accused Democrats of hating America, loving socialism, and ruining our children.

Politicians blew smoke at every opportunity, then yelled fire. They cloaked their own beliefs while attacking their evil opposition. They stoked anger, pandering to internet hate groups and producing riots, insurrection, and fear.

So now we come to the question, why do corporations go woke? To answer that, I present the following article by Allen Mendenhall, Associate Dean of Troy University. I thought it was informative and to the point. I hope you also find it so.

D. Miyoshi

### Why Corporations go Woke

"Going Woke" Only Benefits Those On The Top

By Allen Mendenhall – Associate Dean, Sorrell College of Business, Troy University

Corporations in the U.S. have historically contributed to both major political parties and supported a range of issues that cut across partisan lines. But something has changed. Although companies like Chick-fil-A, Fox News, and Hobby Lobby embrace cultural conservatism, they are the minority. Why are U.S. companies "going woke," adopting Environmental, Social, and Governance (ESG) measures that reflect principally "leftist" politics and social causes?

It's not because these companies are genuinely conscientious and socially responsible (there are, of course, exceptions). Rather, it's because companies respond to top-down pressures from government, regulators, and activist investors. The story of how we got here is long and complicated, but it involves a concerted effort by central banks, asset management firms, finance ministries, financial institutions, and sovereign wealth funds to mainstream ESG. ESG is an acronym for the non-financial considerations that asset managers, banks, and investors factor when they allocate capital and assess risk. The rise of institutional investors and asset management firms created opportunities for activists to unite powerful players in government and financial services to turn ESG from an ideal into a reality.

Things Change, But Not Always for The Better

For most of the 20th century, shareholders either did not vote their shares or simply stayed out of everyday corporate governance, voting only on big-picture issues such as the hiring of executives or mergers and acquisitions. If a shareholder did not like the direction the company was taking, she would simply divest by selling her shares.

Today, however, massive, wealthy institutional investors—not retail or household investors—engage corporate boards on the specifics of quotidian operations and management. They own large shares of companies and in many cases are majority shareholders. Unlike individuals who invest their own money, they invest other people's money for fees. Rather than divesting when the company takes an action they do not approve of, they intervene. Many, if not most, of these "institutional investors" are also "activist investors," pushing corporations into politics. The beneficiaries of the funds managed by these investors are often unaware of the politics that their investments support. When an asset management firm invests beneficiaries' money in underperforming funds to support causes rather than maximize returns, they breach their fiduciary duties to the beneficiaries while avoiding legal retribution or punishment. That's wrong and unethical.

The "Big Three" asset management firms are BlackRock, Vanguard, and State Street. They grew dominant by investing state pension money, enormous endowments, and the assets of billionaires and multimillionaires. These asset management firms influence corporate culture in two ways: by their investment strategies and their shareholder proxy voting and proposals. They operationalized ESG while buying and voting shares in publicly traded companies. They function like "mega corporations" that influence the organizational culture of other big corporations, which have begun lobbying for ESG regulations at the federal level.

End of Article



## Financial Decline – Gradually then Suddenly



I am not a mathematician by any stretch of the imagination. But I do know that bad things like bankruptcy happen logarithmically, gradually at first and then suddenly, as author Earnest Hemingway wrote in his novel *The Sun Also Rises*.

And this is how I believe the financial crisis that we and the rest of the world now face will happen.... gradually and then suddenly.

Here is an excellent recent article by famed international investor, entrepreneur and founder of the *Sovereign Man* organization, Simon Black explaining how the concept of logarithmic decay applies to the world of finance and economics that we are inextricably a part of. I hope you find it informative as I had.

D. Miyoshi

## We're done with "gradually". We've now reached the "suddenly" part



By Simon Black

April 24, 2023

By the summer of 1563, all of Britain had plunged into chaos over religion and the Reformation.

King Henry VIII broke away from the Catholic church back in the 1530s, sparking a near civil war within the kingdom. Protestants killed Catholics, Catholics killed protestants, and extreme social tensions lasted for decades.

Universities were at the heart of this conflict; rather than focus on real subjects like science and mathematics, students and professors became radical social activists and turned their schools into ideological echo chambers. Sound familiar?

One of the few students who actually wanted to learn was a Scottish teenager named John Napier; Napier had been enrolled at the University of St. Andrews at the time, but he quickly realized that he would never learn a damn thing in that environment. So he dropped out... and started traveling in search of a real education.

No one quite knows exactly where he went or what he did. But when he returned to Scotland eight years later as a young man, Napier had become an intellectual giant.

You might not have ever heard of him, but John Napier was truly one of the great minds of his era. And modern science owes a tremendous debt to his work... in particular his development of logarithms.

If it's been a few years since you studied math (or 'maths' for my British friends), logarithms are the inverse of exponential functions.

Simple example: we know that  $10^2$  (or 10 squared) =  $10 \times 10 = 100$ . So, the number 10 raised to the power of 2 equals 100.

The inverse of that is to say that the 'base 10' logarithm of  $100 = 2$ . Or in mathematical terms,  $\log_{10} 100 = 2$

Napier devised an entire system of logarithms. And this was actually a tremendous leap forward in mathematics, because logarithms made it so much easier for scientists and researchers to calculate solutions to complex problems.

One of the many important applications to come out of Napier's work is the concept of 'logarithmic decay,' which models many real world phenomena.

The idea behind logarithmic decay is that something declines very, very slowly at first. But, over a long period of time, the rate of decline becomes faster... and faster... and faster.

If you look at it on a graph, logarithmic decay basically looks like a

## Financial Decline – Gradually then Suddenly

horizontal line that almost imperceptibly arcs gently downwards. But eventually the arc downward becomes steeper and steeper until it's practically a vertical line down.



Logarithmic decay is like how Hemingway famously described going bankrupt in *The Sun Also Rises*—“Gradually, then suddenly.”

In fact logarithmic decay is great way to describe social and financial decline. Even the rise and fall of superpowers are often logarithmic in scale. The Kingdom of France in the 1700s infamously fell gradually... then suddenly.

We can see the same logarithmic decay in the West today, and specifically the United States.

The deterioration of government finances has been gradual, then sudden. Social conflict, censorship, and the decline in basic civility has been gradual, then sudden. Even the loss of confidence in the US dollar has been gradual... and is poised to be sudden.

Back in 2009 when I started *Sovereign Man*, I spoke a lot about ideas that were highly controversial at the time.

I suggested that Social Security's trust funds would run out of money. That the US government would eventually be buried by its gargantuan national debt. That the US dollar would eventually lose its international reserve dominance. That inflation and social conflict would rise.

The main thesis, quite simply, was that the US was in decline. And whenever I spoke at events, I used to talk about logarithmic decay, saying:

“As a civilization in decline, you never really know quite where you are on the curve. You could be way over here on the horizontal line, at the very beginning of the decline... or you could be standing on the precipice about to hit the vertical slide down.”

Well, now we have a much better idea of where we are on that logarithmic decay curve. Because these ideas about the national debt, inflation, social security, social conflict, etc. are no longer theories. Nor are they even remotely controversial.

Just last week, US Speaker of the House Kevin McCarthy said in a speech that “America's debt is a ticking time bomb”. Social Security's looming insolvency is now openly discussed in Washington and regularly reported in the Wall Street Journal.

We've all seen with our own eyes (and even experienced) inflation, social divisions, and censorship.

And as for the dollar, we continue to see a multitude of cracks in its dominance. Most notably, Saudi Arabia is considering a plan to sell oil not just in US dollars, but also in Chinese yuan.

Plus the international development bank of the BRICS nations (Brazil, Russia, India, China, and South Africa) announced earlier this month that they will start moving away from the dollar.

Is it any surprise? The US government is weeks away from defaulting on its national debt over the latest debt ceiling debacle. And yet the guy who shakes hands with thin air refuses to negotiate a single penny in spending cuts to help reduce trillions of dollars in future deficit spending.

The whole world is watching in utter disbelief at the astonishing level of incompetence that has infected the highest levels of America's once hallowed institutions, including news media, big business, and the government itself.

America—and the West by extension—really are on the precipice of that logarithmic decay curve... the part where the horizontal line becomes a vertical line down.

It has taken years... even decades to reach this point, gradually. We're now at the “suddenly” part.

Now, it's important to note that the outcome is far from inevitable. Plenty of declining superpowers in the past have pulled themselves out of a tailspin, at least temporarily.

Aurelian's reforms helped re-establish Rome's dominance in the late 200s after nearly a century of chaos. The declining Ottoman Empire recovered substantially during the Tanzimat period in the 1800s. King Charles III of Spain made many successful reforms to revive his crumbling empire in the 1700s.

There are many historical precedents for recovery, so all is not lost. But at the moment there is little evidence to suggest any major change on the horizon.

I'm not saying this to be alarmist. Quite the contrary, in fact. Because one of the key pillars of our thinking here at *Sovereign Man* is that, despite the ineptitude of our governments, we as individuals have the tools, power, and freedom to solve these problems for ourselves... and even prosper doing so.



## Japan's New Ties with America

Simple example: Social Security's trust funds will run out of money within a decade, and this will be a huge problem for literally tens of millions of people who depend on the program.

However there are numerous tools available to solve this problem; a more robust and powerful retirement structure like a self-directed, solo 401(k) plan, for example, allows you to set aside up to \$73,500 per year for your retirement.

Similarly, if you expect a government with deteriorating finances to raise taxes (which they almost always do), you can take completely legal steps to reduce what you owe.

If you anticipate inflation continuing, you can arrange your investments to capitalize on the surge in real assets, like minerals, energy, and productive technology.

You can also take steps to diversify geographically, even internationally, to reduce risks to your family's freedom.

These solutions barely scratch the surface of the plentiful options at your disposal. All it takes is a sensible understanding of the problem... plus the willingness to take action.

And rational, informed action is always a better option than despair.

End of article

## Japan's New Ties with America

**W**ho would U.S. President Joe Biden call first in a crisis? Japanese Prime Minister Fumio Kishida may be a leading candidate, thanks in part to ties forged under Tokyo's National Security Council (NSC).

Formed 10 years ago, the council has strengthened Japan's relationship with the White House and reshaped policy toward China.

This month, this geopolitical stance the council has helped to steer will be on display to the world as Kishida hosts the Group of Seven summit in Hiroshima.

The following is an article from *NikkeiAsia* by diplomatic correspondent Ken Moriyasu on the current impact the Japan National Security Council is having on U.S. Japan geopolitical dealings.

D. Miyoshi



Who would U.S. President Joe Biden call first in a crisis? Japanese Prime Minister Fumio Kishida may be a leading candidate, thanks in part to ties forged under Tokyo's National Security Council. © Nikkei montage/Source photo by Reuters

## How Japan's National Security Council re-wrote China strategy

### As Kishida prepares for G-7, Tokyo has closer White House ties and a clearer global role

By Ken Moriyasu

**TOKYO** -- Tucked away on the lower floors of a drab building next to the prime minister's office, the secretariat of Japan's National Security Council pales in comparison to its counterpart in Washington.

U.S. President Joe Biden's National Security Council is located in the majestic Eisenhower Executive Office Building adjacent to the White House, built for the State, War and Navy Departments in the 1870s.

"This was the only office space left," a senior official at the Japanese secretariat said with a laugh.

But office decor does not reflect the impact the unit has had on the nation's policymaking in the decade since it was established in 2013. Next month, the geopolitical stance the council has helped to shape will be on display as Prime Minister Fumio Kishida hosts the Group of Seven summit in his hometown of Hiroshima.

The 110 people working for the secretariat, by all accounts, are the brightest bureaucrats from the Ministry of Foreign Affairs, the Ministry of Defense, the Self-Defense Forces and, more recently, the Ministry of Economy, Trade and Industry -- to handle economic security.

Tetsuro Kuroe was director general of the defense minister's secretariat in 2013, when the administration of then-Prime Minister Shinzo Abe began to formulate the National Security Council secre-

## Japan's New Ties with America

tariat. "I was asked by the prime minister's office to send our very best people to the new secretariat. Some of my colleagues worried that the ministry would be left hollow if we sent off our most competent, but we did so anyway," he recalled.

The inaugural secretary-general was Shotaro Yachi, a former top official at the Foreign Ministry and longtime foreign policy adviser to Abe. He was succeeded by Shigeru Kitamura, a former National Police Agency official. As Japan's chief intelligence officer, Kitamura had experience cracking down on economic spies and he was instrumental in adding economic security to the NSC's agenda.



Takeo Akiba, the secretary general of Japan's National Security Secretariat, right, meets with U.S. national security adviser Jake Sullivan at the White House in May 2022. © Japanese Embassy in Washington D.C.

The current secretary-general is Takeo Akiba, who, like Yachi, was a top Foreign Ministry official.

Crucially, the secretariat's staff have been given a mandate to formulate strategy unshackled from Japan's post-World War II obsession with geopolitical neutrality.

"With the establishment of the NSC we were able to formulate a government-wide perception of the international and regional security situation, including the serious challenges posed by China. This was revolutionary because the sharing of sensitive intelligence among the leadership allowed Japan to have a comprehensive assessment, which then laid good groundwork for the exchange of views with the U.S. and like-minded countries," said Nobushige Takamizawa, who served as deputy secretary-general of the NSC secretariat in its inaugural days.

The NSC launch came after several incidents where tensions with China flared. In 2010, Beijing halted all cabinet-level exchanges with Tokyo over a collision between a Chinese fishing boat and a Japanese Coast Guard vessel near the Japan-administered Senkaku Islands. In 2012, when Japan nationalized the Senkakus, the Chinese government all but incited anti-Japan protests.

"We felt a strong determination of China to change the status quo by force. China was also accelerating its activities in the South China Sea. We assessed that China would continue down this path and shared our concerns with the Americans, many of whom were at that time still focusing their efforts to engage with China," Takamizawa recalled.



U.S. Navy aircraft carriers USS Carl Vinson and USS Ronald Reagan sail with their strike groups and Japanese naval ships during training in the Sea of Japan. "Peace comes from looking squarely at the regional power balance and creating deterrence," a Japanese official said. © U.S. Navy via Reuters

In the decade since the NSC was established, Japan's place in the world seems to have become much clearer. The senior secretariat official, who requested anonymity, explained why. "For years, the Japanese people thought that the path to peace was to be neutral. But it's increasingly clear that peace will not be established by Japan, with bare hands, pledging neutrality by itself. Peace comes from looking squarely at the regional power balance and creating deterrence."

At the G-7, Kishida will chair discussions on how to defend a free, open and stable international order and counter actors that do not conform to the rules-based system. One topic will be how to nullify what many consider Chinese economic coercion of smaller, weaker and poorer countries.

Initially considered a "dove" and possibly more sympathetic to China than Abe, Kishida has surprised Washington with his policies. He was quick in condemning Russia's invasion of Ukraine and in joining sanctions. He has vowed to raise defense spending to a once-unthinkable 2% of gross domestic product and made the decision to acquire counterstrike capabilities.

"The forces driving Japan's 21st century national security evolution have always been much greater than any single individual leader," Adam Liff, an associate professor of East Asian international relations at Indiana University recently wrote in The Washington Quarterly. "The core driver of Japan's latest and most striking 21st century defense policy shift is its changing external environment."

## Japan's New Ties with America



Kishida, right, hosts South Korean President Yoon Suk Yeol at a dinner in Tokyo on March 16. Both leaders seek to defend the current international order. © Prime Minister's Office

The National Security Strategy and two accompanying defense documents that the Kishida administration released last December made clear who Japan's friends and adversaries are. The portrayals of China and South Korea, neither of which has had the best relations with Japan, are revealing.

The strategy describes South Korea as "a highly important neighboring country to Japan both in a geopolitical context and in regard to Japan's security."

The words on China are much less rosy. "Both Japan and China have important responsibilities for the peace and prosperity of the region and the international community," the strategy says. "Japan will build a 'constructive and stable relationship' with China through communication at various levels, in which Japan asserts its position and calls for responsible actions."

The senior official explained: "It is a matter of 'us' or 'them.' Whatever personal feelings people may have toward South Korea, at the end of the day, South Korea stands on the side of defending the existing international order. Therefore, they are one of us."

"That can't be said of China. China is clearly 'them' in everybody's eyes," the official said. "As long as the Chinese Communist Party is in power, they will probably not become one of us."

That is not to say that all Communist regimes are adversaries, the official quickly added. "Vietnam, for instance, is on the side of protecting the current rules-based international order. That is why the Japanese government considers Vietnam to be equivalent to one of us."



Chinese President Xi Jinping bids farewell to Russian President Vladimir Putin after a reception at the Kremlin on March 21. Xi suggested they push forward "changes that have not happened for 100 years." (Kremlin via Reuters)

China has long expressed frustration that its voice in Bretton Woods institutions such as the International Monetary Fund and the World Bank does not match its rising national power. When Chinese President Xi Jinping had a state dinner with Russian President Vladimir Putin in Moscow last month, his parting message touched on this worldview.

"Together, we should push forward these changes that have not happened for 100 years. Take care," he said during a goodbye handshake.

The secretariat official warned that the current trajectory of the regional power balance does not favor the U.S. and its allies. In terms of missiles in the region, "China is said to have nearly 2,000 and the U.S. has zero." This is a consequence of the Intermediate-Range Nuclear Forces Treaty signed by U.S. President Ronald Reagan and Soviet General Secretary Mikhail Gorbachev in 1987, in hopes of avoiding an arms race.

China, which was not part of the treaty, has steadily built up its missile inventory. The weapons are ready to fire at enemy forces attempting to approach China's shores -- something known as the anti-access/area denial (A2/AD) strategy.



## Japan's New Ties with America

### Missile gap in the western Pacific (Projected forces in 2025)

Ballistic missiles (🚀=100) THAAD battery (🛡️=1)

	China	U.S.
Short-range ballistic missiles	1,000	
Intermediate-range ballistic missiles	375	
Intercontinental ballistic missiles	150	
Terminal High-Altitude Area Defense		2

China's missiles include hypersonics

Source: U.S. Indo-Pacific Command document republished by Federation of American Scientists

"The missile gap has become so big that it is not clear that America alone can reestablish the power balance," the secretariat official said. "Therefore, it can't be just China versus U.S. It has to be China versus the U.S., Japan and others."

The daily duties of the secretariat include gathering information, reviewing intelligence and preparing policy options for the ministers who sit on the NSC.

The council's core members are four ministers: the prime minister, the chief cabinet secretary and the ministers of foreign affairs and defense. The four-minister meeting is held roughly once every two weeks, although the NSC's creator, the late Abe, "loved the NSC discussion so much he liked to convene it often," the senior official said.

One clear benefit is that the council's creation opened direct channels of communication with the White House, said Nobukatsu Kanehara, another deputy secretary-general of the secretariat in the early days. Until then, the Pentagon was talking to the Ministry of Defense and the State Department was talking to the Foreign Ministry, but nobody was talking to the White House NSC staff.



President Joe Biden, left, speaks with his national security adviser Jake Sullivan en route to Ukraine in February. Japanese bureaucrats have gained a better understanding of the White House through direct communication with U.S. counterparts. © White House

Shigeru Kitamura, the former secretary-general of the secretariat, said he made sure there was regular, multilayered communication across the Pacific. Kitamura would speak to Biden's national security adviser Jake Sullivan once every two weeks, while below him, deputies would be in contact with White House Indo-Pacific coordinator Kurt Campbell.

"It was important to correctly grasp what was happening in the White House and to strengthen the Japan-U.S. alliance," Kitamura said.

This window was illuminating, for instance, when Biden ordered the withdrawal from Afghanistan in August 2021. "Sullivan wasn't very enthusiastic about the idea, but the president had already decided to leave Afghanistan several years ago," Kitamura recalled.

Yet, while the NSC and its secretariat have brought the U.S. and Japan closer, they were based on a British model.

In the autumn of 2013, the British Embassy in Tokyo offered to introduce the Japanese side to their own NSC, created three years earlier. A four-member delegation, including Ryoichi Oriki, a former top officer of Japan's Self-Defense Force, spent five days in London.

"We learned that it was important that the NSC be a decision-making body, not just a place for discussion or coordination," Oriki said. "It doesn't make sense to come to a conclusion at the NSC, only to have to go to the Ministry of Finance and pitch again to obtain the funding. This should be where the final say is made."



Then-U.S. President George W. Bush is seen on the phone with a foreign leader on March 10, 2003, in the lead up to the Iraq War. © Reuters



## Can Cognitive Decline be reversed?

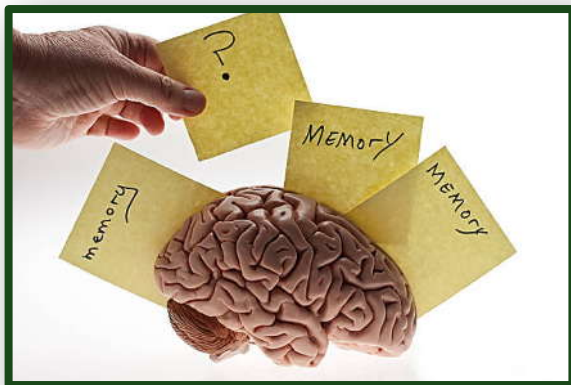
Last month, on the 20th anniversary of the U.S. invasion of Iraq, former British Prime Minister Tony Blair was asked on a BBC podcast why he decided to join the war. His answer: Britain was going to stand with America as its No. 1 ally.

Blair said that in his time, there was "no doubt" who the American president would call first in a crisis. "It was the British prime minister. Today, we're out of Europe, and would Joe Biden pick up the phone to Rishi Sunak first? I'm not sure."

Ironically for the U.K., which coached Japan on how to build an NSC, that first phone call may now be to Kishida.

End of Article

## Can Cognitive Decline be reversed?



**W**hen cognition is impaired, it can have a profound impact on an individual's overall health and well-being. Cognitive decline can range from mild cognitive impairment to dementia, a form of decline in abilities severe enough to interfere with daily life. Alzheimer's disease is the most common form of dementia.

But now there is good news that cognitive decline in aging adults can be reversed. I came across an article released in April 2023 by Conservative Research Group that states exactly that. I present this reassuring article below for your reading consideration. I hope you find it encouraging as I did.

D. Miyoshi

## Older Adults May Reverse Cognitive Decline with One Simple Strategy

By Conservative Research Group -

April 24, 2023



Since ancient times, it has been assumed that adults will lose their cognitive abilities over time. Conventional wisdom holds that mental decline is a normal part of aging.

Recent research published in *Aging & Mental Health* challenges this assumption. It shows that cognitive decline can be prevented by lifestyle changes alone and that it can even be reversed with cognitive gains, even in later life.

Researchers designed an experiment in which they trained elderly participants simultaneously on three new skills for three months, and then tested their cognitive performance against baseline tests performed before the experiment started.

The trial involved 33 volunteers, which is not a large sample size. This would suggest that further research may be needed to replicate the results.

In two different intervention studies, the present study examined the long-term cognitive effects of learning three new skills in real life for three months. The linear mixed-effects model for Studies 1 and 2 showed that older adults' cognitive abilities continued to improve even one year after the end of the interventions. Study 1 showed significant increases in composite cognitive scores, driven primarily by cognitive control. Verbal episodic memory scores (RAVLT), as well as cognitive control, also increased by 6 months. Study 2 participants showed improvement in all measures, except for Digit Span, across the three follow-up assessments compared to baseline assessments. These findings confirmed most of our hypotheses, and indicated that a multi-skill learning intervention could induce cognitive improvements lasting for older adults.

Wu, [study author] said that the cognitive scores rose to levels comparable to undergraduates who took the same tests for the very first time. Our finding of continuous growth of cognition in older adults is unique, because most studies only show cognitive maintenance or decline with age.

Wu's research follows other studies that suggest keeping your brain active in later life by learning new skills and engaging in intellectual pursuits can stave off neurodegeneration.

## Senior Citizen Stocks to Invest In

The most important thing is to get out of your comfort zone, which means learning a new skill or doing an activity that creates new neuronal connections.

Denise Park, a psychologist and researcher at the University of Texas at Dallas, says that it's not enough to just get out there and do things. It is also important to do something unfamiliar and challenging mentally that stimulates you both mentally and socially. When you're in your comfort zone, you might be out of the zone for enhancement.

End of Article

## Senior Citizen Stocks to Invest In



**W**e have all heard the adage “Age before beauty.” Today this saying most certainly applies to investing in the stock market.

How is that?

According to Sean Brodrick of the *Weiss Ratings Daily Investment* publication, for investments these days we should be looking to Johnson & Johnson stock rather than Revlon stock.

This is because America is getting older, quickly.

And we're not alone.

Europe, China and Japan are in even worse shape on this trend.

In Japan, its “super-aged” society is the oldest in the world: 28.7% of the population is 65 or older, with women forming the majority.

The country is also home to a record 80,000 centenarians. By 2036,

people aged 65 and over will represent a third of Japan's population.

As birth rates fall, life expectancies worldwide are increasing by one year every five years — and will reach an average of 77 years by 2050, up from 48 in 1950.

By 2050, 2.1 billion people will be 60 or older, more than double 2015's count.

Focusing solely on the U.S., according to the U.S. Census Bureau, it is expected that we will have:

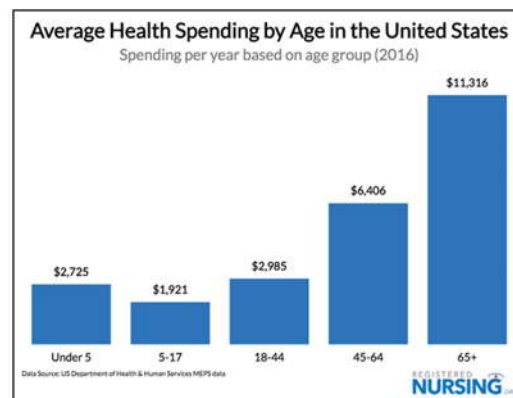
- Seventy-seven million adults over 65 by 2034.
- More older adults than children by 2035.
- And nearly one in four Americans over the age of 65 by 2060.

People are living much longer, which is why I'm labeling this trend “the revenge of the old coots.” And because that demographic is growing at such a rapid clip, there are handfuls of ...

Stocks That Cater to Them

Brodrick does not dive into all of them. But some — especially given the sectors they're in — are obvious.

As people age, they require more healthcare. A lot more.



Health spending by age.

In fact, health spending in the U.S. nearly doubles from ages 45-64 to ages 65+, and health spending increases faster than inflation.



## Senior Citizen Stocks to Invest In

And who profits from that increased spending? Companies that develop ...

Medical Devices, Pharmaceuticals & Consumer Goods

Companies like Johnson & Johnson (JNJ), which have been providing healthcare products of all sorts since 1886.

JNJ has three core divisions — (1) consumer health, (2) pharmaceuticals and (3) medical technology — and the company is planning to soon spin off its consumer health division into a separate business.

And since consumer health has grown at a slower pace than pharmaceuticals and medical technology, by spinning it off into a new business, JNJ can focus its resources on growing its two most productive divisions.

This should ultimately result in stronger growth for the company moving forward.



One-year price chart of JNJ.

Shares are down over 8% this year, but they're testing JNJ's 200-day moving average.

The stock pays a dividend with a market-beating yield of 2.78%, and its sector — healthcare — is recession-resistant given how demand for healthcare is inelastic.

Another place to look?

Senior Housing

Nursing homes and longer-term care facilities are big business in the U.S.

According to the National Institute on Aging:

“There are about 4.7 million senior citizens utilizing home-health care, 730,000 in assisted living facilities and 1.4 million in skilled nursing facilities (nursing homes). There are about 16,000 nursing homes nationwide with 1.8 million beds.”

For a strong example, look no further than Florida, my home state and one that's often referred to as God's waiting room.

In Florida, 73,000 residents live in nursing homes, and facilities in this state have an occupancy rate of 87%.

There's profit potential in that industry if you know where to look, and real estate investment trusts are a good place to start.

One particular REIT I like is Ventas (VTR), which specializes in homing aging populations in America, Canada and the U.K.

Ventas owns and manages healthcare facilities, with a portfolio that consists of 1,200 properties including nursing homes, medical office buildings, rehabilitation and acute care centers, as well as labs, research centers and medical-surgical centers.

Shares are down less than 1% this year but are up over 20% in the past six months, and at the time of writing, it's challenging both its 50-day and 200-day moving averages as overhead resistance.



One-year price chart of VTR.

There's more to like about VTR. Like all REITs, it must pay 90% of its taxable profits to shareholders in the form of dividends.

Ventas pays a whopping 4% yield!

Brodrick is not telling us to buy either of these stocks ...

What he is telling us is that the global population is aging rapidly, and savvy investors who know where to look can set themselves up for enormous profit potential as demand for certain goods and services is bound to skyrocket along with the age of the general populace.

As always, we need to remember to conduct our own due diligence, but keep in mind the sectors and stocks that are leveraged to an ever-expanding senior citizenry.

Here is a good investing.

D. Miyoshi





## New Monument to WWII Japanese American Internment

In April I had the pleasure of attending the annual Spring Banquet of the Japanese American Medical Association. The organization's mission is to maintain and advance the professionalism of its physicians in the community and in my opinion is the preeminent Japanese American professional organization in the country.

During the lovely banquet the attendees were treated to a wonderful traditional Japanese Minyo dance exhibition let by the renowned dance artisan Teramura Ki (aka Nancy Hayata). At the conclusion of the exhibition Ms. Hayata announced that she was leading a campaign to build a grand monument dedicated to all the Japanese Americans who were sent to internment camps during WWII. This is a monumental task of grand scale and as a Japanese American military veteran myself and supporter of memorials to the sacrifices made by Japanese Americans, I wanted to find more information on this monument. A few days after the banquet I found an article published in the *Daily Breeze* newspaper featuring Ms. Hayata and because a large number of subscribers to this newsletter are Japanese Americans, I thought this article may be of interest and so recreate it herein. I hope you find it interesting.

D. Miyoshi

## City of Torrance to build monument for Japanese Americans, others interned during WWII



Torrance, home to one of the largest concentrations of Japanese people living outside Japan, will create a monument memorializing Americans held at in internment camps during WWII. (Rendering created by Roger Yanagita, courtesy of Torrance)

By Teresa Liu | [tliu@scng.com](mailto:tliu@scng.com) | PUBLISHED: April 27, 2023

Torrance, home to one of the largest concentrations of Japanese people living outside Japan, will create a monument memorializing Americans held at in internment camps during WWII.

The City Council this week unanimously approved the project, which will include a triangular plaza and 12 black granite veneer walls that will be equipped with LED lighting, according to its renderings. Plans also call for the memorial to have a 25-foot flag pole with nighttime lighting and two areas for educational display panels.

If all goes according to schedule, the monument — which will be at the southeast corner of Columbia Park, near the intersection of 190th Street and Prairie Avenue — will break ground as early as summer's end and be complete by 2026, said Community Services Director John La Rock.

"I'm very happy that this memorial is coming here to the city of Torrance," said Councilmember Jon Kaji.

President Franklin D. Roosevelt issued Executive Order 9066 on February 19, 1942, a little more than two months after Japan bombed Pearl Harbor, effectively launching the U.S. into the Second World War. The executive order led to the forced relocation of more than 120,000 Japanese Americans to internment camps across the country.

The Torrance memorial will commemorate the hardship of Japanese Americans, as well as of people of German, Italian and Japanese-Peruvian ethnicity, who were also deemed "a threat to national security" and detained in the US during WWII.

Altogether, the names of around 160,000 of these individuals will be engraved on the walls of the memorial, La Rock said.

The 52-acre Columbia Park, 4045 190th St. in Torrance, was selected for this project because of its proximity to major roads, which would allow people to easily access the memorial, La Rock said.

The project is the brainchild of Torrance resident Kanji Sahara, a retired Japanese American doctor whose family, along with thousands others of Japanese descent, was uprooted from their California homes and forced to relocate to one of the War Relocation Authority camps.

A group of residents who shared Sahara's vision got together and formed a committee, which was later incorporated to become the nonprofit World War II Camp Wall, said Nancy Hayata, who heads the organization.

The project initially came to the City Council in 2019. But at the time, Torrance didn't have enough funding to support what was perceived to be a multimillion dollar endeavor, La Rock said. It was put on hold while staff looked for money at the state level.



## NATO opens Japan Liaison Office

The funding eventually came through after Assemblymember Al Muratsuchi secured a \$5 million grant from the California Natural Resources Agency, La Rock said.

Hearing about the council's decision brought a mixture of emotions to Hayata, who, along with some members of the committee, waited patiently in council chambers for several hours before the item came up for discussion and approval.

"We wanted probably to shout and scream and dance, but it was a little more formal setting than that," she said. "That's not to say we didn't go out into the lobby and just high fived, and just hug each other.

"It was," she added, "almost like winning a sports event."

Both Hayata's parents were incarcerated, though they never talked about the negative aspects of the camps as she was growing up. Instead, her Dad made it a point to take his children to visit the relocation centers, Hayata said. The Torrance monument, she said, will not only teach the younger generation the history it memorializes, but also the injustices suffered by the older generations.

"They need to be taught that this should happen to nobody," Hayata said. "No people, anywhere, anytime, ever again, and I'm talking, any race, any age, any place in the world, and that's what we intend to try to teach.

"If children's minds are taught to think this way, that people should not be treated this way, at a young age," she added, "I think that carries on over into adulthood, and I think that's very, very important to teach."

A five-member advisory committee will oversee the memorial's design. The speaker of the state Assembly and the president pro tem of the state Senate will each appoint one member, while Mayor George Chen will appoint three members.

End of Article

## NATO opens Japan Liaison Office



**A**s we know, NATO (North Atlantic Treaty Organization) was founded in 1949 as a bulwark against Soviet aggression (emphasis added). To this day, it remains the pillar of U.S.-Europe military cooperation against Soviet expansion. A growing bloc of NATO allies has taken on a broad range of missions since the close of the Cold War, many well beyond the Euro-Atlantic region, in countries such as Afghanistan and Libya.

We note NATO membership is open to "any other **European state** in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area."

Here are the current NATO countries (31 in all) listed alphabetically with the year of joining in parenthesis.

Albania (2009)  
Belgium (1949)  
Bulgaria (2004)  
Canada (1949)  
Croatia (2009)  
Czechia (1999)  
Denmark (1949)  
Estonia (2004)  
Finland (2023)  
France (1949)  
Germany (1955)  
Greece (1952)  
Hungary (1999)  
Iceland (1949)  
Italy (1949)  
Latvia (2004)  
Lithuania (2004)  
Luxembourg (1949)  
Montenegro (2017)  
Netherlands (1949)  
North Macedonia (2020)  
Norway (1949)  
Poland (1999)  
Portugal (1949)  
Romania (2004)  
Slovakia (2004)  
Slovenia (2004)  
Spain (1982)  
Türkiye (1952)  
United Kingdom (1949)  
United States (1949)





## NATO opens Japan Liaison Office

Canada and the United States are the only North American countries in NATO.

Here are the only European nations that are not in NATO. Interestingly, most of the countries' names begin with A, B or C.

Andorra.  
Armenia.  
Austria.  
Azerbaijan.  
Belarus.  
Bosnia and Herzegovina.  
Cyprus.  
Finland

But on May 3, 2023 NATO announced it will open a liaison office in Tokyo, the first of its kind in Asia. Mind you this is only a liaison office in Japan and does not mean Japan has become a member of NATO.

We note, NATO constitution provides that its membership is open to "any other European state (emphasis added) in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area."

So why the need for a liaison office in Japan?

To answer that here is an article that appeared on May 3, 2023 in *Nikkei Asia* publication. I hope you find it informative.

D. Miyoshi

## NATO to open Japan office, deepening Indo-Pacific engagement

### Two sides to upgrade cooperation on cyber, disruptive tech and disinformation



NATO Secretary-General Jens Stoltenberg speaks to reporters ahead of a meeting of NATO defense ministers at NATO headquarters in Brus-

sels in October 2022. © NATO

By KEN MORIYASU, RIEKO MIKI and TAKASHI TSUJI, *Nikkei* staff writers May 3, 2023

TOKYO/BRUSSELS -- NATO is planning to open a liaison office in Tokyo, the first of its kind in Asia, *Nikkei Asia* has learned.

The station will allow the military alliance to conduct periodic consultations with Japan and key partners in the region such as South Korea, Australia and New Zealand as China emerges as a new challenge, alongside its traditional focus on Russia.

NATO and Japan will also upgrade their cooperation, aiming to sign an Individually Tailored Partnership Programme (ITPP) before the NATO Summit in Vilnius, Lithuania, on July 11-12. The two sides will deepen collaboration in tackling cyber threats, coordinate stances on emerging and disruptive technologies, and exchange notes on fighting disinformation.

The plans were confirmed by both Japanese and NATO officials.

The idea of opening a liaison office was first discussed between Japanese Prime Minister Fumio Kishida and NATO Secretary-General Jens Stoltenberg during the latter's visit to Tokyo at the end of January. In mid-April, the alliance circulated a draft proposal among its 31 members, according to a person with knowledge of the proceedings.

The proposal is to open a one-person liaison office in Tokyo next year. Whether the Japanese side provides the office space or if NATO funds the station is still under negotiation. NATO has similar liaison offices at the United Nations in New York, the Organization for Security and Co-operation in Europe in Vienna, as well as in Georgia, Ukraine, Bosnia and Herzegovina, Moldova and Kuwait.

In many cases the host nation offers office space for NATO. If Tokyo provides the funding for a Western military alliance to have a foothold in Japan, it would symbolize a new phase in defense cooperation.

The intent to deepen cooperation is mutual. Japan plans to create an independent mission to NATO, separating it from the Embassy in Belgium, where it is currently based. A new ambassador will be dispatched, to relieve the NATO duties of Ambassador to Belgium Masahiro Mikami. Kishida told Stoltenberg of the plans at the January meeting.





## NATO opens Japan Liaison Office



The leaders of the AP4, left to right, Australian Prime Minister Anthony Albanese, Japanese Prime Minister Fumio Kishida, then-New Zealand Prime Minister Jacinda Ardern and South Korea President Yoon Suk Yeol meet NATO Secretary-General Jens Stoltenberg, center, in Madrid in June 2022. © NATO

Officials hope that the NATO-Japan signing of the ITTP would create momentum leading up to the Vilnius summit. The gathering is expected to be attended by the leaders of Japan, South Korea, Australia and New Zealand -- like last year -- signaling NATO's deeper engagement with the Indo-Pacific.

Last June, Kishida, South Korean President Yoon Suk Yeol, Australian Prime Minister Anthony Albanese and then-New Zealand Prime Minister Jacinda Ardern attended the NATO Summit in Madrid. Known as the Asia-Pacific partners (AP4) of NATO, they held a meeting on the sidelines.

Danish Ambassador to Japan Peter Taksoe-Jensen told Nikkei Asia in a phone interview that a NATO liaison office would be the first of its kind in the Indo-Pacific and more than just symbolic. "It would be a very visible, real way to strengthen the relations between Japan and NATO," he said.

The Danish Embassy acts as the contact-point embassy of the alliance in Japan and is coordinating with the member states in Tokyo regarding NATO-Japan collaboration.

Taksoe-Jensen noted that the geopolitical landscape has changed drastically since NATO issued its previous Strategic Concept in 2010.

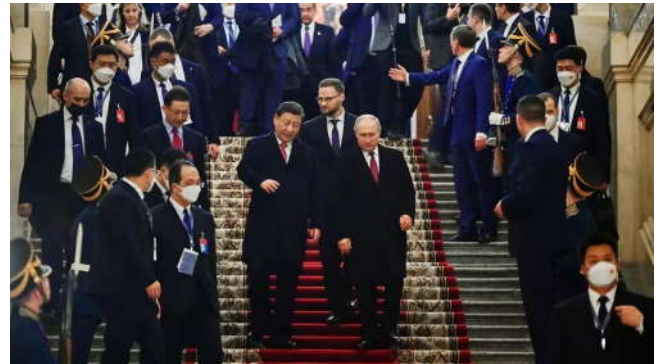
"At the time, Russia was considered a potential partner and there was no mention of China. In 2022, at the Madrid Summit, allied leaders decided that Russia was no longer a partner but a foe, and that there was also an acknowledgment that China's rise would and could have an impact on trans-European security," he said.

"This is why it is important for NATO to keep up relations with our partners in this region." The envoy said that the liaison office would also reach out to other important actors in the region such as India and ASEAN countries.

Taksoe-Jensen said NATO-Japan cooperation, going forward, will focus on challenges that transcend regions, such as cyber threats, disruptive technology and disinformation activities.

This cooperation, Nikkei has learned, will be formalized in the coming weeks, when NATO and Japan will launch the ITTP to lay out cooperation on fields such as cybersecurity, disinformation and space. It will be an upgrade from the Individual Partnership and Co-operation Programme (IPCP) that the two sides signed in 2014.

"There will also be a look at interoperability," Taksoe-Jensen said, regarding how NATO and Japanese forces work together in different areas. But he said it was "a step too far at the moment" to consider the two sides to bolster regional deterrence together.



Russian President Vladimir Putin and Chinese President Xi Jinping at the Kremlin on March 21: NATO is concerned with the deepening strategic partnership between China and Russia. © Reuters

Michito Tsuruoka, an associate professor at Keio University, said that the war in Ukraine has changed the way NATO sees China. "In addition to the problems China poses by itself, a new dimension has been added: that of China as a supporter of Russia. This now becomes directly related to Europe's security."

Stoltenberg repeatedly mentioned the danger of China and Russia collaborating during his trip to Japan, Tsuruoka told Nikkei Asia.

Tsuruoka said that NATO having a foothold in Tokyo would have a significant meaning for Japan. "It means that when NATO looks at Asia, including China, it will be doing so through Tokyo's prism. When the representative sends back information to NATO headquarters, it will always be via Tokyo."

NATO spokesperson Oana Lungescu stressed Japan's importance in a statement to Nikkei on Wednesday.

"Among NATO's partners, none is closer or more capable than Japan," Lungescu said. "We share the same values, interests and concerns, including supporting Ukraine and addressing the security challenges posed by authoritarian regimes, and our partnership is

## What is the difference between a recession and a depression?

getting stronger."

She noted long-standing cooperation between NATO and Japan, as demonstrated by Stoltenberg's visit to Japan at the start of the year and the Japanese foreign minister's participation at the meeting of NATO foreign ministers in April.

"The Secretary General has also invited the Prime Minister of Japan, as well as the leaders of our other Indo-Pacific partners, to the Vilnius Summit in July," Lungescu said.

"As to plans to open a liaison office in Japan, we won't go into the details of ongoing deliberations among NATO allies, but in general, NATO has offices and liaison arrangements with a number of international organizations and partner countries, and allies regularly assess those liaison arrangements to ensure that they best serve the needs of both NATO and our partners," she said.

End of Article

## What is the difference between a recession and a depression?



Here is a short answer according to the Merriam Webster Dictionary

A recession is a downtrend in the economy that can affect production and employment, and produce lower household income and spending. The effects of a depression are much more severe, characterized by widespread unemployment and major pauses in economic activity. Recessions can also be more localized, while depressions can have global reach.

Here is a more intricate answer according to renowned demographic economist Harry Dent Jr.

One of the problems with this bubble boom and bust is that this current cycle is different in that this bubble was 100% artificial, caused

by stimulus. The 1920s and the 1990s bubbles occurred during strong fundamental cycles of demographics and technology, with a little stimulus added. This current bubble has resulted totally from artificial stimulus, so some indicators may well react differently. All I know is that most indicators are screaming "Recession ahead!" This economy can't take a recession after this big financial asset bubble without a lot of pain caused by the loss of bloated net worth. I don't see how we won't get a crash and a deep recession or depression here.

The primary difference between recessions and depressions in history is that depressions follow financial asset bubbles. The bubble is the issue, as more assets disappear faster, suddenly and permanently, in a bubble than when the normal economy just gets overstretched and slows. The bubble burst WILL cause a recession all on its own merely by hurting the top 20% in income, the ones who own 90% of the financial assets, not including their primary residence. The top 20% also do 50% of the spending! All they have to do is stop spending on overvalued real estate, vacations, etc., and we will be in a recession or depression and all financial assets will go down in the end, including gold. Everything will go down except the safe haven, bonds, mainly the U.S. Treasuries, much like happened in 1929-1933. That's the only comparable for this bubble and crash, and that earlier crash was not driven primarily by stimulus, like this one. There are no direct comps for this totally artificial bubble except the brief and narrow South Sea and Mississippi land bubbles. Those bubbles were very narrow and quick to rise and fall.

So, apparently the bottom line is that Dent believes the downturn beginning now will end up as a depression more than a mere recession. I hope he is wrong. The problem is he is seldom wrong.

D. Miyoshi

## Why Can't We Design an Economy that Doesn't Boom or Bust?



**S**ound like a perfectly reasonable question. But a reasonable answer is harder to find. Here is a reply in Quora that explains why it's so hard to devise an economic system free of booms and busts.

D. Miyoshi



## Why can mankind not design an economic system that does not boom and bust?

By Brandon Ross, Small-I Libertarian

Ah, yes. The Theory of Intelligent Economic Design.

There are three basic concepts:

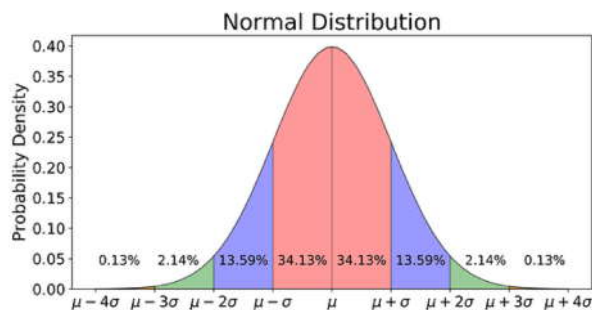
Destructive feedback.

Steerability.

Control.

There was a mathematician a few centuries back. I don't recall who. Pascal? Poisson? A Bernoulli? I don't remember.

He was studying distributions of seemingly random outcomes. He would put a funnel above a target on the sand below. Drop a marble into it. And record how far from the target the marble landed. He would do this over and over. He got a roughly normal distribution.



No matter how many times he tried it.

He didn't like this. He wanted to make it more focused. So the marbles would land closer to the target.

So, he thought, "What if I just move the funnel to above last place the marble hits? This way, I'm adjusting for the error each time." Makes sense?

He tried it. To his surprise, this curve got more spread out. On average, the marbles were landing farther away.

His attempt to "correct" a system he did not understand, caused him to make a worse outcome. (Today, the why is very well understood. But, he did not understand at the time.)

Similarly, he came to the conclusion that his original outcome was, no pun, normal. Given the setup of this system, there was a swath of outcomes. The range of outcomes could not be reduced further—and trying to would have an opposite than intended effect.

There's another concept from systems engineering. It's called control. Sometimes just "control theory".

If you have some system, you might be able to nudge a system in one direction. If you can, this is called steerability. You can push the system in one direction. But you can't control where you go.

For example, I can adjust a sail of a ship. But I can't make the wind blow. And if it does, I can't say how much. But hopefully I can move in the direction I want. Especially if I can work a rudder skilfully.

To control the ship, I have to have some good control loop. I have to be able to steer the system, but with finer adjustment. I have to be able to observe the effects of my steering fast enough to correct, and my corrections must be translated to effects fast enough to make the next set of adjustments.

If you've ever driven on ice and lost traction, you understand intuitively that brakes no longer function as you expect. And even if you change the wheel in one direction, you might be going in the other. And if you turn the wheel in the opposite direction, there might be a huge lag before direction changes.

You haven't just lost control. You have lost steerability.

And if you grew up in a Northern state, you intuitively know the best course may be... to do nothing. Let momentum guide you. Don't panic. Don't slam the breaks—it might be the worst thing you can do. Don't try to put new, changing forces on something you're already not in control of. The results may be dangerous and unpredictable.

The economy consists of millions, billions, and trillions of components. The interactions among them are far-far larger.

At any moment, we know extraordinarily little about what is happening. The information available defies our ability to meaningfully obtain it. Let alone comprehend it.

Because The Economy is not even one thing. It's a convenient abstraction of mind-boggling scope. There are no good mechanisms to steer or control the economy. And the more you try to adjust for what you believe is error, you might be making what you're trying to control worse. Sometimes, cycles of boom and bust. Or, forced decay.

The Economy is not a designed thing. It grows rather wild, most of





## Democrats Now Attacking Each Other

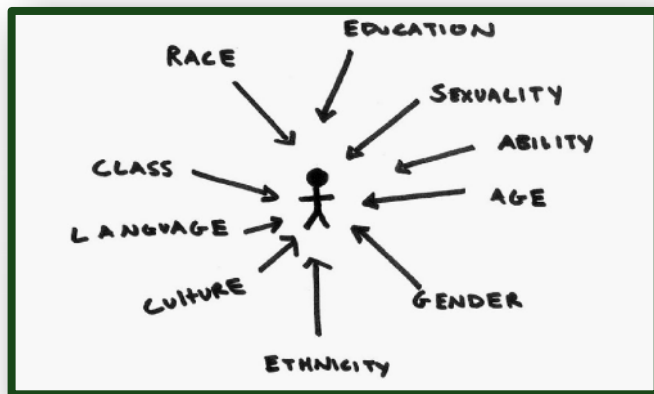
the time. So “design” is often a euphemism for control. And in the absence of any meaningful control mechanisms, “design” often becomes “destroy”.

Those who attempt intelligent economic design frequently ignore some very fundamental design constraints of their medium. It is not that they are ignorant. They just don't care about the people they hurt in the process. It scarcely occurs to them that the economy consists of real people at all.



End of Article

## Democrats Now Attacking Each Other



As could be predicted, there is a new theory of social justice that has arisen. An impressive new term has entered the public lexicon: “intersectionality.” This is essentially a matrix for measuring the scale of your deprivation, and the benefits the rest of society owes you.

So what does it mean? Black feminist scholar Kimberlé Crenshaw

coined the term in 1989. It's an attempt to categorize and formalize people according to their race, gender, age, wealth, class, religion, disability and sexual orientation in terms of how disadvantaged they are in society. This concept enabled black feminists to argue that the feminist movement was ignoring racial grievances. White women were at a disadvantage, they said, but black women were at a double disadvantage.

Well, what does this mean in 2019 America? According to *The Trumpet* Publication, this is playing out in Democratic politics in a specific way. The party is attacking itself. Leftist politicians who are bona fide progressives, even cutting-edge revolutionaries, are being criticized as not leftist enough. Why? They lack appropriate intersectionality.

Sen. Bernie Sanders led the socialist groundswell in the 2016 presidential election. He excited flocks of youths to engage in politics and to embrace big-government, spendy socialist thinking. He is running again in 2020, but many on the left are less excited this time. Why? As Rich Lowry explained in *Politico*, “In the language of the modern left, the straight, cisgendered Sanders is burdened by his utter lack of intersectionality” (February 20).

Senator Sanders was asked on Vermont public radio how he, being old, rich, white and male, can lead a diverse Democratic Party. He said: “We have got to look at candidates, you know, not by the color of their skin, not by their sexual orientation or their gender and not by their age. I mean, I think we have got to try to move us toward a nondiscriminatory society, which looks at people based on their abilities, based on what they stand for.”

Sanders wants to move America “toward a nondiscriminatory society” based on merit and values. Most Americans would say we already are the most nondiscriminatory society on Earth and in history. The trouble for Sanders is, his political party is crowded with crusaders moving America toward a far more discriminatory society.

Predictably, these people attacked Sanders for his statement. Neera Tanden, from the Center for American Progress, posted this: “At a time where folks feel under attack because of who they are, saying race or gender or sexual orientation or identity doesn't matter is not off, it's simply wrong.” Former Clinton aide Jess McIntosh wrote: “This is usually an argument made by people who don't enjoy out-sized respect and credibility because of their race, gender, age and sexual orientation.”

People who are to the left of even Bernie Sanders are broadcasting that they do not want a society where you are judged by your abilities and what you stand for. They want a society where you are judged by race, gender and sexual orientation. They want to level the playing field, which means discriminating in these areas, bestowing advantages on those not white, not male, not straight, not “cisgendered.”

The less white you are—the less of all those privileged things you are—the more deserving you are of reparatory privileges. The more



## Democrats Now Attacking Each Other

the government should use its power to take from others and give to you. They want to solve discrimination—by discriminating.

### ‘A Sad Descent Into Tribalism’

The truly liberal American ideal is that race should not matter. Martin Luther King Jr., an icon among liberals, dreamed of a nation where people would “not be judged by the color of their skin, but by the content of their character.” Yet those who claim to be his successors proclaim that people should be judged not by their character, but by their color, as well as their sex. But these are actually the most primitive aspects of a person’s identity. Human societies have been discriminating and judging each other based on these attributes for thousands of years!

More than any other nation ever, America has been a place where people of any race and any background can make a success of themselves, educationally, vocationally, financially, culturally, morally.

Leftists are dismantling this ideal. They are convincing people that this nation is actually the most unfair and discriminatory. And somehow, they are persuading people that the solution is to exalt race, sex and class as the defining aspects of their identity.

They want more diversity. Not intellectual diversity, not ideological diversity, not diversity of ability. No—they just want diversity of skin color, sex and “gender identity.”

This revolutionary effort to characterize our land of unprecedented opportunity as a country that victimizes a literal majority of its people (nonwhites, women and many others) has been shockingly successful. But it is also creating some problems of its own.

People do not want a society where you are judged by your abilities and what you stand for. They want a society where you are judged by race, gender and sexual orientation.

“Now the revolution cannot figure out its own hierarchy of authentic grievance groups,” Victor Davis Hanson wrote. “So it has agreed on a loose ‘intersectionality,’ in which over a dozen and often overlapping victim cadres agree that each degree of nonwhite-maleness adds authenticity and becomes a force multiplier of left-wing radicalism.

“Among leftists, Kamala Harris, as black and female, trumps Cory Booker who is just black, who trumps Elizabeth Warren who is exposed as just female, who trumps Joe Biden and Bernie Sanders who are reverse threefers as white, male and heterosexual” (*American Greatness*, March 3).

Hanson correctly described this development as a “sad descent into tribalism.” That is exactly what it is. It is not enlightened. It is not sophisticated. It is not just and fair. It is tribal. It is primitive. It is

absurd.

And it is terribly destructive, individually and nationally.

### A Dangerous Lie

There are countless factors that determine success or failure in life. That is why there are people who manage to overcome tremendous setbacks—family dysfunction, extreme poverty, lack of opportunity, bodily limitations—and become spectacular successes. That is also why there are those who have tremendous advantages yet become spectacular failures.

Success comes from hard work. It comes from diligence and discipline, from driving oneself in pursuit of worthy goals, making good choices, living the right way, having the right mindset. It comes from surmounting obstacles, again and again, and sometimes chance. But character determines what happens when someone catches the occasional good break, or when God opens a door.

The people decrying “white privilege” are believing a lie: that you reach success not by climbing up to it, but by bringing everyone else down.

Their message is: Focus on what the world isn’t doing for you. Don’t count your blessings—complain about your burdens. Don’t dream about possibilities. Don’t seize opportunities. Open your eyes to all the obstacles people are putting in your path! Your failures are someone else’s fault. Find people to blame! Resent those with success. They’re just unfairly privileged.

This thinking draws people’s energy away from responsibility, self-motivation, resiliency, improvement, achievement, contentment and happiness—and redirects it toward dissatisfaction, envy, hypersensitivity, offense, blaming others, protest and destruction. It traps them in their failures.

Radical leftists don’t want people to become diligent, disciplined, driven, resourceful, persevering people who take responsibility for their own lives. After all, if more people judge themselves and others not by the color of their skin but by the content of their character—what would they need the Democratic Party for?

Leftist leaders have the temerity to contend that they know—based on a short list of superficial identity markers—exactly who in society is privileged and who is marginalized. Somehow they can measure how much of each individual’s success or failure was earned, and how much was unfairly obtained because of bigotry against others. And with their unerring wisdom, they and their panels of experts will settle scores, resolve injustices of generations long buried, negate the effects of all prejudice and bias. They can do all this without being biased toward whatever decision will give them the most votes and the most power.



## Why the Middle Class in California is Disappearing

If we will just surrender more of the power we have over our own lives and give it to them, finally America can be a land of justice for everyone.

This is hubris on an epic scale. Beyond that, carrying out these utopian fantasies would take an unimaginable level of authoritarian power. It is beyond delusional to believe that congressional and bureaucratic panels and experts—and ultimately their armed agents—picking winners and losers based on identity will actually make the world a better place.

So, I suppose in this post-modern utopian world, according to these self-appointed justice warriors, if you are black, you would get more points than, I suppose, being Asian who, I suppose would get more points than being white; females would get more points than males, transgenders would get more points than homosexuals who would get more points than heterosexuals. I suppose unattractive people would get more points than nice looking ones and imbeciles more points than geniuses.

I realize the above comparison is a bit sarcastic but does it make sense? If it does, then, to me it would be the first time in human recorded history.

D. Miyoshi

## Why the Middle Class in California is Disappearing



I live in California and consider myself as being in the middle class. But I see the middle class in the state is disappearing. Why? One of my favorite social and political commentators is Victor Davis Hanson. He has been a commentator on modern and ancient warfare and contemporary politics for *The New York Times*, *The Wall Street Journal*, *The National Review*, *The Washington Times* and other media outlets. I think he knows why.

In the following YouTube transcription, Victor Davis Hanson explains how the middle class in California is struggling due to high taxes and heavy regulations that fall heavily on small business own-

ers. As a result, many are leaving the state, causing the middle class to shrink and leaving California with the highest number of homeless people and welfare recipients in the US. I think you will find Hanson's report interesting, especially if you live in California.

D. Miyoshi

## HOW CALIFORNIA DESTROYED ITS MIDDLE CLASS



By Victor Davis Hanson, May 5, 2023 on YouTube

California in the 1960s had the largest middle class in the United States. California had the finest educational system. California invented the idea of a modern freeway and a modern airport. California had a state where two thirds of the people live with one third of the precipitation and yet they built the greatest transference of water with reservoirs and aqueducts the world had ever seen. California had the most successful oil, timber, mineral industries in the world. They had some of the finest universities and again, this was the product of both Democratic governors and Republican governors. It was called the middle class.

However, today when we look at California it's got the highest number of homeless people in the United States. Half of all of America's homeless live in California. One third of all the welfare recipients of the United States live in California. One-fifth of all Californians live below the poverty line. California yet has the highest taxes in the country in the aggregate. The highest property taxes because of the enormous assessed evaluations. Maybe not highest in any given state but highest in the sense of their contribution to the highest aggregate. The highest sales tax of over 10 to 11%. The highest income taxes of up to 13.2%. And the result of all that is, the middle class finds itself unable to pay and be competitive with other businesses in other





## Why the Middle Class in California is Disappearing

states.

In other words, they look at all of these higher taxes and they say to themselves, I'm willing to pay it. If it's economically viable but the regulations that the state creates fall heavily on the small farmer, the hardware store owner, the tire owner but not necessarily on the Silicon Valley corporation that has an array of lawyers or legal teams or analysts or economists that find ways not to pay it. And so, the middle class leaves. They vote with their feet. They go to places where it's more conducive for middle-class livelihoods.

We've lost somewhere between eight and twelve million people of the middle class. And then we have allowed about 20 million people over the last 50 years to enter the United States under illegal auspices. Half of that number came to California. That may have been a humanitarian achievement but it required an enormous sum in capital, in labor and time to integrate, intermarry and to assimilate people. And for years California has had the highest level of poor people. What did that mean as far as a middle-class tax burden went? A middle-class California once had the finest roads, as I said, the finest airports, the finest schools and the finest of reservoirs and aqueducts. Today we have not built an aqueduct in California in about 40 years. The schools that were rated in the top 10% of comparative state rankings are now in the bottom 10%. The airports are decrepit. The University of California system that used to be the finest in the world essentially now has an open admissions policy. And if we look at test scores and records of achievement the means have gone down every year. So, in other words, as taxes climb, as a number of poor people increased, as the entitlement burden grew, the middle class said it seems almost ironic or maybe paradoxical or Orwellian that the more taxes I pay, the worst schools I get, the more I can't fight against a drought. There is no water. The more expensive gas climbs up and they said I have to leave. But they also were worried not because the poor or the emigrant had done that alone, it was the wealthy.

In this period there was about \$5 trillion in market capitalization that grew out of Silicon Valley alone. And we created sort of a mid-evil caste, a wealthy caste of barons and lords that were not subject to the consequences of their own ideology. So, they had so much wealth

they felt they were exempt from worries about taxation, poor schools, for airports and their way of thinking was we have private jets, our kids go to prep school, my tax accountant finds a way to get out of paying burdensome taxes, if we don't have water, I can always find a source, drill my own private well or deal with a bureaucrat to give me an extra allotment. I like to have high taxes on energy because I live in the Bay Area where it's a nice moderate climate, not 108 degrees as it is in Bakersfield. The gas goes too high I like the idea of reducing our carbon imprint but mostly because I only drive a mile or two to my coastal job. I don't drive across the vast spaces of the Sierra or the Central Valley. In other words, we did exactly what the Greeks and Romans and mid-evil thinkers warned us about. We created a very, very wealthy elite that was not subject to the consequences of their own ideology.

And whether out of virtue signaling and guilt or whether out of contrived political necessity they made a political alliance with the very poor of California. And the poor said give us more entitlements, tax the middle-class, transfer that money to us, we need it. And the wealthy said, yes, we will. We will open the borders, we will transfer money but you have to vote for issues that we are in favor of and we are in favor of them precisely because they don't affect us.

The middle class is never very popular among the rich and the poor and you can see that in the vocabulary. As a philologist, I always look at the words people use. And whereas before the middle-class voters and their preferred candidates said these are solid choices, these are the yeomen of the state, these are the genuine Americans, today there called "Klinger's of Pennsylvania" as our president Obama called them. Hillary Clinton a candidate for president in 2016 used the term "deplorable" and "irredeemable." Joe Biden used the terms "chumps" and "dregs" of society.

And the idea was that as globalization took hold, and muscular labor was no longer essential to the American experiment, in other words you could have things made overseas in China. or Southeast Asia or Mexico and the great middle-class territory of the Mid West of the United States, Michigan, Ohio, Illinois, Indiana started to become hollowed out, we confused cause and effect, we said, well people of the middle class are on drugs or they are committing suicide, or they





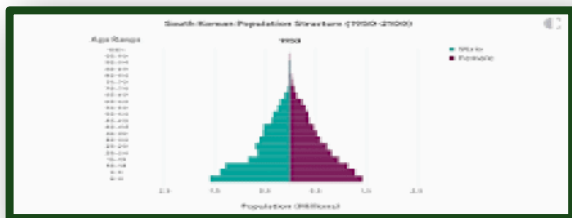
## Demographics and Predicting the Economy

are dysfunctional or they are not worth saving. And we created this vocabulary of disparagement. If they really had any gumption, they would go to the oilfields or they learn coding. Who needs to assemble, who needs to manufacture, who needs to use their arms. And we wrote off an entire section of America which was the middle class.

The erosion of the middle class is something that the ancient philosophers and indeed our own founding fathers warned about. The erosion of the middle class leads to a society of two classes, the wealthy and poor, oppressed and oppressor, a binary that's very unstable and the best word I can use to term it would be medieval. And so, we've ended up in our own society doing exactly what we thought would never happen in America. We've taken the middle class, the backbone of citizenship and we've eroded it, we've destroyed it.

End of YouTube transcript

## Demographics and Predicting the Economy



**H**arry Dent is a prolific author of investing books as well as being a good predictor of the direction of the stock market and the economy.

Dent, known as the “Contrarian’s Contrarian,” is a Harvard-educated economist who runs a research firm, HSD Publishing. Dent’s firm publishes newsletters including the *HS Dent Forecast*. I myself subscribe to this publication. Dent is also the author of many bestselling books on the markets and the economy.

Dent has written at least 10 books over the years, with a number of them becoming bestsellers.

He bases his predictions largely on demographic, market and economic cycles and has pointed to intervention by the Federal Reserve when those predictions have not materialized, likening continued stimulus to giving drugs to an addict.

Here is what Dent got right:

Dent correctly called the “bubble burst” in Japan in 1989 and the long recession that ensued.

He also correctly predicted the bursting of the dot-com bubble.

Additionally, Dent is credited with predicting the populist groundswell that propelled Donald Trump into the presidency.

But it should be noted that Dent did miss some predictions.

The market rallied in the wake of Donald Trump’s election as president in November 2016 and Dent made this prediction in December of that year. “I think it [Dow] is going to end up between 3,000 and 5,000 a couple years from now.” This prediction did not come to pass. The Dow has not dropped below 19,000 since he made this prediction. The Dow did drop over 20% in March of 2020 in the wake of the pandemic, but that decline brought the index down to just under 22,000. The Dow closed at over 35,550 on Dec. 14, 2022.

In 2022 Dent predicted the biggest stock market crash of our lifetime will hit. We are now well in 2023 and the market is still not crashed. However, there are now foreboding signs that this is about to soon happen. Time will tell if Dent’s latest prediction will come to pass..... a bit late but accurate.

In the meantime, here is Dent’s latest letter on his prediction for Japan and the US. I hope you find it informative.

D. Miyoshi



Harry Dent Jr.

## Demographics-Based Spending Has Peaked for Japan

This is a great chart that shows how Japan’s economy has performed in inflation rates vs. the U.S. since 1960. Japan outperformed the



## Why Was Tucker Carlson Fired by Fox News?

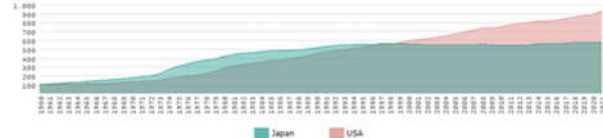
U.S. from 1960 into a plateau between 1993 and 1998. And remember that rising demographic trends first cause inflation and then rising spending on a lag. The U.S. has outperformed Japan ever since, and that has just gotten more exaggerated.

### Demographics, Japan vs. U.S.: Japan Better 1960 to 1997, U.S. Better 1998 to 2023

#### Performance over the last 61 years compared with the USA

In only a few countries are negative inflation rates achieved. This means that the general price level is declining and consumer prices get cheaper. This is called deflation. In comparison to most other countries, the drastic price increases are no longer average. Usually this is a sign of political and economic turmoil.

Performance based on 100% in 1959:



Source: <https://www.worlddata.info/cases/japan-inflation-rates>

[www.hedend.com](http://www.hedend.com)

In past books I've written, I showed that Japan's Baby Boom generation peaked in their Spending Wave in 1996, long before the U.S. Baby Boom generation peaked. While the U.S. tech bubble began around 2000 and peaked in 2007, Japan's stock bubble peaked at its all-time high in late 1989 and first crashed into 1992. Stocks have done better since, as Japan is a big exporter to the global economy. But Japan has not reached and will not reach new highs over its near -40,000 Nikkei peak, the highest we'll see in our lifetimes, as I forecast way back in the 1980s and in my first book, *Our Power to Predict*, published January 1, 1990. I was one of very few forecasters to be outright bearish on Japan. From 1986 to 1992, I was a leading speaker at TEC (The Executive Committee, now called Vistage), a global network of small business CEOs. I clearly forewarned those in TEC, all the way to Australia.

And, of course, Japan's stock peak and fall largely are the result of demographics. Japan's Baby Boom came early; its birth wave started around 1924 and peaked in 1949, just after the soldiers came back from World War II. Japan's peak age for spending, 47, is a bit higher than in the U.S., as the Japanese have almost no immigration. Immigrants on average tend to be younger and peak in spending a bit earlier, which brings down our peak spending age a bit in the U.S. Japan also was busy industrializing aggressively after World War II, which was an added economic supercharger.

The important point still is that Japan (and now South Korea, which is following Japan on a 30-year lag) has peaked for as far as the eye can see. Japanese demographics had a secondary, lower peak in 2020 and will continue to fall rapidly again for decades to come.

The U.S. has been in more of a sideways plateau since its Baby Boom Generation peaked in spending in late 2007 (right on time for the Great Recession of 2008). The "finale" generation ahead, the Millennials, should peak at nearly the same levels around 2037, by around age 47 on average, vs. age 46 for the Boomers.

Who says the economy is not predictable? Not everything is predict-

able, but demographic and technology cycles are.

Generational cycles peak every 39 years, as in 1929, 1968, and 2007. Technology cycles are on a 45-year clock and peaked in 1930, 1975, and 2020. Since 2020, the U.S. has been in the down phase of its Technology/Innovation cycle, and the demographic cycle for the U.S. will not turn upward again until late 2024. Only from 1982 to 2007 did both key cycles point upward together... and that's when we got "the Greatest Boom in History," which was my tag line from the 1980s forward. People thought I was crazy back then for being so bullish on North America.

However, neither we nor the western world will see a boom like this again in our lifetimes, nor will our kids.

Harry

End of Article

## Why Was Tucker Carlson Fired by Fox News?



Former Fox News host Tucker Carlson at a November event in Hollywood, Florida. Photo: Jason Koerner/Getty Images

**W**hy Tucker Carlson was fired by Fox has been on the minds of the American public for the greater part of the past few months.

Fox News didn't just blot out Tucker Carlson Tonight, it appears to be trying to blot out any influence Tucker Carlson can have on people, as much as possible, as long as possible. And past the 2024 election, if at all possible.

Fox News was the news on April 18 when it agreed to pay Dominion Voting Systems \$787.5 million rather than show in court that it was its free-speech, free-press constitutional right to broadcast interviews in the wake of the highly irregular 2020 election with people who said those irregularities stole the election from Donald Trump voters. A week later, people were still trying to figure that one when

## Why Was Tucker Carlson Fired by Fox News?

Fox announced that it was parting ways with Carlson. Fox executives reportedly told Tucker they were canceling Tucker Carlson Tonight, effective immediately, then told the world 10 minutes later.

Why did Fox News cancel the biggest show in American news? Millions of people, including large numbers of Democrats, tuned in every night to see what Carlson's team had uncovered and what Carlson had to say about it. Bringing in such high numbers of viewers so consistently generated huge profits for Fox News. Losing him would be a major loss. And it was: After the news was announced, the value of Fox Corp. quickly fell by almost \$1 billion.

Fox executives knew much of this, and they still shut down their own host, who happens to be the most popular cable news host in American history.

The host for the replacement show is failing miserably, with roughly half the audience. And as we mentioned last week, a short two-minute video Tucker posted on April 26 at 8 p.m. on Twitter has had far more views (now 23.5 million) than the 8 p.m. Fox News Tonight show (1.7 million).

A new Rasmussen Reports survey shows that more people are favorable toward Tucker Carlson than Fox News.

What is motivating Fox?

To answer that, below is a conservative Christian (non-woke) perspective to answer what motivated Fox News to fire Carlson. It is written by Stephen Flurry and appeared on the *TrumpetBrief* publication on May 2, 2023. The underlining in the article is mine. And of all the reasons given, this one by Flurry seems the most realistic and rational. Perhaps you can see this yourself.

D. Miyoshi

## UNIPARTY OUSTS CARLSON TO GET TRUMP



Fox News has said little about Carlson's departure, and Carlson hasn't said much either. But others are putting forward their theories. Some say that text messages uncovered during the Dominion Voting Systems lawsuit were a primary reason. Others say it was Carlson's coverage of the Jan. 6, 2021, Capitol Hill protests. A number of people believe it was a pro-prayer speech he gave at the Heritage Foundation's 50th Anniversary celebration just prior to his show's cancellation. Some claim that allegations of harassment did Carlson in.

These are all possibilities, but what is interesting is that at Fox News is still paying Carlson millions of dollars as an employee.

So Fox Corp. continues to lose millions, even billions, of dollars to achieve some other goal. What is that goal?

Fox certainly does not want Carlson to work for one of its competitors, so that is a reason. But if winning the competition for advertiser dollars was their goal, Fox News executives would have obviously just kept doing what they've been doing for seven years: air Tucker Carlson Tonight, dominate ratings, and make billions.

Fox is paying top dollar to keep Carlson quiet.

The 92-year-old media mogul who owns Fox News, Rupert Murdoch, is a Republican, but both of his sons are married to radical leftists. So Democrats have more leverage over Fox than most people think. Remember how Fox News called Arizona for Joe Biden on that highly irregular election night? Then the final official count showed Biden "winning" by 10,457 votes? That tells you just about everything you need to know about Fox's political bias. It airs conservative commentary, but when it really came down to it, it did its bit to help install Joe Biden as the pretender to the throne of the United States.

The Murdochs do not want another Trump presidency. Carlson's show, including numerous revelations of what is really happening in the United States government, was boosting public support for Donald Trump. So even if it costs hundreds of millions or billions, they are blocking Carlson in order to block the truth.

Barack Obama, Chuck Schumer, Alexandria Ocasio-Cortez, Paul Ryan and the Murdoch family disagree about a lot. But they have one thing in common: They hate Donald Trump and anyone who helps him. And since few people have helped Trump's Make America Great Again movement like Carlson, Obama and his acolytes wanted Carlson silenced. That is why Carlson was fired. All the talks about harassment and interpersonal clashes between people at Fox News are a distraction. Carlson was fired because of his political message.

When you fire someone for offending colleges, you tell them to clean out their desk and go. This is not what happened in Carlson's case. He is still collecting a salary, and Fox lawyers are trying to find a way to keep him from joining another network (like Newsmax or the Blaze until after the 2024 presidential election).



## Who Financially Benefits by Going Woke

The political establishment in Washington, D.C., is purging strong, conservative voices like Carlson and making Murdoch's media conglomerate (NewsCorp) much like the other five media conglomerates (AT&T, CBS, Comcast, Disney and Viacom), which collectively control 90 percent of U.S. media. By the time they are done, there will be one conglomerate for RINO Republicans and five conglomerates for radical leftists. But there will be no conglomerates for people who share viewpoints with Donald Trump or Tucker Carlson.

"No less than New York Sen. Chuck Schumer, the Senate Democrat leader, and Rep. Alexandria Ocasio-Cortez—the left's favorite fascist—demanded that Tucker be fired," reported American Spectator. "Tucker had seriously answered the leftist racist malarkey that is the building block of the American left. Now, Fox has bowed the corporate knee and done what the farthest left politicians in America demanded. In short, Fox has gone woke. What a disgrace. Without question, Fox has managed to self-sabotage in spectacular fashion."

It's almost hard to believe, but Fox would rather lose \$1 billion and 700,000 viewers than continue letting Carlson talk about issues that highlight why America needs Donald Trump back in office. Just like Budweiser was willing to watch its sales drop 17 percent after featuring a transgender influencer in a commercial, Fox is putting politics above profits in its quest to sabotage the Trump campaign. They hate Trump that much!

A stunning prophecy in 2 Kings 14:26-27 says: "For the Lord saw the affliction of Israel, that it was very bitter: for there was not any shut up, nor any left, nor any helper for Israel. And the Lord said not that he would blot out the name of Israel from under heaven: but he saved them by the hand of Jeroboam the son of Joash."

My father, Trumpet editor in chief Gerald Flurry, explains this end-time prophecy in his book *America Under Attack*. After identifying Donald Trump as an antitype of the ancient Israelite King Jeroboam ii, my father explains that God is going to use Trump to save America from the radical left. But before this happens, the affliction on America will get so bad that there will be no one fighting to save America except Trump. Until recently, there have been a few people like Tucker Carlson who have been helping Trump. But now even Carlson is off the air. He may soon return, but until then, Trump is in a position where he has no helper.

Expect big things to happen for Donald Trump in the near future, but the fact that the radical left has finally infiltrated Fox News shows just how bitter the affliction on America has become!

End of Article

## Who Financially Benefits by Going Woke



The first article in this newsletter is about the ideological reasons why companies go Woke. This last article is about the financial reasons why companies go Woke. As in the first article, Allen Mendenhall, Associate Dean of the Business School at Troy University explains that corporations in the U.S. have historically contributed to both major political parties and supported a range of issues that cut across partisan lines. But something has changed. Although companies like Chick-fil-A, Fox News, and Hobby Lobby embrace cultural conservatism, they are the minority. Why are U.S. companies "going woke," adopting Environmental, Social, and Governance (ESG) measures that reflect principally "leftist" politics and social causes?

It's not because these companies are genuinely conscientious and socially responsible (there are, of course, exceptions). Rather, it's because companies respond to top-down pressures from government, regulators, and activist investors. The story of how we got here is long and complicated, but it involves a concerted effort by central banks, asset management firms, finance ministries, financial institutions, and sovereign wealth funds to mainstream Environment, Social, Governance (ESG). ESG is the acronym for the non-financial considerations that asset managers, banks, and investors factor when they allocate capital and assess risk. The rise of institutional investors and asset management firms created opportunities for activists to unite powerful players in government and financial services to turn ESG from an ideal into a reality.

### Things Change, But Not Always for The Better

For most of the 20th century, shareholders either did not vote their shares or simply stayed out of everyday corporate governance, voting only on big-picture issues such as the hiring of executives or mergers and acquisitions. If a shareholder did not like the direction the company was taking, she would simply divest by selling her shares.



## Who Financially Benefits by Going Woke

Today, however, massive, wealthy institutional investors—not retail or household investors—engage corporate boards on the specificities of daily operations and management. They own large shares of companies and in many cases are majority shareholders. Unlike individuals who invest their own money, they invest other people's money for fees. Rather than divesting when the company takes an action they do not approve of, they intervene. Many, if not most, of these “institutional investors” are also “activist investors,” pushing corporations into politics. The beneficiaries of the funds managed by these investors are, often unaware of the politics that their investments support. When an asset management firm invests beneficiaries' money in underperforming funds to support causes rather than maximize returns, they breach their fiduciary duties to the beneficiaries while avoiding legal retribution or punishment. That's wrong and unethical.

The “Big Three” asset management firms are BlackRock, Vanguard, and State Street. They grew dominant by investing state pension money, enormous endowments, and the assets of billionaires and multimillionaires. These asset management firms influence corporate culture in two ways: by their investment strategies and their shareholder proxy voting and proposals. They operationalized ESG while buying and voting shares in publicly traded companies. They function like “mega corporations” that influence the organizational culture of other big corporations, which have begun lobbying for ESG regulations at the federal level.

## Financial Reasons Why Companies go WOKE

Why would big corporations back ESG regulation? The first reason is that small businesses cannot afford to comply with complex ESG mandates. Large corporations absorb the costs of ESG regulations while gaining advantages over smaller competitors that cannot afford regulatory compliance. Although bigger companies can bear the rising costs of ESG compliance, they cannot do so without passing on costs to consumers. Rising prices disproportionately impact the poor and the developing world as ordinary goods and services become prohibitively expensive for a growing segment of the population.

A second reason is that the threat of government coercion incentivizes businesses to support positions that are otherwise against their interests. Although ESG would not make them better off, businesses will adopt and pursue it if the consequences of non-compliance would make them even worse off. In other words, government distorts incentives for businesses.

Third, ESG has empowered special interest groups—e.g., lawyers and accountants—that earn fees by helping clients navigate new or potential ESG regulations. The proliferation of ESG ratings, moreover, has generated a new field of high-

powered consultants with expertise in private ratings agencies, which form their own interest groups.

## The Rich Get Richer...

Companies “go woke”, not necessarily because there's a market for wokeness, but because they are part of a broader system that concentrates power in specialized industries that overlap with government agencies and institutions. The next time you read about a company championing controversial politics, investigate their boards, executive leadership, and shareholders. Chances are, you'll find that the world's richest and most powerful people and corporations are getting richer and more powerful under the guise of ESG by squeezing out competition through the threat of government compulsion.

## The Main Reason Bud Lite, Disney (and others) push ESG.

Maybe you have heard of the latest fiasco where after a brief 48 second commercial featuring the transgender Dylan Mulvaney pushing Bud Lite beer, the sales of the beer tanked for weeks sending the stock of Anheuser-Busch deeply down.

Huge corporations like Anheuser-Busch (and Disney and their peers in entertainment) have a lot of money or more accurately they have access to a lot of money. They just don't necessarily have a lot of money in their checking account at a given moment.

To illustrate, let's say you are an imaginary company and you have \$10 million in your checking account right now and in a month from now you are expecting a \$100 million dollars from your recently released project. Of that \$100 million you have to repay the \$60 million you had to loan to fund the project in the first place. After which you'll be left with \$40 million to cover your various operating expenses and then you get to keep whatever's left. But that's in a month. Next week you have to pay \$30 million from earlier loan interest, staff salaries and more. And remember, you only have \$10 million cash on hand right now. It doesn't matter that you expect \$100 million in a month. There is no other money coming until then. So, you are \$20 million short, meaning you will technically be insolvent next week. This situation is actually the reality for many businesses especially huge corporations like Anheuser-Busch and Disney. With more money comes more problems and more expenses and very often the cash revenue they need to pay their expenses doesn't become available until long after those expenses are due.

The solution here is of course borrowing to solve the short term liquidity issue. In this case the bank knows that our fic-



## Who Financially Benefits by Going Woke

tional imaginary company has \$100 million inbound in a month so that bank or some other financial institution would give a credit line which would hold the company over. That is basically how huge corporations stay in business by way of credit lines. And huge corporations have huge credit lines.

Up until relatively recently the only requirement the bank or some other financial institution had to issue such a credit line was some assurance that the money needed to pay the loan back would eventually be forthcoming. But in recent years the ones ultimately in charge of the institutions capable of issuing credit lines to companies, like Anheuser-Busch and Disney have imposed an extra requirement in order to do so, and that extra requirement is ESG.



### ESG-Linked Credit Lines

As stated above, ESG stands for environmental, social and governance and is defined as the framework used to assess an organization's business practices and performance on various sustainability and ethical issues. Case in point, the S in ESG social, is further derived into DIE, diversity, equity and inclusion.

ESG is derived from Stakeholder Capitalism (this envisions that all stakeholders, the owners, customers, employees, suppliers, essentially anyone who is impacted by business decisions, matter equally. The key characteristic is the emphasis on improving society and increasing the well-being of everyone rather than to generate a financial return). For practical purposes this means that companies are rated on how well they comply with ideologically driven social and hiring policies as well as narratively driven environmental policies. Companies that comply will be rewarded with a high ESG score which is increasingly a requirement to get a credit line. For companies that already had a credit line before ESG became the thing, the message, as more and more providers adopt ESG is basically, "nice credit line you got there, it would be a shame if something were to happen to it."

This then is what constitutes the bulk of ESG money, not new money but an old source of money companies always relied on but which now has a new set of strings attached. And so even

companies that have all their books and earnings in perfect order will be informed that those retaining their credit line is conditional on them getting there ESG score up to standards.



And to help them out they will be advised to hire some ESG trained HR and marketing personnel who will know how to "evolve" the company.



(Alissa Heinerscheid, former Bud Lite Marketing Vice President who inspired the Dylan Mulvaney advertisement that sparked the Bud Lite boycott)

To make it very simple, for those who want to get some more ESG brownie points real fast there's a short list of ESG approved influencers that the powers that be have put their weight behind and manufactured into superstars. (see following photos)





## Who Financially Benefits by Going Woke



might say looks like an extortion racket? Why can't they just find a credit line that isn't linked to ESG? Because there's fewer and fewer of them by the day. While most companies within reason can manage with a reduction in customers, few can manage without their credit line meaning they're forced into the ESG racket just to retain their short term liquidity. That's why so many huge corporations all of a sudden are pushing such similar messages. But within the different ways available to maintain or even increase the ESG score, Bud Lite had the misfortune to choose the one that would, not only "insta-kill" their brand but get them stuck between a rock and a hard place to boot.



Damned if you Do.....

The Bud Lite backlash is unlike what anyone has seen. As a general thing, customers are loyal and un-informed so when given the choice between losing a manageable number of them over the course of years or overnight losing the ESG linked credit line that keeps the company solvent, most companies will bend over backwards to fulfill the ESG requirements and accept the slow bleed of customers that comes with it. But proportionally Bud Lite lost as many customers overnight as it took Kathleen Kennedy four years to drive away from Star Wars. More than that, the situation is getting worse because the Anheuser-Busch taint is now costing their other beer brands to slide in sales as well.



For Anheuser-Busch this is an absolute nightmare and one they have no good way out of because of the customer backlash. A number of NGOs, ESG awarding bodies and other lobbyists expect Anheuser-Busch to stand by and support Mulvaney. But if they were to do that, then their remaining customers could flee putting the whole company at risk in the medium to long-term. Having an ESG linked credit line won't save the company if there aren't enough customers to maintain their business. But those customers demand an apology and an all-out distancing from Mulvaney. But if Anheuser-Busch were to do that their ESG score would go down the drain taking their credit line with it. Having customers won't help the day when they need a credit line. Without having one as such, Anheuser-Busch have chosen or rather due to lack of options born with something of a middle ground pleading ignorance (which is bullsh\*t) blaming a rogue agency for the advertisement, all the while soft distancing themselves from it. This, if anything, made matters worse as it didn't fool their own ex-customers to come back but it did prompt visible members of the LGBTQ plus community to join in on the boycott because "how dare they not standby Mulvaney."



So, hiring their services will go a long way. But why would profit driven companies go along with this thing which some

In a recent earnings call, Anheuser-Busch told their shareholders that their plan for the coming months is to give away tons and tons of free beer, invest millions into more traditional advertisements hoping that their customers have short attention spans and will soon forget all about this and go back to buying



## Who Financially Benefits by Going Woke



Advancing in a Time of Crisis



Financial Crisis Report



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their beer again. If that indeed were to happen everything would go back to normal or as normal as it gets under the ESG racket. But what if it doesn't?

### Infliction Point

Not just the beer industry but everyone else complying with ESG requirements are waiting in anticipation to what the beer customers will do because now all these companies know that if they stepped too far out of line from their customers, they could be next.

ESG is fundamentally anti-customer and while the companies need their credit lines in the short term, in the long run they need their customers to ultimately have a business. Case in point, despite their wholehearted ESG compliance Disney still has to fire thousands and save billions in content creation because their customers simply aren't having the ESG approved product they been pushing for years now. There is also the matter of the shareholders. It was reported that a close connected source to Anheuser-Busch opined that allegedly management are terrified that some of the more resourceful shareholders might accuse them of failing their fiduciary responsibilities and take appropriate legal action. Depending on how this plays out what happens with Bud Lite should have ramifications far beyond the realm of beer. We will see.

In any case, it's certain, the Bud Lite controversy will become a classic and intriguing case study into counter culture conflicts for business schools throughout the land to discuss. No doubt, it will be interesting.

D. Miyoshi

## Trust and Estate Corner



Often my clients, friends and associates inquire about trusts, wills and estate planning. Therefore, each publication of *Financial Crisis Report* at the end will feature a simple factoid on Trusts and Estate Planning. For more information you may consult my website at [www.miyoshilaw.com](http://www.miyoshilaw.com)

### Hold life insurance proceeds outside your estate

An irrevocable life insurance trust (ILIT) in which an independent trust purchases a life insurance policy can, within certain limitations, result in keeping the life insurance proceeds from being part of your taxable



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