



Financial Crisis Report

Written and Edited by David M. Miyoshi



Advancing in a Time of Crisis

Words of Wisdom: “Nowadays people know the price of everything and the value of nothing.” Oscar Wilde

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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 will be 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 benefit during this historic time of crisis. 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.

This monthly edition marks the 10th anniversary of the *Financial Crisis Report*. The first monthly edition was published on October 2011. I hope that you have found at least some of the articles helpful if not interesting. In any case, I pledge to continue to provide this newsletter absolutely free to all my clients, associates and friends.

Should you wish to review any past newsletters, they are available for download on my website at www.MiyoshiLaw.com

And of course, at any time you can unsubscribe to this newsletter simply by clicking on the unsubscribe link at the bottom of the MailChimp cover message.

Thank you and have a great day, month and year.

David Miyoshi

Japan’s Growing Social Problems



Japan is one of America’s best and strongest allies. What affects America has an impact on Japan and what affects Japan impacts America. Both countries enjoy a bond of mutual respect and admiration and generally stand ready to support each other in all usual situations.

Japan has one of the most unique and refined cultures in the world. But it’s also a strict culture. And during the Covid crisis, they have become extremely rigid and uncompromising in their covid regulations. And the negative effects of these strict policies are beginning to show. There is a growing morass of depression in the country that is leading to unprecedented mental health issues and high suicide rates. A weakened Japan is also a weakened ally to America as it enacts its policies in Asia. And in that respect, Japan’s social problems are America’s problems as well.

The following article recently appeared in the *NikkeiAsia* publication describing some of these problems. I present it here for your serious reading consideration. D. Miyoshi

Japan's Growing Social Problems

Japan's virus vigilantes underscore 'suffocating' society

Rising suicides show dark side of peer pressure behind COVID containment success

By RURIKA IMAHASHI and NANA SHIBATA, Nikkei staff writers November 17, 2020

TOKYO -- Bar owner Hiroaki Murata's spring pandemic nightmare is back to haunt him just as a coronavirus third wave descends on Japan with the approach of winter.

Murata, who runs an establishment named Ichiyon in Tokyo's Koenji area, remembers how he and his frightened wife felt when they found an ominous message taped to their store sign in late April when Japan was in the midst of government-imposed measures to control the spread of COVID-19.

"For safety, refrain from opening live music clubs until the state of emergency ends," it read. "If I find you opening again, I'll call the police." The typed message described the writer only as "a neighbor."

That day Murata and his wife were live streaming a performance behind closed doors, in accordance with Tokyo Metropolitan Government guidelines. The only people inside were the singer and the couple.

"I was very sad and anxious to think we didn't have any friends around the neighborhood," he said



Hiroaki Murata, second from left, and his wife Harumi, standing next to him, talk with guests at his tiny bar in Tokyo on Nov. 13. (Photo by Ken Kobayashi)

But Murata was also not that surprised as live music clubs, many small, underground, crowded and with poor ventilation, were reported as an early infection epicenter. He had heard from musician friends about strangers attacking them on the street for carrying guitars.

"During the war, people were harshly accused of just wearing nice clothes or singing songs," he said of Japan during World War II. "What happened to me was just like that. Japanese people haven't changed much."

So-called jishuku keisatsu -- literally "self-restraint police" but in the current context harboring a nuance more akin to "virus vigilantes" -- are people who confront those seen as flouting prevention and control measures. They have appeared in many places during the pandemic and highlight a Japanese social propensity for conformism that is adding to an existing atmosphere of psychological suffocation expressed as being literally "hard to breathe."

Certainly, the pandemic and efforts to control it have brought about huge levels of stress throughout the world, with lockdowns and social distancing bringing economic and mental devastation.

In Asia, where the overall spread has been relatively contained compared to Europe and the U.S., emotional well-being has also taken a hit.

In India, cases of mental illness have risen 20% since its lockdown with one in five people affected, according to the Indian Psychiatric Society. In Thailand, a survey conducted by the country's mental health department found that nearly half of the capital Bangkok's residents suffer from stress. In Singapore, 63% of workers said they felt stressed in April, up 5 percentage points from January, according to U.S. health services company Cigna.



People wearing face masks commute in Tokyo on Nov. 16. (Photo by Ken Kobayashi)

Although Japan is seen as a successful model internationally with its comparatively low infection and death toll figures, the flip side is an increasing feeling of collective surveillance.

Walking around, one quickly notices that almost everyone wears a face mask, even though not mandatory. Despite Japan's somewhat loose approach to curbing infections -- mainly based on official "requests" and the traditional tendency of its citizens for "self-restraint" -- the country has so far prevented an explosion of cases.

Japan's Growing Social Problems

And while some claim that could not have been realized without such unique social factors, there is also a growing recognition of their darker elements.

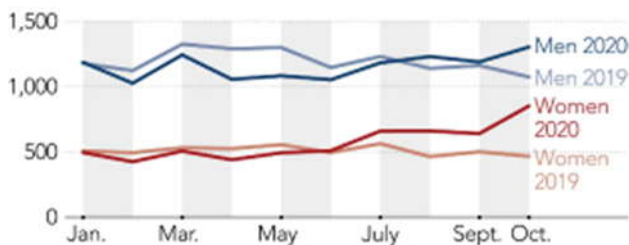
"The pandemic has brought Japan's intense 'peer pressure' to light," said Naoki Sato, co-author of the recently published book "Peer pressure -- why Japanese society is so suffocating."

Peer pressure, or *doucho atsuruyoku* in Japanese, is an invisible force that makes people obey what is thought good in a community or group. Although there is no clear order or instruction, it makes people feel they must follow along even if they disagree.

Unlike Western countries that tried to contain the virus through orders and penalties, Japanese have voluntarily obeyed the rules of the community, or world around them, called *seken*, said Sato. "From childhood, Japanese are strictly taught not to bother others and that pressure is becoming even more overt in the pandemic," he said.

Data suggest that people are feeling overwhelmed. Suicides rose 40% to 2,153 in October from the same month last year, the fourth straight monthly increase. The rate of increase in females was a startling 82% in October, compared to 21% for men.

Suicides among women are up sharply in Japan since July



Source: National Police Agency

Yasuyuki Shimizu, who heads the Japan Suicide Countermeasures Promotion Center, sees a link between peer pressure and increasing suicide risk. "Japanese people have a strong tendency to think that they may not be able to live if they do not get along with people around them," he said. Shimizu added that because most Japanese are nonreligious they need social acceptance. And it is easier for them to be driven into a corner mentally, he said, comparing them to Westerners, whose largely Judeo-Christian religious tradition can offer an outlet through a more personalized and communal spiritual relationship.

Regarding female suicides, Shimizu thinks COVID-19 has likely increased anxiety among women, many of whom bear the burden of caring for children and elderly parents at home, not to mention increasingly pinched household finances. He raised the example of Scandinavian countries, where social welfare carries no stigma.

Conversely, people on benefits in Japan are seen as "not independent," he said. "The idea that a life accepting charity is not a full-fledged one is deep-rooted."

Sato, the author, sees people's strong desire not to bother others as a factor in suicides. "When they feel extreme stress, they steer their murderous intentions onto themselves instead of hurting others," he said.

The pandemic has also revealed that certain groups such as women, who were already vulnerable, have become more so.

Young women, who feel they don't belong anywhere, have particularly suffered, said Jun Tachibana, director of the nonprofit Bond project. According to its survey, 96% of respondents -- women in their teens and 20s -- said the pandemic has affected their mental and physical health, while 69% of those said they want to disappear or die. "Low self-esteem is the reason for this," Tachibana said.

Happiness ranking* of top five and selected Asian countries/regions

Rank	Country/region	Rank	Country/region
1	Finland	61	South Korea
2	Denmark	62	Japan
3	Switzerland	66	Pakistan
4	Iceland	78	Hong Kong
5	Norway	82	Malaysia
25	Taiwan	83	Vietnam
31	Singapore	84	Indonesia
52	Philippines	92	Nepal
54	Thailand	94	China

*By national average (2017-2019) of life evaluations from the Gallup World Poll in terms of GDP per capita, social support, healthy life expectancy, freedom to make life choices, generosity, and freedom from corruption; not every country/region is surveyed each year
Source: World Happiness Report

In seniority-based Japanese society, the young are more likely to feel emotional suffocation. Despite some changes to work styles brought by the pandemic, Japan's peculiar job culture -- subordinates, for example, traditionally cannot leave the office until their bosses do -- weighs heavily.

A woman in her 20s, who requested anonymity, felt strong pressure from a co-worker when asked to attend an online drinking event. "The colleague seemed to only care about what our boss would think if someone was absent," she recalled.

Japan's Growing Social Problems

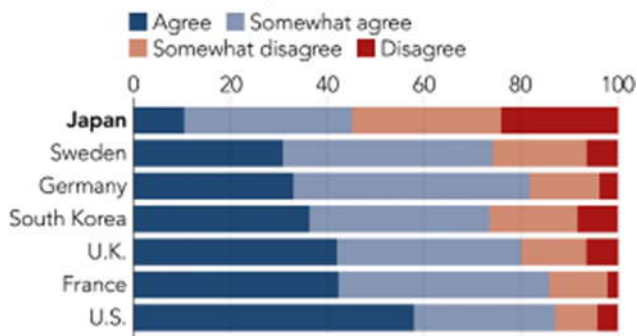


A woman walks among shuttered restaurants in Tokyo's Kichijoji area on April 22 during Japan's coronavirus state of emergency. (Photo by Ken Kobayashi)

According to the 2020 World Happiness Report, Japan ranked 62nd, down from 43rd in 2013. "There is a correlation between low-self esteem and the level of happiness," said Takashi Maeno, professor of human well-being at Tokyo's Keio University.

A survey conducted by Japan's Cabinet Office showed that only 45% of young people responded that they are satisfied with themselves, relatively low internationally.

"I am satisfied with myself" (Percentage of respondents)



Survey conducted in 2018 of about 1,000 people ages 13 to 29 in each country. Source: Cabinet Office, government of Japan

That also may explain why Japan's turnout rate for elections is not high among the young. Voting by those in their 20s is around 30%, compared to over 70% for people in their 60s. According to a survey conducted by the Japan Foundation, just 18% of Japanese teenagers responded that "they can change the country and society on their own."

Young people's low self-esteem is correlated with how Japan's overall national power and their own demographic position have changed, Maeno said. While economic growth stagnates at around zero, more young people, forming a political minority in an aging society, have lost hope for the future.

Japan is the world's "oldest" country with 28% of the population 65

or above. The total fertility rate is as low as 1.36, one of the worst in the world.

How would you describe yourself?

(Percentage of respondents who answered "yes" to each question)

	I am a responsible member of society	I have a dream	I can change my country and society on my own
Japan	45	60	18
South Korea	75	82	40
Germany	83	92	46
Vietnam	85	92	48
Indonesia	88	97	68
U.S.	89	94	66
U.K.	90	91	51
India	92	96	83
China	97	96	66

Source: Nippon Foundation's survey conducted in 2019 of 1,000 people ages 17 to 19 in each of nine countries

"In a collectivist society, it is often said 'the nail that sticks out gets hammered down,'" Maeno said. "People's tendency to care about what others think and a society of surveillance may affect their (lower) level of happiness."

Many young people measure it by standards set by others, said Kensuke Suzuki, an associate professor specializing in theoretical sociology at Kwansai Gakuin University. "Rather than changing the environment on their own, young people accept the cards they are dealt in a system created by someone else."

Outside Japan, the young have protested in Hong Kong and Thailand for freedom and democracy. In the U.S., many young people support Black Lives Matter. Suzuki hopes that how the young overseas fight to improve their future can be a "role model" to inspire Japanese to think about theirs.

Though slow, some examples of change are offering a glimmer of hope.

Ryohei Mineue, 31, began offering a program two years ago for hikikomori, or shut-ins, and other troubled people to feel better about themselves through agricultural work after experiencing devastation himself. When he was a system engineer at one of Japan's biggest companies, he suffered from clinical depression. Worn out in body and soul, he decided to return to his parents' home south of Osaka where they grow plums.

While recovering, Mineue was shocked to learn a friend committed suicide after suffering from overwork and he decided to open a shared residence where those facing emotional hardship can restart their lives. He runs three such houses where 10 people in total reside.

Avoiding the Next Afghanistan

He said Japanese unconsciously believe they have to follow the same path as everyone and many tend to think they don't deserve to live if they diverge from it. "When I left the company, I was scared to death that I was going off what is considered a good road in life." Unlike school, where students only have to find the "right" answers, in real life people need to find what works for them, he said.



Students at the N High School, which is seen as a sign of change toward a more open Japanese education system that values instilling initiative. (Photo courtesy of Kadokawa Dwango Gakuen)

Changes afoot in education to encourage people to think outside the box are also emerging.

The N High School, operated by Kadokawa Dwango Gakuen, opened in 2016 with no strict rules on clothing and hairstyles and students can take classes online to obtain a diploma and can also study additional courses of their choice, like programming.

As of October, more than 15,000 students were enrolled, making it one of Japan's largest high schools. For some students who used to refuse to even attend school, N is a place where they finally feel they fit in. It offers a wide curriculum to nurture students who can take initiative. Some are even running their own businesses on the side.

Students choose the school because they feel they can find something they want to do there, said a Kadokawa Dwango representative. "Our students are very diverse and cannot describe themselves in one word. We want to be a place where each student can cultivate their individuality," the representative said.

"The Japanese education system has long focused on correcting the bad aspects of a student to create an average person," Keio University's Maeno said. "From now on, we need education that focuses on the strengths of each student to develop individuality," he said, citing a new and unpredictable era characterized by the emergence of technologies such as artificial intelligence and a once-in-a-century pandemic.

Kwansei Gakuin's Suzuki also says the global health crisis offers an opportunity to change Japan's emotionally oppressive society.

During the pandemic, some college students who were forced to take classes online, called on their university to review tuition fees. "That's a good example of the young taking action to improve their situation," Suzuki said. "If they feel their voices will be heard when they take action, that will be a step toward them making the world better on their own."

End of Article

Avoiding the Next Afghanistan



"Old soldiers never die - they just fade away" General Douglas MacArthur

Like old soldiers, empires fade away as well. America has not yet collapsed but if things don't change soon, it will soon fade away. But while it's fading away, the "elephant in the room" question remains, what is the next Afghanistan for America?

Even before the last boots had left the ground in Afghanistan – and when the second-guessing, finger-pointing, and blame-allocation processes were just at the bottom of the first inning – the race was on to identify "the next Afghanistan."

Whether we're talking about generational, transformative success – or devastating, humiliating, epoch-defining failure – it's human nature to skip to the last page of today's best/worst ever... and start the next chapter.

And identifying, and heading off, the next Afghanistan is worth the trouble. The 20 years of American effort and time and humiliation cost \$2.3 trillion, the lives of around 6,500 American soldiers and contractors, and many times more Afghans... and a multiple of both in terms of missed opportunity.

How much? America could have used that money for a lot of things. The price tag in today's dollars of the Apollo project to send a man to the moon: \$640 billion, according to Money magazine. Ending global hunger by 2030 would cost a bargain \$330 billion. Everyone



Avoiding the Next Afghanistan

on Earth could be fully vaccinated for COVID-19 for \$20 billion – that's less than 1% of the price of America's longest war. The greenbacks spent on the war in Afghanistan could buy 575 billion Big Macs – enough for 72 double-patty burgers with mystery sauce for every person on the globe (probably not the best way to end global hunger, though).

And even that pales in the context of the cost of the broader two-decade war on terror, of which Afghanistan was a part. Brown University's Costs of War project estimates the all-in cost (everything from war expenditures, to veteran care, to increased domestic security spending, to interest payments for funds spent) of the hydra of the war on terror to be \$8 trillion... and 900,000 lives, including militaries on all sides, civilians, journalists, and aid workers – but excluding indirect deaths caused by displacement, disease, and poverty.

So understanding what went wrong... thinking about how to avoid the "next Afghanistan"... and imagining where it might happen nevertheless is a small-effort exercise – with a potentially big payoff.

To answer the question, how do we avoid the next Afghanistan, Kim Iskryan of *American Consequences* wrote an excellent article that appeared on the internet on September 6, 2021. I present this article here for your reading consideration. D. Miyoshi

How America Can Avoid 'The Next Afghanistan'

If there is an over/under on the number of books – by recently retired generals, journalists suffering from PTSD, sour-grapes former intelligence officers, and guys named Ike who run Tet Offensive reenactments – to be released over the next year about what happened in Afghanistan... just take the over, whatever it is. And a lot of those will focus solely on what went wrong.

In a nutshell: It was a failure of planning, of execution, and of strategy... of military might and of nation building... and more than anything, a failure of intelligence.

As every self-help guru worth his mindfulness exercises will tell you, you can't succeed if you haven't defined success. Initially, the United States was aiming to get back at Osama bin Laden, the mastermind of the 9/11 attacks on America – and to prevent future terrorist attacks. That was a difficult but attainable objective.

But somewhere along the way, the goalposts moved. Over time, the U.S. shifted its focus from terrorism to instead eradicating every potential seedling of terrorism in Afghanistan, which entailed changing the very fiber of the country... to turn it into a kind of Idaho of Central Asia, only without the strip malls, and with better kebab.

That was only possible by building institutions, instilling democracy, creating a foundation for the rule of law, and doing all sorts of other things – like altering the makeup of an ancient tribal society – that were... impossible.

Why? As Henry Kissinger – a veteran of the fits-too-easily comparison of the U.S. withdrawal from Vietnam in 1975, which he had a front-row seat for as Secretary of State – wrote in the Economist last

week...

Afghanistan has never been a modern state. Statehood presupposes a sense of common obligation and centralization of authority... Building a modern democratic state in Afghanistan... implies a timeframe of many years, indeed decades... It was precisely Afghanistan's fractiousness, inaccessibility and absence of central authority that made it an attractive base for terrorist networks in the first place.

In short: America was never going to succeed in Afghanistan (it's worth noting that no one else has either... more on that below). What's more, changing things in someone else's country – while everyone knows that eventually you'll go home – turns it into a waiting game. All the Taliban had to do was wait, because sooner or later, the Americans would leave. And, sure enough, they did.

Four Ways to Avoid 'The Next Afghanistan'

For a more complete list, see the last chapters of the soon-to-be-written books about the American defeat in Afghanistan. But for now, a few ideas...

Reorient the objectives of foreign policy. U.S. President Joe Biden has been less idealistic in his foreign policy objectives than some of his recent predecessors. In contrast to talk of nation-building and spreading the good word of democracy from war-on-terror granddaddy President George W. Bush, Biden has spoken of a "U.S. foreign policy for the middle class." As Foreign Affairs magazine explains...

[It's] a foreign policy supported by or attuned to the interests of the majority of American voters, not just the received wisdoms of U.S. foreign policy elites. Rejoining the Paris Climate Accord while sustaining trade tariffs on China and, to a lesser extent, Europe reflected elements of this new U.S. approach. Ending the "forever" intervention in Afghanistan was its litmus test...

The messiness of the shockingly poorly executed withdrawal from Afghanistan will forever stain Biden's foreign policy legacy. But his down-to-earth foreign policy objectives will – should – prevent future Afghanistans... and future presidents would do well to do something similar.

Remember history. Afghanistan has a reputation that you'd think would be effective at keeping foreign powers out, like a police car parked in the driveway would be at deterring thieves. "Empire after empire, nation after nation have failed to pacify what is today the modern territory of Afghanistan, giving the region the nickname 'Graveyard of Empires,'" explained news magazine The Diplomat in 2017.

From the British army's ignoble defeat in the First Anglo-Afghan War in 1842, through to the Soviet Union's catastrophic misadventure from 1979 to 1989 – which played a role in the eventual collapse of the USSR – the "graveyard" narrative holds that Afghanistan has been the geopolitical equivalent of quicksand under a hornet's nest for a procession of world powers.

But Afghanistan may have just been collateral damage, as Politico explained last week...

Afghanistan, in its long existence, has sadly been more like the road-kill of empires — a victim to their ambitions... Afghanistan's strategic value for geopolitics often has been exaggerated by map room geniuses the world over. In fact, that importance has been very limited since the Spice Road trade routes began to disintegrate in the 15th century.





Avoiding the Next Afghanistan

Whether it's the main dish or the appetizer of imperial defeats, the message is clear: Stay out of Afghanistan. After all, if everyone who tries hot sauce Mad Dog 357 Plutonium No. 9 – at 9 million Scoville Heat Units (SHUs), the spiciest hot sauce in the world, compared with Tabasco at around 5,000 SHUs – is rushed to the ER for taste-bud-refurbishment surgery... do you really want to be next in line (even if Politico says it's not so bad)?

Probably not. Know your history and keep it moving.

Wherever it is... it's not Kansas. When I lived in Russia, if you were stopped by a cop while driving – for no reason other than being in a car on the road – the smart thing to do was to get out of the car, walk behind your car to meet the cop, shake hands, and have a chat. At some point, a few folded bills would change hands, and you'd be on your way.

In the United States, doing anything when you're stopped by the police, other than sitting statue-still in your seat until given permission to move, is potentially worse for your health than a pack-a-day habit. And hopping out of the driver's seat to meet the nice cop for a talk, while feeling around in your pocket for a few bills, could be an extinction event. (Staying in your car in Moscow and making the cop come to your car window will cost you – though probably not your life.)

All too often, Americans – and everyone else, too, but Americans do it more because they're in more places trying to do what they think is the right thing – think that wherever they are is just like Kansas. They'll do what they're used to doing and what works back home... and get bad results since it's not Kansas. As The Hill explained...

[The] dearth of critical cultural understanding enabled the ineptitude that was presented throughout our bungling management of the wars in Afghanistan and Iraq... [these countries] have their own cultures, their ways, and instead of adapting to understand their culture so that we can help rebuild from within, we tried to change them and help from without.

Before going into a country... understand it. That's a tall order. But it's a good place to start.

It's not different this time. Investors fall victim to what's called the "status quo bias," when they believe the four most dangerous words in investing: "This time it's different." As in: This time, the market will continue going up... and this time, the hot stock will continue to rise... and this time, I'll know when to sell.

But in the end, nothing is different – the cycle always prevails, and an investor's greed and fear always get the best of him.

It's the same in geopolitics. As a Financial Times correspondent who'd spent time in Afghanistan explained in July...

Why did the American-led stabilization effort think it'd have an easier time keeping warring Afghan factions at bay than the Soviet-led one? The well-thumbed copies of *The Bear Went Over the Mountain*, an English translation of a Soviet analysis of failed military tactics in Afghanistan that seemed to be in the rucksack of every N.A.T.O officer and war correspondent, somehow convinced me and a lot of US policymakers that this time it would be different.

It's not different. Inertia, bureaucracy, groupthink, faltering will, stupidity... they'll all get the better of you in the end. Every. Single. Time.

The Candidates

Just like bored sports writers looking to fill column inches will tout the next Tom Brady, and stock analysts searching for sufficient hyperbole will hype the next Microsoft, geopolitical analysts looking for clicks will spout off about "the next Afghanistan."

What does that look like? It's a military quagmire that America is sucked into, bit by bit. It's a misadventure where the objectives morph from something clear and easy-to-sell (get the terrorist) into something obscure and difficult (build schools for Afghan girls so that... wait, what about Osama bin Laden?).

It's a conflict that election-cycle-focused politicians will kick down the road indefinitely, hoping to keep it under control just enough so that the next guy in the big house on Pennsylvania Avenue can deal with it.

It's a situation where military might doesn't translate into victory... and where gains are illusory and are subject to collapsing as fast as a house of cards in an earthquake, or the Afghan army over the past few weeks.

There have been a number of candidates in recent years: The eastern African nation of Somalia (where the U.S. already has some interventionist history)... Basilan, an island in the southern Philippines that was home to an extremist Islamic movement... Bangladesh (a suggestion floated by an Indian academic)... or Ukraine, where restless Russia continues to make trouble.

No comparison will fit perfectly. But within the broad contours of "potential conflict that could drag on indefinitely and trigger a spate of the next [insert site of disastrous American defeat here]" articles two decades later, two candidates stand out...

Taiwan. China has long had its eye on "reclaiming" independent Taiwan, which it views as a wayward province. "Solving the Taiwan question and realizing the complete reunification of the motherland are the unswerving historical tasks of the Chinese Communist Party and the common aspiration of all Chinese people," Chinese President Xi Jinping said in early July.

Taiwan doesn't harbor terrorists, but – perhaps even more critically – it accounts for more than half of the global semiconductor industry, an essential piece of the technological infrastructure of modern civilization. The things that rely on semiconductor chips (computers, cars, cellphones, appliances, gaming hardware, for starters) are also central to the lives of the American middle class that features so prominently in Biden's foreign policy.

Taiwan is not China's Ukraine. The U.S. wouldn't stand by if China were to become more aggressive towards Taiwan. Though there are few similarities between Afghanistan and Taiwan – many parts of which are more developed than the United States – the scope for America to be drawn into a conflict where the stakes steadily escalate are high.

West Africa. "Twenty years after September 11, [jihadi groups] are expending their war of terror in large portions of [Africa]," warned a report by thinktank Brookings Institution last week.

One of the areas it cites as being a potential hotspot is the Sahel region, a broad swathe of land that stretches across more than half a dozen countries in western and north-central Africa, including Mali, Niger, and Burkina Faso. The U.S. has around 6,000 troops in Africa, the United Nations has 18,000 staff in Mali – which was nearly overtaken by extremists in 2013 – and France also has thousands of troops in the area.



Boost Your Brain with Color

It's the sort of scenario where things go from bad to worse, a terrorist attack spurs the U.S. to action... and suddenly it's got a foot stuck in a new quagmire.

When it comes to defining its national interests, the United States has applied broad strokes – and has never been good at keeping to itself. According to one estimate, it intervened 41 times in Latin America from 1898 to 1994 to change a government. Add in its meddling – overt and covert – in the rest of the world, and America has been involved in, and influenced, changes of power hundreds of times across the globe.

The glass-half-full interpretation of that is the U.S. has a lot of experience with meeting its objective – whatever it may be – and getting out.

But the pessimist would note that America has more than once thrown good money into badly executed plans and worn out its welcome... and left in humiliation, 20 years later.

End of Article

Boost Your Brain with Color

Here is an informative health article from *Stansberry Research*. It is written by Dr. David Eifrig, M.D., MBA and former executive at Goldman Sachs. It was published Aug 31, 2021. I think you will find it very interesting if not helpful. D. Miyoshi



David Eifrig, M.D

What color is your diet?

Take a moment and think about what you eat every day... What's the predominant color of the food?

If you're American, it's probably some shade of brown. And that's a major problem for our health.

Several surveys show that 90% of Americans lack nearly every color of phytonutrients (chemical compounds found in plants) – green, white, red, yellow, orange, blue, and purple.

Each color has its own health benefits...

Purple in plants, like in red-leaf lettuce for example, comes from something called anthocyanins – which are a type of flavonoid (which we'll discuss further in just a moment). Carrots get their orange color from an antioxidant nutrient called beta-carotene, which metabolizes into vitamin A in the gut. An antioxidant called violaxanthin is responsible for giving some bell peppers their yellowish hue... and the antioxidant capsanthin makes other peppers red. Violaxanthin protects plants from light damage and capsanthin helps

protect us against tumors.

Eating colorful plants every day is a great way to keep your body fed with the right stuff.

And today, I want to tell you more about flavonoids. Flavonoids are the most abundant polyphenol. Longtime readers know polyphenols are antioxidants that neutralize free radicals, reducing inflammation.

If the amount of free radicals is greater than the amount of antioxidants in your body, this leads to something called oxidative stress – which can damage your DNA and lead to cell death. Oxidative stress can also increase your risk of developing heart disease and certain forms of cancer.

So, eating antioxidants – like flavonoids – is thought to keep your free radicals balanced and your body healthy.

Flavonoids are found in a huge variety of fruits and vegetables... They even make their way into treats like tea, wine, and chocolate.

And one of the most beneficial things about flavonoids comes from some newly uncovered research...

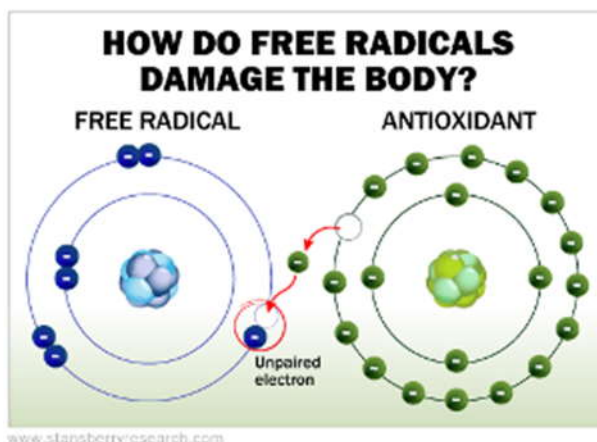
It turns out that eating flavonoids helps protect you against cognitive decline, like Alzheimer's and dementia. This is according to a longitudinal study lasting nearly 25 years, which was published last year in the *American Academy of Neurology* journal.

The researchers looked at the diets of 75,000 participants aged 50 (at the start of the study) who are now in their 70s and 80s.

Of the participants, those who ate about 600 milligrams of flavonoids (or 0.02 ounces) per day had 20% lower risk of cognitive decline than those who only ate 150 mg (or 0.005 oz) per day. You could get more than 300 milligrams of flavonoids with just one cup of green tea.

Damage to the blood supply in the brain is a huge contributor to cognitive decline. When someone experiences a blockage in that blood supply, it's called an ischemia. Once the ischemia clears and the affected tissues regain their supply of blood, free radicals are formed.

A free radical is an atom that is unstable (meaning the atom has an outer shell with an incomplete amount of electrons) and will therefore take an electron from the outer shell of another atom. This causes the other atom to transform into another free radical. It then pulls an electron from another atom... and a chain reaction has begun.



Dr. Fauci does not like flocking

This chain reaction eventually leads to the breakdown of the cell's membrane, meaning the things that travel in and out of the cell can change.

Having some free radicals is important for the healthy functioning of your body. The anti-inflammatory properties found in flavonoids help to protect that brain blood supply by balancing out the number of free radicals in the body. This ultimately slows cognitive decline.

Besides protecting you from cognitive decline, flavonoids also offer us:

- Cancer prevention (breast, prostate, colorectal, and lung)
- Management of chronic pain and inflammation
- Treatment of viral infections (H1N1, flu, SARS, RSV)
- Protection from cardiovascular disease and diabetes

All of these benefits are the result of the flavonoid's anti-inflammatory qualities. Chronic inflammation can create problems like cancer, heart disease, Alzheimer's disease, obesity, type 2 diabetes, and arthritis.

When your body fights off chronic inflammation by utilizing the antioxidant power of free radicals, you can avoid such diseases and illnesses.

There are six different types of flavonoids, each offering their own unique benefits...



1. Flavanols are particularly good for managing symptoms of cardiovascular disease. Foods like onions, grapes, tomatoes, kale, and broccoli are loaded with flavanols.

2. Flavan-3-ols improve endothelial function, lower blood pressure, and increase insulin resistance. Teas – like green, white, black, and oolong – contain flavan-3-ols. As do strawberries, apples, and cocoa.

3. Flavones are powerful inflammation fighters. Celery, parsley, red peppers, chamomile, and peppermint are some of the best sources of flavones.

4. Flavanones improve cardiovascular health, help with relaxation, and improve overall antioxidant and anti-inflammatory activity. Citrus fruits like lemons, limes, oranges, and grapefruit contain lots of flavanones.

5. Isoflavones may be beneficial in lowering the risk of hormonal cancers (like breast, endometrial, and prostate). These are also being studied as a treatment for menopausal symptoms. Look for isofla-

vonones in soy, legumes (like chickpeas), currants, peanuts, and pistachios.

6. Anthocyanins help with heart health and lower your risk of obesity and diabetes. This antioxidant is found in red and purple grapes, blueberries, strawberries, cranberries, and blackberries.

Do what I do and get your flavonoids by striving to eat a rainbow of fruits and vegetables. Remember that each color offers a unique blend of antioxidant nutrients to keep you healthy – like beta-carotene and capsanthin...

Today, I had blueberries, peaches, and strawberries... Last night was tomatoes, scallions, broccoli, onions, and red peppers.

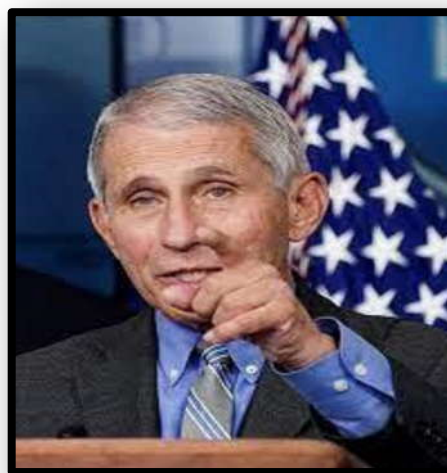
My health and wellness researcher is an avid cookbook collector. She enjoys hunting down high-flavonoid recipes and then putting her favorite recipes in a scrapbook. This gives her a convenient go-to resource for healthy recipes that she already knows she enjoys.

In following her footsteps, you could create a resource that ensures you'll get the most out of your flavonoids. The key will be to shop by color, looking for things on the list above as well... like green tea and dark chocolates.

Here is to healthy eating.

End of Article

Dr. Fauci does not like flocking



This title is not trying to cleverly insinuate anything lascivious about Dr. Fauci. It simply means Dr. Fauci is against people gathering together (flocking). This is because I believe Dr. Fauci wants to limit human contact due to an insidious reason I will explain below. I formed this reasoning after reading the articles of commentators Jeffrey Prather, Dave Hodges and Mike Adams.

Throughout recorded history, human contact has been the basis of



Dr. Fauci does not like flocking

progress and the civilizing of societies across the world. If you read through Adam Smith’s *Wealth of Nations*, the theme of human contact appears again and again. It was when people left the countryside to move to the city that they began to imagine new ways to cooperate in the division of labor. It was working side-by-side that enabled the human mind to perceive new ways to specialize and get rich together.

Contact with people and the rise of capitalism – and hence prosperity, progress, and long lives — are bound up with each other. The more contact people had with each other — physical and intellectual — the more wealth would grow. That lesson became obvious and the trend picked up through the centuries, resulting in a dramatic transformation of global demographics.

Human contact and civilization go together. Humanity learned that there was a better way forward than isolation, fear, and small tribes organized according to homogeneous traits. We learned that gathering, mixing, traveling, trading, and learning were paths to a better life. Not only in wealth, but also in health: exposure to a great variety of germs has the medical benefit of strengthening immune systems and contributing to longer lives.

And, at the same time, and not without reason — the idea of human rights was gradually perfected in this very period. Human beings are not pathogenic disease vectors, but individuals worthy of dignity and respect, even deserving of full freedom.

Then in March of 2020, the governments of the world began a new experiment to stop this progress. People were abruptly told to fear each other, stand far apart, mask up and don’t touch anything, avoid cities and crowds, organize your life around pathogen avoidance, stay home and let the workers and peasants deliver stuff to you. Your life should be contactless.

For the governments this was a very convenient strategy. If we couldn’t really meet together we couldn’t really organize against lockdowns. We were isolated from each and thereby entirely subject to control by larger top-down forces. Government has a much easier time managing a population that is isolated, lonely, afraid, and locked down.

Then, in a little-noticed academic article published August 15, 2020 by David M. Morens and Dr. Anthony S. Fauci, they laid out their horrifying vision of our new lives. We learn from this article that all this perturbation was not just about controlling Covid. It was about forging a new social system that would in effect dismantle major features of the market economy. To Fauci and Morens, the market that Adam Smith celebrated was nothing but a disease spreader. They talked about dismantling cities.

Here is an excerpt from the article. See if you can decipher the underlying message.

“Yellow fever, dengue, chikungunya, and Zika are all associated with urban crowding, poor sanitation, and water storage. Over many centuries, urbanization and crowding has led to rodent infestation

and to rodent-borne diseases such as plague, murine typhus, and rat-bite fever. The ongoing COVID-19 pandemic reminds us that overcrowding in dwellings and places of human congregation (sports venues, bars, restaurants, beaches, airports), as well as human geographic movement, catalyzes disease spread.”

So, it appears all these Covid restrictions were not really about stopping this one pathogen. It was about a new way of life that stops human beings from moving and congregating!

Here’s some more:

“Living in greater harmony with nature will require changes in human behavior as well as other radical changes that may take decades to achieve: rebuilding the infrastructures of human existence, from cities to homes to workplaces, to water and sewer systems, to recreational and gatherings venues. In such a transformation we will need to prioritize changes in those human behaviors that constitute risks for the emergence of infectious diseases. Chief among them are reducing crowding at home, work, and in public places as well as minimizing environmental perturbations such as deforestation, intense urbanization, and intensive animal farming. Equally important are ending global poverty, improving sanitation and hygiene, and reducing unsafe exposure to animals, so that humans and potential human pathogens have limited opportunities for contact.”

I doubt Dr. Fauci likes pets and, if he had his way, all “exposure to animals” would be regulated by the government. Not only that, those “capacity restrictions” were all part of his personal vision for how we should always be living.

It’s apparent from this essay that the real target of the lockdowns was not a disease but a social system, that of freedom and the market economy.

You could say that lockdowns are over but we are still struggling to regain our rights. Landlords took a blow with Biden’s expansion on the moratorium on evictions. Property rights do not mean what they used to. Even now, I’m not sure there would be any stopping another lockdown justified for some new reason or pathogen.

Let’s hope that Fauci’s vision of a primitive, impoverished, tribalized society dependent on the will of philosopher-kings has a limited future. For America’s sake we must overcome this movement.

D. Miyoshi



EMP Attack the Ultimate Disaster



Trish Regan is the editor of *American Consequences*, a publication of Stansberry Research. She has written a lot about our electrical grid and the need to protect it.

And she wrote about it again after what recently happened to Colonial Pipeline. Over the weekend of May 8 and 9 of 2021 Colonial Pipeline, the company transporting 45% of the fuel consumed by the east coast, was the victim of a ransomware cyberattack. The perpetrator goes by the name "Darkside," and while it purports to not have any political interests, Western security experts believe the group is based out of Eastern Europe and may have ties to Russian intelligence.

Regan spoke with Kara Frederick of the Heritage Foundation and John Rossomando from the Center of Security Policy about the hacking group, its origins, and the threat to national security we're increasingly seeing. Here is what Regan wrote. D. Miyoshi

By Trish Regan:

The effects of the Colonial pipeline closure were felt immediately... Oil and gas prices spiked, and all over the news we saw the long gas lines, reminiscent of the 1970s, as people waited patiently to fill up their tanks. At present, many gas stations along the east coast have run out of fuel and, as I go to publish this story, there is no real indication as to when the 5,500-mile Colonial Pipeline system transporting oil from Texas to New Jersey will be back in business.

We have a real problem... The Colonial pipeline attack demonstrates how critical it is to protect our infrastructure. A cyberattack on a pipeline is one thing... but, who's to say it couldn't be much worse next time around?

The Threat of an EMP Attack

This recent cyberattack proves key parts of our infrastructure are exposed and vulnerable.

We must put in place measures to safeguard our highly advanced, technology-dependent infrastructure against threats from ransom criminal gangs and terrorists.

If we don't do more to protect ourselves, our country, and our infrastructure soon, we run the risk that there will be nothing left to protect...

The government-commissioned EMP Task Force has not once, not twice, but three times reported to Congress that in the event of an Electro Magnetic Pulse attack, 90% of the American population would be dead within a year.

So, as much as the administration wants to make room for affordable housing and elderly care in its infrastructure bill, the reality is this... There will be no need for social programs in the event that our electric grids are attacked.

The current infrastructure proposal allocates \$100 billion to upgrading the grid, with another \$600 billion-plus for social style infrastructure programs, like upgrades to affordable housing and elderly care. Now, I believe the social programs are noble gestures, but we don't have the luxury of engaging in noble acts when our country could be easily destroyed by bad actors seeking to hurt America.

What if We Lost 98% Of All Power?

Last summer, I dealt with the after-effects of a hurricane in my small New England town... 98% of the community was without power.

It got me thinking... What if it was 98% of the country?

I started doing my research and realized a power outage like that was a whole lot more possible than you might think... and the result would be catastrophic.

Afterall, it's one thing to go without fuel in 45% of the east coast... It's another thing entirely to go without all electricity.

We'd have no way to connect with each other... We couldn't access money from a bank... Food couldn't be refrigerator or distributed. There would be little access to water.

And, as I mentioned above, a Congressional Report from 2016, and another from 2019, predicts that if we suffered from this kind of mass outage, 9 out of every 10 Americans would die within the year. It's a terrifying reality. And one that Big Tech apparently doesn't want the public to hear.

Big Tech Censors the EMP Story

On my "Trish Regan Intel" podcast this past Monday, I posted a clip about the Colonial Pipeline attack and recommended that our government get serious about protecting our key infrastructure... including, most importantly, our grid due to the threat of an EMP attack.

For the record, I am not faulting President Biden for this lack of security... This is an issue for the government as a whole and multiple administrations are to blame. After all, we've known about the EMP threat for some time. Congress was even briefed on it back in 2008 when the then-head of an EMP task force told Congressional lawmakers that the statistic of 9 out of 10 Americans dying within a year of an attack was reasonable.

Yet, our government has done nothing. And Big Tech seems to want to cover that up.

Within 12 minutes of posting my clip, Facebook sent my team a note saying the content was "too sensitive in nature" and not appropriate for advertisers. It even said it couldn't upload the video to my private group.

Wow.

EMP Attack the Ultimate Disaster

So, yes... It's a sensitive topic. But this isn't a Facebook page for children... It's for adults focused on economic and political topics.

Meanwhile, no, I was neither overly graphic nor political in the segment. Why would this discussion be so offensive to Facebook, I wondered?

Of course, I've seen the tech giant's censorship before.

Facebook recently went after my segment entitled "Big Tech Rules the World" where I specifically questioned Facebook's monopoly-like power over information. I guess that hit just a little too close to home for the company... thereby in effect, proving its monopoly-like influence!

But why this EMP segment? I wasn't talking about Facebook specifically nor was I calling out the Biden administration. Perhaps they think the EMP threat scares people? Well, it should.

I can tell you this... I don't like the topic either, but as a journalist, I believe that this is a conversation that this nation SHOULD be having. Forget whether or not we should be saying "Happy Mother's Day," or "Happy Birthing People's Day" – the vulnerability of the grid is real news. (It's Mother's Day, by the way... for the record.)

Look, I get it. I know it's scary. It's surreal. It's unthinkable. And the entire topic makes me uncomfortable, but we need to discuss the threats that exist in the world today because we need to understand our own vulnerabilities and we need to make sure we protect our country.

We cannot bury our heads in the sand... This is real. The naysayers allege that an EMP attack would never happen because no country would do that to another. Yet there's a simple reality that we need to recognize, and it's all in the preparation. We need to be prepared and protect our infrastructure. And we need to be five steps ahead of our enemies at all times.

Yet, we've done nothing.

Taking out a pipeline is one thing, attacking the grid is another. Given the dated nature of our country's electrical grid, I'm not convinced we are prepared against an attack from our enemies.

According to the head of the EMP Task Force that authored the 2019 report Dr. Peter Pry, in the event of an EMP attack...

Everything is in blackout and nothing works. The EMP sparks widespread fires, explosions, and all kinds of industrial accidents. Firestorms rage in cities and forests. Toxic clouds pollute the air and chemical spills poison already polluted lakes and rivers. In seven days, the over 100 nuclear power reactors run out of emergency power and go Fukushima, spreading radioactive plumes over the most populous half of the United States. There is not even any drinking water and the national food supply in regional warehouses begins to spoil in three days. There was only enough food to feed 320 million people for 30 days anyway.

As I explained in my article for October's edition of *American Consequences*, an EMP is a short burst of electromagnetic energy. My friend Neil Grossman, a mathematician, physicist, constitutional law scholar, global investor, vineyard owner, and former European central banker (yeah, just your all-around basic genius) described it to me like this...

Imagine going to a Rolling Stones concert, standing in front of the speakers and all of a sudden they are turned on for a second at maximum power. Now multiply that by say 100 billion or 100 trillion times, maybe more... It is the shortest, most powerful blast of energy you can imagine.

He elaborated by saying this, "Imagine standing at ground zero when a thermonuclear detonation occurs... What you need to understand is electromagnetic waves are a form of energy."

In addition, Neil says, "the electromagnetic pulse issue is interesting and quite complicated. Sources can be either natural or man-made. Natural sources would include solar flares, which, when powerful, can be disruptive... as well as high energy cosmological sources like supernovae, collisions of black holes and the like... But, in general, natural EMP sources are so distant that the effect is relatively muted."

The type to really worry about is the non-natural, or man-made EMP.

That EMP would destroy most of our country's grid almost instantaneously. We'd have no way to get gas, no way to get money out of banks, no computers, no phones, no lights, no electricity... There would be no way to transport food or care for those in hospitals. It would be, quite literally, lights out. And there would be a massive loss of life as I mentioned before...

Which means what if China, Iran, North Korea, Russia, or a complex hacking group connected to those countries ever wanted to use an EMP to take out the United States? Completely doable.

Far Worse Than Pearl Harbor

According to a 2019 report released this past summer from the EMP Task Force on National and Homeland Security, [China now has the ability to conduct a massive EMP attack on the United States.](#)

China has created at least three types of weapons designed to attack our electric grid... And these technologies (all stolen from the U.S.) would enable them to employ a "surprise Pearl Harbor" assault that could send Americans into a deadly blackout.

Fry says China not only has these super-EMP weapons in its arsenal, it knows how to protect itself against an EMP attack from us, and has developed protocols to conduct a first-strike attack – even though it denies it would ever do that.

So if China has first-strike capability and could take out our grid – isn't this the equivalent of China having a full-on nuclear arsenal and us having none?

Typically in nuclear warfare, there's deterrence linked to the reality that if they fire on us, we'd fire back... However, according to this new report, we may never have that opportunity.

The EMP Task Force's June report reveals that China has built a network of satellites, high-speed missiles, and super-electromagnetic pulse weapons that could effectively melt down our electric grid, sizzle our critical communications infrastructure, and even take out the ability of our aircraft carrier and military groups to respond.

And China is well aware of the power that it holds...

Chinese military documents contain references to making EMP attacks against the United States as a way to succeed in war. Shen Weiguang's *World War, The Third World War – Total Information Warfare*, the People's Liberation Army's quasi-textbook on information warfare, argues that China should be prepared to exploit an EMP offensively...

With their massive destructiveness, long-range nuclear weapons have combined with highly sophisticated information technology and information warfare under nuclear deterrence... Information war and traditional war have one thing in common, namely that the coun-

Happiness Boost, 8 Secrets of Happy People

try which possesses the critical weapons such as atomic bombs will have 'first strike' and 'second-strike retaliation' capabilities... As soon as its computer networks come under attack and are destroyed, the country will slip into a state of paralysis and the lives of its people will ground to a halt...

Therefore, China should focus on measures to counter computer viruses, nuclear electromagnetic pulse... and quickly achieve breakthroughs in those technologies in order to equip China without delay with equivalent deterrence that will enable it to stand up to the military powers in the information age and neutralize and check the deterrence of Western powers, including the United States.

And according to the 2019 EMP report, China did just that...

Bottom line: If China has this capability, then we have reason to be extremely cautious and extremely worried. This kind of attack could shut down our country, leaving us in a state of paralysis... and ultimately, whatever is left of our country, would be left hostage to China.

At this point, ensuring the safety of our grid should really be placed in the hands of the Department of Defense. The Biden team wants private companies involved. Commerce Secretary Gina Raimondo said on CBS's *Face the Nation* last Sunday that this was an issue for private business.

But this is not entirely just a private company issue. This is now a matter of national security. And government needs to ensure that private companies are protecting their data.

Can We Protect Ourselves?

We haven't had the best track record preparing for disasters... Nonetheless, I certainly hope we can find a way to protect ourselves.

We should be working overtime to upgrade our power grid and detection equipment to make sure no country catches us by surprise.

Too often, our government fails to be preemptive. Instead, it overreacts after the fact.

Consider the late response to coronavirus... or the delayed reaction to the terror attack on 9/11... The warning signs are always there. Unfortunately, our society has a tendency to focus on gossipy, inconsequential news of the day... The news cycle and most media commentators are engrossed in frivolous moments.

Without pressure from the media and the public, some of these big issues get lost in the midst of everything else. In his most recent book, *The Fifth Risk*, Michael Lewis explores the different ways the U.S. government manages its portfolio of risks. He concludes the government may be filled with too much bureaucracy and complexity to accomplish much in the way of its most critical missions. Our power grid is one such risk Lewis details...

The safety of the electrical grid sat at or near the top of the list of concerns of everyone I spoke with inside the Department of Energy ("DOE"). Life in America has become, increasingly, reliant on it. "Food and water has become food and water and electricity," as one DOE career staffer put it...

The DOE had begun to gather the executives of the utility companies, to educate them about the threats they face. "They all sort of said, 'But is this really real?'" said [the DOE's Chief Risk Officer] MacWilliams. "You get them security clearance for a day and tell them about the attacks and all of a sudden you see their eyes go really wide."

(Kind of like mine were one-quarter of the way into my reporting for this story! Perhaps sort of like yours are right now?)

I'll tell you this... Someone has to understand and talk about the risks we face, even when Facebook or the government doesn't want to hear them.

We need to comprehend the challenges of an economically successful China and the military implications that brings. We need to understand the threat that is North Korea and Iran. We need to understand the intricacies of Eastern European hacking groups and the political ties that they have.

None of this is happening in a vacuum. We know, for example, there were warnings about pandemics before coronavirus hit... The challenge is that the government is too slow on the draw. Government waits until the last possible moment to do something... anything...

But in the case of an EMP attack, it will be too late. A lack of necessities like food and water, an ability to access money, a national communications cut-off... We are NOT prepared for any of these things. Too often, we take these things for granted. But, if this pandemic has taught us anything, it's the importance of understanding and preparing for the unexpected.

Our government needs to step it up when it comes to protecting our much-needed infrastructure. We cannot live in a world in which our enemies could so easily take us out.

End of Article

Happiness Boost, 8 Secrets of Happy People



This article appeared in Newsmax Health on Aug 26, 2021

It was written by Lynn Allison

Some people seem genuinely happier than others. Even in the midst of a world full of doom and gloom, they manage to spread sunshine wherever they go. Scientists say that happiness may be inherent to our DNA, however studies have

How to Beat the Market

shown that there are certain habits shared by happy people.

They set appropriate goals. According to Fast Company, studies suggest that people are happiest — both at home and in the workplace — when their goals reflect a broader base of connecting and helping others. Instead of setting competitive or comparative goals, happy individuals focus on co-operative objectives that lift up friends, family or neighbors.

They accentuate the positive. Like the old Bing Crosby tune says, “You’ve got to accentuate the positive. Eliminate the negative.” During an evening out, happy people will focus on the delicious dinner served and forget about the hassles of finding a parking spot outside the restaurant. By focusing on the desirable parts of a memory, it will be a happy recollection instead of one fraught with frustration, says Fast Company.

Happy people like themselves. They are satisfied and appreciative of who they are, says Dr. Abigail Brenner, for Psychology Today. Other traits of happy people include confidence, optimism, and resilience.

They are self-reliant. Happy people find their own answers and solutions, says Brenner, and do not look for others to complete them, dictate to them, or impose their beliefs on them.

They forgive others. The act of forgiveness releases unwanted memories or details that can make you sad. According to Fast Company, forgiving someone for the emotional or physical harm they have inflicted doesn’t mean you have to deal with them in the future. Forgiving helps you move on past those interactions without harboring negative feelings that bring you down.

They practice gratitude. Dr. Robert Emmons, a professor of psychology at the University of California, Davis has often been called the “guru of gratitude.” He has conducted numerous studies that show people who practice gratitude consistently have higher levels of positive emotions, are more alert, alive, and awake and enjoy more joy and pleasure in life.

They take care of themselves. Happy people exercise to relieve stress, anxiety, and depression, says Brenner. “They know how to unplug, distancing themselves from the stresses of life,” she says. “Many happy people have a spiritual practice, whether it’s taking a walk in nature or meditating.”

They pursue their passion. Brenner, a psychiatrist, says that happy people control their own life and destiny by not allowing a bad situation defeat them. “They don’t sweat the small stuff,” she says. “They accept what happens in life, especially what can’t be changed, and then they move on.”

End of Article

How to Beat the Market

Here is a report by Dr. Steve Sjuggerud. He is the editor of *Daily Wealth Premium*, a publication I subscribe to. Sjuggerud is a multi-millionaire and investor extraordinaire. This report was published in two parts on August 17 and 18, 2021 and I recreate it for your thoughtful consideration. D. Miyoshi

The Biggest Lesson I Learned While Earning a PhD in Finance



"If my professors are so smart, why aren't they rich?"

It's a question I asked myself over and over as I worked through school.

My undergraduate degree was in finance. Then I got an MBA. And I finished my PhD in finance while working as a broker.

I spent plenty of time in classrooms, learning about the world of finance. My professors always seemed to make things simple. They explained the world of finance and how people got rich in a regimented, simple way.

It never made sense to me, considering how messy the world actually is... and seemed to me, even back then. Plus, I kept asking myself that question...

If things really were this simple, why were these folks teaching? Why weren't they out there getting rich themselves?

Today, I'll share the answer I learned along the way... and most important, how it shaped my investing.

To make it simple, my professors weren't getting rich because at the time, the "efficient markets theory" was all the rage...

The theory was that you can't predict future stock prices because all the information known about stocks today is already baked into the current price.

How to Beat the Market

I understood what they meant when they said this. But I'd also been studying the history of finance. And I knew there were plenty of guys who were beating the market... year after year.

So, I decided that if I wanted to make money in the markets, I needed to learn from the right people. Not my professors, who said it couldn't be done... but the guys who had actually done it and consistently succeeded.

What I found is that while many of the best traders use different strategies, there's something that unifies almost all of them. I got my first glimpse of it in 1990...

That's when I read Martin Zweig's book *Winning on Wall Street*. The book's subtitle is *How to Spot Market Trends Early, Which Stocks to Pick, and When to Buy and Sell for Peak Profits and Minimum Risk*.

He built many simple systems that either beat the market or (more typically) equaled the market's return – but with a lot lower risk.

Zweig wasn't the first to do this... But he found me at the right time. And I started building systems, too.

As longtime readers know, I have a mathematical mind. And the math that Zweig outlined made sense to me...

He showed that you could consistently outperform using plenty of different strategies... from buying cheap, to focusing on return on equity, to simply following the trend. The key was finding what worked for you... and sticking with it.

All I had to do was keep it simple... and keep it logical. The goal was to beat – or at least tie – the markets while taking a lot less risk.

Basically, what I found was that Zweig was right and my professors were wrong...

My professors said you couldn't beat the markets... that they were so efficient, nobody could generate above-average returns. But I've spent decades building an investment system that does just that.

Study any successful investor, and you'll find something similar... an investment system that helps them sort through mountains of information to make decisions. There are plenty of different ways the best investors do it. But in all cases, a system is in place, guiding them through.

The key to successful investing isn't what you'd expect...

You don't need to understand everything. You don't have to look at every number. And you can certainly know too much – which often leads to your ego getting in the way of common sense.

Instead, the key is finding the right things to study.

You simply need to figure out what really matters... what works... and then forget everything else. Everything else is just noise. And focusing on the noise will distract you from what's important.

I've spent thousands of hours researching what works in investing. And I've come up with a simple concept that has proven to be an incredibly successful way to make money.

I built it into a simple system of my own. It can do what my finance professors always said was impossible: consistently beat the market.

Let me share it with you...

If you're familiar with my work, then my investing system might sound familiar. I buy things that are... 1) cheap, 2) hated, and 3) in an uptrend.

That might seem simple. But finding investments that are cheap, hated, and in an uptrend is hard. They don't come around often. And when they do, it certainly doesn't feel good buying them.

But these are the pieces that matter if you really want to succeed when investing. And to me, they're all that matters when making any investment.

First, you've got to understand value. You want to understand what you're buying and how much you're paying for it. The exact valuation measure isn't what's important. But getting a feel for value – including the value relative to other assets – is crucial.

Then, you want to buy something when others aren't interested... when it seems like the world hates your idea. When that happens, the worst of a decline is likely over. After all, who's left to sell if everyone hates an investment?

Now, here's a very important detail...

Neither of the above pieces matter if prices are still falling...

If there's one thing I've learned in nearly 30 years of investing, it's that prices can always fall further than you'd imagine. And that means you must wait for prices to begin moving higher. That's the market's way of telling you that things have turned a corner.

When this all works, you end up buying at a great price at the perfect

On the Essence of Free Enterprise and Capitalism

time.

That's exactly what happened in 2010, when I started pounding the table on real estate...

The whole world had given up on real estate after the housing crash and the financial crisis it sparked.

But for me, the crash was the most obvious buying opportunity I'd ever seen. Real estate was dirt-cheap and completely hated, but the worst was behind us. Things were already getting better. But no one could see it.

I spent the next few years buying up as many properties as I could... many of which I still own. And I sold several for hefty profits along the way.

I bought a cheap, hated asset in the start of an uptrend. It was my investment system in action. And it has worked out perfectly as real estate prices soared in value.

Now, you don't need to follow my investment system to make money in the markets. But I do urge you to find what works for you – and stick with it.

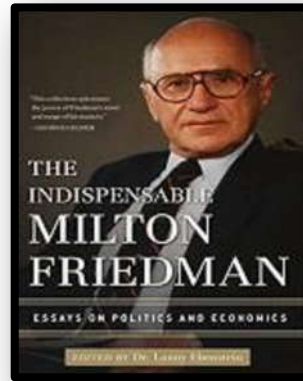
Good investing,

End of Report

On the Essence of Free Enterprise and Capitalism

One of my very favorite economists and statistician whose teachings I fervently believe in and ardently follow is Milton Friedman (July 31, 1912 – November 16, 2006). Friedman received the 1976 Nobel Prize in Economic Sciences for his research on consumption analysis, monetary history and theory and the complexity of stabilization policy.

The following is an editorial on Friedman that was published in the *Orange County Register* in 2012. I present this editorial for your reading consideration. D. Miyoshi



What made Mr. Friedman unique not only was his grasp of economies, but also his ability to simply explain complex ideas. He opined, for example, that “the most important single central fact about a free market is that no exchange takes place unless both parties benefit.”

Today, the national debate and an ongoing theme in the presidential election is the insistence of President Joe Biden and his allies on raising income taxes on higher – income Americans.

Here is what Mr. Friedman, who died in 2006, said about such notions:

“There is all the difference in the world, however, between two kinds of assistance through government that seem superficially similar: first 90% of us agreeing to impose taxes on ourselves in order to help the bottom 10%, and second, 80% voting to impose taxes on the top 10% to help the bottom 10%.”

“The first may be wise or unwise, an effective or ineffective way to help the disadvantaged – but it is consistent with belief in both equality of opportunity and liberty.

The second seeks equality of outcome and is entirely antithetical to liberty,” he said.

We couldn't have said it better ourselves.

What Milton Friedman understood better than most was that individuals, with private interests and expertise, were best able to advance society. “Nobody spends somebody else's money as carefully as he spends his own,” he said. “Nobody uses somebody else's resources as carefully as he uses his own. So if you want efficiency and effectiveness, if you want knowledge to be properly utilized, you have to do it through the means of private property.”

While others of his time advocated for redistribution and central planning of sorts, Mr. Friedman argued competition would be the catalyst for success. Later in life, he would even apply the concepts

Stocks are not the only effective investment

to his ideas for education reform. “Our goal is to have a system in which every family in the U.S. will be able to choose for itself the school to which its children go,” Mr. Friedman said. “We are far from that old ultimate result. If we had that system of free choice we would also have a system of competition, innovation, which would change the character of education.”

Mr. Friedman’s ideas transcend a generation and he laid a theoretical framework that should be used today as an intellectual defense for many of the unwise policies being advocated in Washington and elsewhere.

End of Editorial

Stocks are not the only effective investment



In the 1980s, British Prime Minister Margaret Thatcher liked to say, “There is no alternative” to her market-driven economic reform ideas. She said it so much people began abbreviating it as “TINA.”

Whatever you think of Lady Thatcher’s policies, the slogan was certainly effective politics. If victory is inevitable, you can either cooperate or be left behind. But her phrase actually goes back further to an 1851 book by Herbert Spencer, who also famously coined “survival of the fittest.”

More recently, TINA has been applied to investing. You must buy stocks because TINA. You can’t make money any other way. Just close your eyes, buy and hold forever. Or at least through a full market cycle.

Frankly, John Mauldin, renowned economist and founder of Mauldin Economics thinks that’s stupid and isn’t true. Knowing how observant Mauldin is on matters involving economics, I certainly will not argue with him.

First of all, Mauldin stresses that buying and holding stocks isn’t guaranteed to work no matter how long you give it. He astutely points out there have been periods where stock market returns were less than zero for 20 years. Starting in 1966, it took 16 years for the

market to recover back to its original level and in inflation-adjusted terms it was 26 years. The first decade of this century was essentially flat (see chart below).

However, there is nothing like a roaring bull market to make everybody forget the past. Because people think it’s different this time (?). I mean, they say the Fed has the wind at our back, and all we have to do is to unfurl the sails and move ever forward. Thus TINA.

It helps if you somehow had the wisdom to avoid the 2000s up until the magic point of March 2009 and then jump in. But what happened if you weren’t quite so prescient and invested at the beginning of 2000?

Mauldin observes if you invested \$100 in the S&P 500 at the beginning of 2000, you would have about \$394.90 at the beginning of 2021, assuming you reinvested all dividends (in 2013 dollars to average the currency fluctuation). This is a return on investment of 294.9%, about 7% yearly. This investment result beat inflation for a 152.6% cumulative real return, roughly 4.5% per year.

Note, those returns assume you had no taxes, investment management fees, platform fees, ETF and mutual fund fees, etc.

The chart below shows what’s happening for the last 21 years, and the sheer awesome power of a roaring bull market for the last 12 years. Even with the “Greenspan put,” the first 10 years of the 2000s ended essentially flat. And then the financial crisis, QEs 1, 2, and 3, with Jerome Powell adding another still-continuing QE after the COVID meltdown. But note, Mauldin is not saying the returns are artificial or are not real because quantitative easing was involved. They absolutely are.



Source: in2013dollars.com





Stocks are not the only effective investment

Source: in2013dollars.com

You need to be incredibly lucky to only invest in bull markets. The odds still aren't great unless you a) have a longer time horizon than most people do and 2) don't get scared out by the inevitable downturns.

But more important, and the point of Mauldin's article (published on July 10), is that there are alternatives to the kind of stock investing Wall Street usually peddles. And some of them are, in Mauldin's opinion, far more likely to help investors achieve their goals.

Typically, potential investors are shown stock market returns over 60 to 80 years, which includes three or four full cycles, and then take those returns projected into the future. Save your money you are told, accumulate \$1 million, and then you can take 5% a year for a 30-year retirement. Just keep your money invested and it will grow faster than your withdrawal rate, because the average return is over 7%.

But Mauldin says not so fast. Mauldin's friend Ed Easterling at Crestmont Research says it makes a great deal of difference when you start your retirement. If you start at a time of high valuations (like now) the chance your money will run out before 30 years is also quite high. In fact, in the chart below, if you start at the top 25% of valuation quartiles you would run out of money in an average of 21.8 years. Your money only lasts 30 years 47% of the time. Not exactly good odds. Starting at low valuations? Well, the force is with you.

Figure 2. SWR Statistics By P/E Quartiles: 5% SWR

QUARTILES	STARTING P/E RANGE	SUCCESS RATE	AVERAGE ENDING \$s	AVG YRS IF OUT OF \$s
Top 25%	18.5 +	47%	\$ (850,676)	21.8
Second 25%	13.9 to 18.4	70%	\$ 1,607,294	21.5
Third 25%	11.2 to 13.8	80%	\$ 6,326,247	26.5
Bottom 25%	below 11.2	95%	\$ 7,661,859	30.0
ALL PERIODS	14.6 avg	73%	\$ 3,693,376	23.0

Source: Crestmont Research

But taking these risks is precisely what TINA advocates suggest you do. For something as serious as retirement, Mauldin thinks that's insane. There is no reason to take such risks. You have alternatives.

Today we'll think about this "TINA" nonsense and look at some of the alternatives TINA advocates claim, or at least pretend, don't even exist. They do exist and you deserve to know about them.

Getting Lucky

Financial planning is really a giant math problem. You can know some of the variables: your current age, how much money you have right now, how much you can add to savings each year, when you

want to retire (or buy that house, etc.). Others you can only guess: your lifespan, the inflation rate, market returns and volatility, future tax policies, and so on.

Nevertheless, a good planner can crunch all those numbers and inform you what level of return you need. Then, you can look for investments that give you the best shot at reaching it. Many investors go wrong by overreaching. If all you need is 5% annual gains and you're plunging most of your money into, say, tech stocks or Bitcoin, you may get lucky and earn a lot more than 5%. But you may also experience losses that prevent you from achieving an otherwise reasonable goal.

The other and perhaps more common problem is excessive goals that raise your return target, thereby forcing you to take more risk. If you are age 60 with no savings, and you want to stop working in 5 years, you will have an uphill climb. Those high tech-stock returns you hear about will seem pretty attractive. But in reaching for the stars, you run a high risk of falling back to earth. (The answer there is to dial back your expectations, but that's not fun so few people do it.)

All this is much harder than it used to be because interest rates are so low. Not so long ago, those with modest goals could almost guarantee success with a portfolio of long-term bonds or CDs. Treasury bonds, blue-chip corporate bonds, even some tax-exempt muni bonds had decent returns and low-risk profiles. It was possible to invest a lump sum and be pretty certain of the outcome. You can still do that, but the outcome won't help you nearly as much.

TINA advocates say none of this matters. Just buy stocks because nothing else is better. At least, that's been the case for the last 12 years.

But here is an important point Mauldin stresses. TINA advocates know stocks go down sometimes. They just don't care. They've convinced themselves any losses are temporary. That may be true, especially for the last 12 years, but also irrelevant if the losses occur right when you need the money.

Artificial Reality

The non-TINA reality is both simpler and more complex. Stocks are a tool, but different jobs require different tools. If stocks are what you need, you still have to use them in a way that matches your goals and risk tolerance. (Note: Mauldin is not against holding stocks. He personally owns a handful of stocks that are long-term investments for me).

Now, there are people who can buy a concentrated stock portfolio, ignore the ups and downs and hold on for years while they climb to a sustainably high level. It happens. But Mauldin observes that after decades in the business and thousands of client meetings, such people are rare. Having an advisor to encourage you through hard times helps, but then all too often they stop believing the advisor.



Stocks are not the only effective investment

What most people really need is consistent growth. If your bogey is 7% annual returns, you're better off getting as close as you can to 7% every year even if it means missing some upside in strong years. You'll make it up by missing downside in other years. In other words, you want the predictability of bonds combined with the upside of stocks.

The statistical reality: You can end up in the top 10% of investors over 10 years if you simply are in the top 50% every year for 10 straight years. You don't have to knock out the lights to win. Just avoid losing.

There was a survey done in 2000. The average investor expected to make 15% per year for the next 10 years. Uh Oh. They got zero, especially after inflation. Likely, if that same survey was done today, it would have a similar higher expectation than a full market cycle average. Certainly nothing like 7%.

Portfolio strategists have long tried to deliver on that dream with ideas like the "60/40" stock/bond allocation. In theory, the bond part will gain value when the stocks are weak, thereby smoothing the overall return and reducing total portfolio volatility. A nice idea, and one that used to work fairly well. It hasn't done so recently because yields are so low and the Fed's QE has distorted bond prices beyond economic fundamentals. We can't be confident they will zig or zag at the right times.

This new (and artificial) reality is becoming more obvious, and it's a big problem. Trillions of dollars are invested in variations of the 60/40 idea. Almost every large pension plan and endowment keeps its money in some combination of stocks and bonds, but the bond part no longer behaves like it's supposed to. Bond portfolios average 3% if you're lucky. It's probably more like 2% and in a rising interest rate market could be a lot less. It's become dead weight, contributing little or nothing to overall returns and maybe even adding a new kind of risk.

Suppose, just for example, the Fed decides the economy is doing well enough to aggressively "taper" its various support programs. This could easily make stock prices fall (because liquidity will shrink) while long-term interest rates rise (because the economy is growing). That's the worst of both worlds for a stock/bond strategy.

To be clear Mauldin is not predicting that scenario, though he thinks it's possible. He mentions it to illustrate how this new upside-down world may not work the way we expect.

Locked In

So what can you do? What's the alternative to stocks?

Mauldin says one answer is stocks, but not all the time. "Market timing" is anathema to many financial advisors, and they're not entirely wrong. Done badly (and most people do it badly) and with the wrong expectations, it will be worse than buy-and-hold. The key is to realize what timing can and can't do. Mauldin does not know

anyone who captures all the upside and misses all the downside, but you don't need to. Simply avoiding the worst part of major downturns helps. It helps even if it causes you to miss some gains when the cycle turns. Similarly, "rotation" strategies that stay fully invested but actively shift between market segments to follow momentum can have good results, too.

Part of Mauldin's personal strategy is using diversified trading strategies, not necessarily diversified stock portfolios. You used to be able to get diversification in various sectors of the market (small-cap versus large-cap, international versus emerging markets versus U.S., etc.). Now all stock market sectors seemed to move together in a bear market. Mauldin has personally identified a handful of ETF trading strategies and managers that he feels comfortable with.

Other alternatives exist, too. Sadly, some of the best hedge funds and private investments aren't publicly available. Our government has decided they are too dangerous for small investors but "accredited investors" who meet certain income and net worth requirements can jump right in. Like TINA, that is also stupid. Wealth doesn't prove intelligence, nor does lack of it mean one needs protection. Nevertheless, it is the law for now, so we have to follow it.

If one qualifies, Mauldin has personally had pleasant results in "private credit" funds. These are non-bank, non-traded lending programs. Investors can get high single-digit returns (or more with increased risk). Mauldin does not like to use the term fixed income to describe them, thinking of them as more cash flow investments. Typically, investors receive higher returns because they give up liquidity. Investing in these is a multi-year commitment. You can't get your money back until the defined period ends. It's not like a bond fund you can redeem, or an ETF you can sell on an exchange. You are locked in.

But it turns out that sacrificing liquidity, if you can do it, is an excellent way to boost your returns. The investment itself earns more but, maybe more important, it removes the temptation to bail out at the wrong time. Investors in a three- or five-year private credit fund actually stick around for the full period.

The same is true for many "alternative" private investments. The variety is endless. Name an asset class, and several hedge funds probably trade it. They may not trade it successfully, but if you can get those who do to take your money, you may have found a good opportunity.

In the last few years, new platforms have expanded access to hedge funds for smaller accredited investors. Let's say a hedge fund has a \$10 million minimum investment. A platform would create a feeder fund into it, taking investments as small as \$100,000 and aggregating them for a fee. They offer access to funds with very long-term track records, some of the most famous managers in the world and potentially better returns.

Mauldin has had a portfolio like that for some time now. He changes funds over time, but not very often. "Switching" is a months-long process. Some years the diversified portfolio doesn't look very smart with low returns. Then again, last year everybody seemed to hit a

Importance of Taiwan

homerun, at least in his portfolio. At least for one year, his portfolio looked brilliant. But over time it smooths out the returns and helps him achieve his goals.

Mauldin points out there are literally scores of different alternative investment strategies. Besides private credit hedge funds, there are closed-end funds which offer decent returns (along with volatility), various funds utilizing a particular manager's edge, and focused dividend yield strategies.

Many dividend-oriented ETF's and mutual funds have scores if not hundreds of underlying investments which drag down the average return. There are very good dividend strategy managers who build concentrated portfolios of what they feel are the best dividend-paying companies (with U.S. or international companies or both) and are worth the fees they charge. Over a full cycle, the better managers can outperform the market with about half the volatility. Pair them up with some of the private credit strategies I mentioned above? You have a real chance of getting that 7%.

Without being (too) promotional, Mauldin points out that at Team Mauldin they like to break their strategies down into two components: Core and Explore. In a presentation they might say that 80% of your assets should be in Core and 20% in Explore. You want 80% in low-volatility, steady-eddy investments that will get you back to your 100% in 4-5 years. Then you get more aggressive with your Explore bucket, diversifying into investments which have much higher return potential, where you are looking for multiples and not 7%.

That 80/20 is just an example. The older you are the less risk you should take. How much risk you should be taking when you're young depends on what your income levels are. Are you going to inherit wealth? A hundred questions have to be asked to determine the right portfolio design for you. There is no one-size-fits-all which is why Mauldin never tries to put something like that in a letter. Creating an "Explore" portion of your portfolio is complex, takes time, and a lot depends on your personality.

But in general, you need a plan. Mauldin's companies offer some of these products and he has compliance restrictions which keeps him from getting too specific. The broader point, whatever your net worth, is to not accept this TINA fantasy. You have lots of alternatives to simply holding stocks. You may need professional help finding and accessing them, but they're out there.

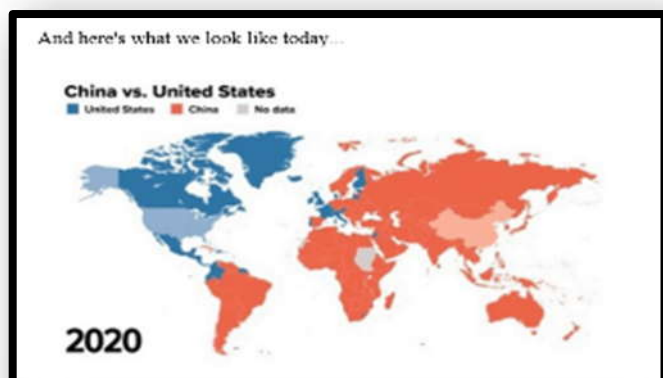
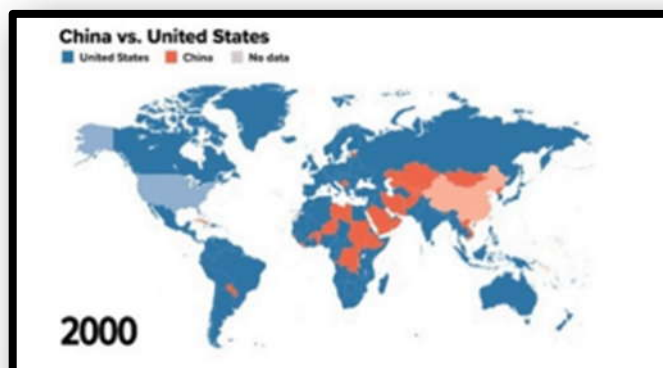
In fairness, there are hundreds of good advisors who generally do the same thing Mauldin does, just with their own flavor. So do your own search, but Mauldin would suggest avoiding advisors whose idea of portfolio construction is to buy and hold traditional stocks and/or ETFs in a TINA-like fashion. You do have choices so spend some time looking into what is the best choice for you.

Here is to your successful investing.

D. Miyoshi

The Importance of Taiwan

This is a map of the world in 2000. The countries in blue traded more with the U.S. than with China.



In just 20 years, The U.S. has essentially lost all of Africa, Australia, South America, Asia, and nearly all of Europe to China.

China is hellbent on establishing global economic dominance...

Put as simply as possible, the entire foundation of America's digital independence and technological future is currently at grave risk.

If China were to invade Taiwan, it would be like stealing a treasure chest filled with America's best technology and trade secrets.

China would have access to our blueprints of all the chips that power tens of thousands of American products.

They could then use that information to come up with cheaper alternatives and undercut companies all around the world...

The Stock Market is not the Economy

And if they wanted to cripple our economy and our basic ability to function the way we do now... they could just cut off our access to Taiwan.

That would be catastrophic...

America will have to stop that at all costs.

If you thought tensions between the U.S. and China were high because of COVID... the threat to the chip industry could escalate much faster, with potentially nuclear consequences.

And, no – that’s not hyperbole.

We’ve waged wars for oil before, what makes you think we won’t wage them for microchips?

Forewarned is forearmed.

D. Miyoshi

The Stock Market is not the Economy



In September the U.S. stock market continued to climb higher (albeit slower than before) making some people to think the economy continues to grow. In actuality this is not true because the two are not that much related.

One of the most difficult things to learn about the stock market is the fact that it has little, if anything, to do with the real economy.

This is a fact borne out by both statistical studies and real-world analysis. And yet it seems that over 95% of investors don’t understand this.

For whatever reason, most investors believe that the stock market is effectively a derivative of economic growth.

The reality is that the people thinking this haven’t really thought their arguments through to their logical conclusions.

Indeed, those who think there is a weak correlation between stocks and the economy, consider that the mutual fund giant Vanguard performed a study analyzing the correlation between stock market returns and various items (dividend yield, stock market valuations, etc.), from 1926 to 2011.

They found that the correlation between stock market returns and the direction or trend of GDP growth was 0.05, or about 5%. Put another way, the trend of the economy only explained roughly 1/20th of the stock market’s returns.

To put this into perspective, it’s lower than the correlation between rain and stock market returns. Yes, rain, as in whether or not it’s raining outside on a given day.

If you still find this hard to believe, let’s take a real-world example.

Between 1972 and 1982, the US economy nearly tripled in size from \$1.2 trillion to \$3.2 trillion. And yet, throughout that entire period the stock market traded sideways for ZERO GAINS!



In contrast, from 1982 to 2000, the US economy again nearly tripled in size from \$3.2 trillion to \$10 trillion. But during this particular time, the stock market exploded higher rising nearly 1,500%!

Will there be a “Civil War” in the U.S. Military?



So, we have two time periods in which the economy nearly tripled in size. During one of them, the stock market went nowhere. During the other, the stock market rose nearly 1,500%.

Again, stocks have little if any correlation to the economy. This is especially true during asset bubbles like the one we’re in today.

The lesson is we should trade the stock market as if it is separate and apart from the economy.

D. Miyoshi

Will there be a “Civil War” in the U.S. Military?



U.S. Army Gen. Mark A. Milley, 20th chairman of the Joint Chiefs of staff

In mid-September CNBC reported that Chairman of the Joint Chiefs

of Staff Gen. Mark Milley placed two phone calls to his Chinese counterpart in the waning months of Donald Trump’s presidency to secretly reassure Beijing that the United States would not attack the country.

The calls were first reported in the forthcoming book “Peril” by Washington Post journalists Bob Woodward and Robert Costa that is scheduled to be published in late September.

The claims in the book are based on more than 200 interviews with “firsthand participants and witnesses” of the last three months of Trump’s presidency.

The coverage in corporate outlets dovetails neatly with their institutional bias against the Trump presidency and their established narrative about the 2020 election, the January 6, 2021 ‘insurrection’ at the US Capitol, and the ‘resistance’ of career bureaucrats and ‘deep state’ institutions to “rogue” Trump.

In their telling, Milley emerged as the hero who saved the day, coordinating with the CIA, the NSA, top Democrats, and even his Chinese counterpart to ‘protect’ America from an unhinged president.

According to them, however, this was fine because Milley believed his actions were “a good faith precaution to ensure there was no historic rupture in the international order, no accidental war with China or others, and no use of nuclear weapons.” Apparently, loyalty to the ‘international order’ trumped the US Constitution and his oath to it.

He wasn’t alone, either. According to Woodward and Costa, it was Gina Haspel – appointed by Trump in May 2018 – who called Milley and said the US is “on the way to a right-wing coup.”

“The whole thing is insanity. He is acting out like a six-year-old with a tantrum,” the CIA director reportedly told Milley.

While the Washington establishment largely applauded Milley’s conduct, one of their own was outraged. Alexander Vindman, the now-retired lieutenant-colonel instrumental in Trump’s first impeachment over ‘Ukraine-gate’ in 2019, tweeted that Milley must resign because he set an “extremely dangerous precedent” by usurping civilian authority.

“What is described here is wrong,” he added. “There is no ‘deep state’ but this narrative feeds into one.”

The riot on January 6, 2021 saw several hundred pro-Trump demonstrators break into the US Capitol just as the joint session of Congress was hearing objections to the electoral college vote count. The session was interrupted, and when the Congress reconvened later that night, those objecting were overruled by the outrage over what the Democrats and the media dubbed the ‘insurrection’.



Will there be a “Civil War” in the U.S. Military?

Reports at the time spoke of Pelosi consulting with the Pentagon, Vice President Mike Pence and other institutions, but conspicuously omitted Trump – who was technically still commander-in-chief.

This summer, Milley drew criticism over blaming the riot on “white rage” and appearing to endorse the Democrat narrative while insisting he and the military were “apolitical.” However, it was his comments from a year prior – in June 2020 – that cast doubt on Woodward and Costa’s narrative about January 6 being his motivation.

Recently, the spokesman for Milley, Col. Dave Butler said “His calls with the Chinese and others in October and January were in keeping with these duties and responsibilities conveying reassurance in order to maintain strategic stability.”

Butler added that all of Milley’s calls were coordinated with the rest of the Department of Defense and other relevant agencies.

Also, Milley did not tell Trump about the calls.



US Army Chief of Staff General Mark Milley (L) and China’s People’s Liberation Army (PLA) General Li Zuo Cheng salute during a welcome ceremony at the Bayi Building in Beijing on August 16, 2016. Mark Schiefelbein | AFP | Getty Images

Woodward and Costa further describe how Milley learned in October 2020 that the Chinese had become concerned that Trump would preemptively attack China because Trump was losing the 2020 election and his rhetoric against China was growing increasingly hostile.

On Jan. 8, two days after the attack on the U.S. Capitol, Milley again called his Chinese counterpart to again reassure him that the American government was stable and not an immediate threat to China.

On that same day, Woodward and Costa claim, Milley called a “secret meeting” at the Pentagon and instructed officers in charge of the National Military Command Center not to take orders from anyone unless they go through him first.

“No matter what you are told, you do the procedure. You do the process. And I’m part of that procedure,” he reportedly said, and

made them verbally acknowledge the order.

Milley also canceled Trump’s orders for withdrawal from Afghanistan by January 15 and even reached out to his Chinese counterpart to reassure him the US would not attack, according to the book.

Meanwhile, he also got a phone call from House Speaker Nancy Pelosi (D-California). Costa and Woodward include an alleged transcript of the call.

“What I’m saying to you is that if they couldn’t even stop him from an assault on the Capitol, who even knows what else he may do? And is there anybody in charge at the White House who was doing anything but kissing his fat butt all over this?” Pelosi said, adding, “You know he’s crazy. He’s been crazy for a long time.”

“Madam Speaker, I agree with you on everything,” Milley responded. After the call, he reached out to NSA Director Paul Nakasone and told him “Needles up...keep watching, scan.” He also reached out to CIA Director Gina Haspel, telling her to “Aggressively watch everything, 360.”

In other words, the top military official was telling the intelligence community to spy on the elected government. Costa and Woodward acknowledge as much, writing that Milley was “overseeing the mobilization of America’s national security state without the knowledge of the American people or the rest of the world.”

Milley’s spokesman also appeared to confirm that Milley talked with House Speaker Nancy Pelosi in the days following the Jan. 6 attack on the Capitol, to assure her that safeguards were in place to prevent Trump from launching nuclear weapons or ordering the military to somehow try to keep him in power after he lost the election.

According to the book, Milley told Pelosi that “there’s not a snowball’s chance in hell this president, or any president can launch nuclear weapons illegally, immorally, unethically without proper certification.”

After the call, Milley, who “felt no absolute certainty that the military could control or trust Trump,” held a meeting with senior officers of the National Military Command Center to review the procedures for launching nuclear weapons.

Will there be a “Civil War” in the U.S. Military?



Joint Chiefs of Staff Chairman Army General Mark Milley pauses at a news briefing at Pentagon in Arlington, Virginia, August 18, 2021. Yuri Gripas | Reuters

The revelations sparked outrage among some Republicans, including Trump, who suggested that Milley had committed a crime by going behind the then-president’s back to communicate U.S. policy to foreign adversaries.

But they do not appear to have damaged Milley’s standing with Trump’s successor, President Joe Biden.

On Sep 15, a reporter asked Biden whether Milley did “the right thing,” Biden replied: “I have great confidence in General Milley.”

But Biden choosing to retain Milley amid this new scandal is further weakening U.S. foreign policy at a time when China is growing in power and threatening to take Taiwan. On Sept 16, China issued a threat to send warships into Hawaiian waters immediately after the U.S. and Australia announced a defense pact.

And now in the face of the CNBC and other main stream media source news releases, the alternate media sources including on the internet and Podcasts, are saying the deep state entities are now turning against the Biden regime (and its operators like Gen. Milley) after realizing if they don’t stop the destruction, they will lose all their power, salaries, benefits and kickbacks as the U.S. empire, as we know it, collapses.

The dissident news sources are stating that people deeply embedded in the Pentagon, the CIA, NSA and even the FBI are apparently coming to the realization that the Biden regime really is supporting communist China, and the CCP’s ultimate goal to destroy America and the high-level officials in the US government.

This would destroy the entire power structure of the U.S. deep state and leave all its current players with no clout, no money, no power or anything. They would, in fact, be among the very first to be targeted and annihilated by the communist Chinese once China gained control over the United States via military occupation.

Suddenly, it seems, the deep state is fighting for its own survival, in much the same way that parasitic ticks sucking blood off an animal don’t want the animal to die. Even parasites, sooner or later, realize they need the host to keep living or they all perish together.

It is believed the recent exposing of Gen. Milley and the public positioning of Biden as an incompetent dementia ridden politician are part of a process, to expose and remove the most incestuous anti-American elements that have infested the Pentagon, White House and Congress. Nancy Pelosi’s name is apparently on the same list, and being alleged that she was complicit in Milley’s plan to thwart the Trump administration and support the bidding of communist China.

The argument goes that if the U.S. can’t project global power, the US dollar will lose its global reserve currency status. The belief is not that the deep state players have seen the light as it is that their own survival now requires them to prevent the United States from being completely subsumed by a foreign enemy. The very existence of the deep state depends entirely on the continued functioning of the fiat currency dollar, and the money printing process can’t function unless the U.S. government both exists and is able to project power around the globe.

Biden’s disastrous handling of the collapse of Afghanistan proved to everyone that with him at the helm, taking orders from those who got him in office, America’s petro-dollar dominance will soon come to an end.

And when that happens, the beneficent money printing machine grinds to a halt, and the gravy train spontaneously ends. No more free money for the politically connected. No more kickbacks, bribes and money laundering to weapons manufacturers who have been feeding at the war trough for generations.

A tipping point has been reached.

This isn’t to say that these forces necessarily want Trump back in power, but Trump did keep the Pentagon very well funded, providing endless billions to the ranks of military contractors, weapons manufacturers and “consultants” who skim kickbacks off the entire process. Right now, practical people inside the Pentagon would vastly prefer Trump to Biden, since Trump made the military look strong and well-funded while Biden makes everybody look like impotent fools. And the left-wing “wokism” in the military isn’t helping, either.

In the coming months, it would not be surprising if elements of the military move against the Biden regime. We could even have top Pentagon officials court-martialed (even including Milley). Now that the incompetence and duplicity of the Biden actors have placed the very existence of the United States at risk, those money-mongering deep staters who depend on the continued debt-based gravy train are going to crack whatever skulls they need to crack to keep the money flowing. This is gang warfare, simply played out on the national stage.

Evergrande, the real story

We might also think of this as a type of civil war inside the Pentagon, where certain elements of the armed forces that had previously been opposed to Trump are now realizing Biden represents an existential threat to their very survival. Trump may have tweeted “mean” things, but Biden threatens to bring everything down from within. And that can’t be allowed, or everybody loses.

But what they (if not most parties) also seemingly fail to understand, is how quickly the endless money printing will break the entire system anyway. With the total collapse of the dollar looming just around the corner, the Fed’s money printing scheme is rapidly coming to an end, and that means the gravy train will be slamming shut for the entire system. For the deep state denizens, the vast bog of swamp gas will be ignited like a giant fuel-air explosive, and those who once thought the swamp would be their home will quickly realize it’s actually their grave.

If things don’t change soon, the end of America as we know it will arrive and even the swamp won’t survive the end game.

D. Miyoshi

Evergrande, the real story



On September 20, 2021 on the news of the Chinese Evergrande real estate company’s collapse, the U.S. stock market suffered its biggest fall since May. Many pundits surmised that this may be the trigger for the epic financial meltdown that has been forecast for the past year.

Actually, the Evergrande collapse is nothing more than a classic Bernie Madoff type Ponzi scheme involving property developers and greed-driven investors who chased high returns while forgetting about the existence of risk. (Every generation, it seems, must learn this painful lesson the hard way...)

Like all successful Ponzi schemes, Evergrande’s rise to become a global Fortune 500 business hinged on it finding a steady supply of new dupes to hand over their money as “investments” in the Evergrande scheme.

Buoyed by a flood of incoming investment money, Evergrande churned out entire “ghost cities” of apartment buildings across China, selling the alluring idea that these apartments would serve as retirement assets for the millions of Chinese citizens who “invested” in their construction. As long as the buildings kept going up — and the bond payments were made on time — everybody convinced themselves they were getting rich.

But it’s the same Madoff type scandal, all over again, only at a significantly larger scale. The Evergrande scheme involves at least \$300 billion dollars in direct debt, rippling into potentially trillions of dollars in total exposure around the world (among banks and institutional investors) due to leveraged investment instruments and the ripple effect of non-payment (i.e. default).

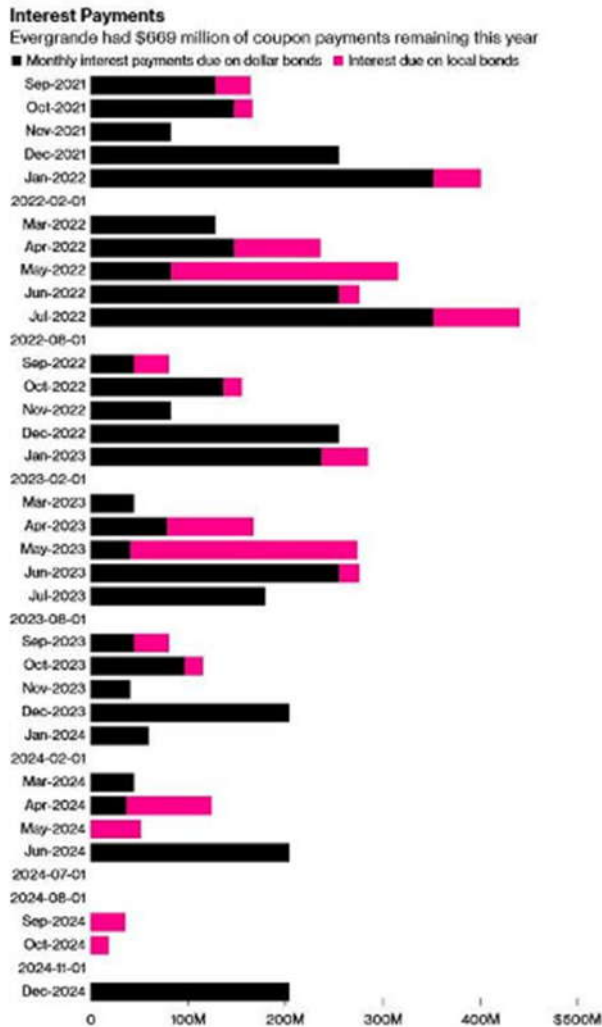
But note, the financial collapse has only just begun... and China’s fragile economy is in real trouble.

Ponzi schemes collapse when people demand to get paid back for their “investments” but the schemers can’t fool enough new investors to fund the previous ones who want out. As Bloomberg reports (see chart below), Evergrande owes \$669 million in interest debt payments over the next 3 months.

According to recent news out of China, it looks like the government there is going to help cover Evergrande’s debt payments to local bond holders (i.e. institutions in China) while stiffing foreign bond holders.

This is a surefire recipe for causing the financial default to spread internationally:

Evergrande, the real story



Source: Bloomberg
Note: Local bond interest converted to dollar amount. Data as of Sept. 13 for payments through 2024.

One look at the debt obligations chart above should lead to the immediate realization that Evergrande is going to default... and foreign debt holders are going to be left high and dry. Even if the Chinese government covers all the individual local investors and their WMPs (Wealth Management Product investments), it's clear that hundreds of billions of dollars in foreign-held debt is going to be written off at some point (perhaps soon).

Even worse, Evergrande is just the tip of the iceberg.

“The whole Chinese property market is on stilts,” investment expert Jim Chanos told the *Financial Times*. “...All the developers look like this. There’s lots of Evergrandes out there in China — Evergrande just happens to be one of the biggest.”

That means U.S. banks and institutions that invested in Evergrande are going to suffer huge, if not catastrophic losses. Hence the ripple

effect begins, and the non-China investors who had exposure to all this suddenly find themselves unable to make their own debt obligation payments for their own leveraged borrowing.

Why would we not be surprised to discover that banks and institutions around the world borrowed cheap money to invest in Evergrande where they could bank on far higher returns? (A significant portion of the Fed money that is printed is invested by banks in higher interest rate projects around the world, like Evergrande.)

The bottom-line result is that Evergrande’s collapse will almost certainly set off fiscal contagion. The debt implosion will likely spread, and if regulators aren’t able to expertly navigate the magnitude of this collapse, it may turn into an avalanche of failed institutions and banks around the world in 2022.

Of course, this won’t be immediate. Even an avalanche takes time to gather speed and momentum. The first big collapse has been ignited and has begun to spread, but much like a tsunami, it travels mostly unseen until it reaches foreign shores, at which time the oceans rise up and dump their catastrophic results in anything that stands in the way.

In addition to the U.S. stock market fall, Evergrande, triggered a stock market crash in Hong Kong and it is still threatening to spark a major default crisis that can derail the Chinese economy and spill over global markets, creating a cascade of systemic failures that will result in nothing less than a financial disaster of epic proportions. Chinese traders are getting out of the market while they still can. A major sell-off has started as investors grew increasingly more worried that Evergrande would default its gigantic loan debt. On September 21, the Hong Kong stock market crashed 13 percent and it is now on track to close at its lowest market cap ever, given that a bankruptcy of this proportion can wipe out hundreds of billions in equity.

Even worse, it can spark a default contagion that would put millions of Chinese companies at risk of bankruptcy just as well. And as more and more traders panic about the rapidly spreading contagion, other sectors that were normally immune to China's property woes are also facing significant drops. Financial analysts are alarmed that its default crisis will soon spread to the rest of the world. In mid-September, Chinese officials announced that major lenders should not expect repayment. That was already a sign that the company would start its default process.

In a recent note, Goldman estimated that the potential impact of the residential and commercial real estate collapse in China's growth could be devastating not only for China but for the entire world. It could result in the sharpest GDP drop in decades. Goldman warned that if a default "occurred without clear ring-fencing of the spillovers to other parts of the economy", then the outcome would be much more threatening, with the Chinese GDP collapsing as much as 4.1 percent while housing activity plunges and financial conditions tighten.



How to Trade Like a Professional Wall Street Money Manager

In the final week of September, the worsening of the crisis is depending on the acceleration of the current selloff while investors expect the government to unleash a trillion-dollar liquidity injection to ease the downfall. Moreover, while investors get more and more nervous about the financial strains of the Chinese real estate market, they also set off a crash on the cryptocurrency market, with bitcoin tumbling by more than 7 percent on September 20. As a huge wave of fear over a weaker Chinese economic growth sweeps through global markets, with investors just realizing how big are the consequences for its domestic peers and international commodity prices, contagion has begun to move beyond stocks and sent U.S. equity futures below 4380.

The entire financial system is being shaken to the core because what is happening in China right now will ultimately have profound repercussions across all of the world's major economies, including America. Given that global economic growth is directly linked with China's economic strength, and the country was the only major economy to expand last year, the prospect for a global economic rebound from last year's health-crisis-induced recession has been remarkably shrunk. According to the International Monetary Fund, China alone would contribute with over a fifth of the increase in the world's gross domestic product in the five years to 2026.

This means that we're effectively on the verge of the most devastating financial crisis in world history. The one economic experts have been warning about for a long time. Will this mean a simultaneous collapse of the Chinese and the U.S. economy? No one knows the answer but in any case, this will not end well. It is possible we're about to witness the biggest collective wealth loss ever recorded. As the Chinese stock market crash has just begun, it's only a matter of time before the monstrous U.S. stock market bubble bursts. We must be aware of the serious risks now in the market and duly prepare ourselves for a serious downturn. You should consult with your respective financial advisors to prepare accordingly. Forewarned is to be forearmed.

D. Miyoshi

How to Trade Like a Professional Wall Street Money Manager



As we can expect, most Wall Street fund managers want to *crush* the S&P 500 Index every year. But that's not what really drives all these alumni of the top business schools (usually Ivy Leagues).

No. Their true No. 1 goal is to not underperform the market.

Managers can explain a year where their fund returned the same as the broader market to their clients... But they can't explain a year of underperformance. When that happens, clients start to think they'd be better off buying an index fund with much lower costs. They'll pull their money out of the actively managed fund without a second's hesitation.

So, managers aren't necessarily trying to earn the highest return possible. They're simply trying to tell their clients that they did just as well or slightly better than the market.

That means when it comes time to make investment decisions, they are faced with this question: What's the easiest way to not underperform?

The answer: Hold the same stocks that the S&P 500 does.

That way, no matter what happens, whether the S&P 500 soars by 20% or falls by 10%, their funds will have similar results.

This is why it's such a big deal when a new stock gets added to a major index. Anytime there's a new addition, fund managers race to hit the buy button.

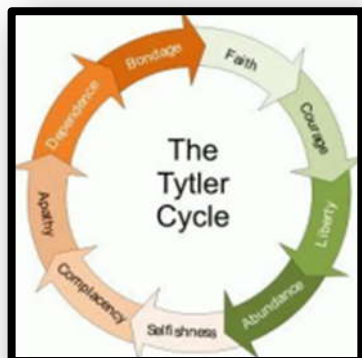
Think about it this way... If a stock is added to the S&P 500 and over the next year it returns 100%, the manager who didn't buy that stock will look pretty silly.

So you don't really need a professional manager to help you make money.... You can trade the same stocks as are in the S&P 500.

Here is to your successful trading.

D. Miyoshi

The Life Cycle of a Democracy



The following is a quote from eminent historian Alexander Fraser Tyler.

“A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world’s greatest civilizations has been 200 years. These nations have progressed through this sequence: From bondage to spiritual faith; From spiritual faith to great courage; From courage to liberty; From liberty to abundance; From abundance to selfishness; From selfishness to apathy; From apathy to dependence; From dependence back into bondage.”



Alexander Fraser Tyler

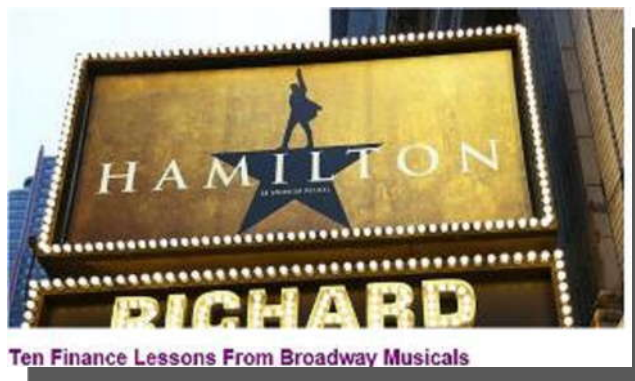
In the case of human beings throughout the world, I have come to realize they are affected with two competing desires. The desire to control and the desire to be taken care of. In most people, the desire to be taken care of predominates over the desire to control. I believe generally, those who are more intelligent, responsible and have a sense of pride, have a stronger desire for control. But the majority of people throughout the world want to be taken care of. In a democracy, each person has a vote and they outnumber those who desire control. So naturally they are the target for the Democrat party of the U.S. The Democrats vow to take care of these people along with giving them “freebies” in return for their vote. But those at the top level of government (whether Democrat, Republican or Independent) are those who want control. And even though one is intelligent, responsible and has a sense of pride they can also be devious (if not evil) and the natural outcome is to cheat to create votes to maintain their control. In every democratic society, this leads to its eventual

demise. History always repeats itself because, as the Bible says, the nature of people does not change.

As a country, we in America need to take note of where we are in this life cycle of Democracy.

D. Miyoshi

Ten Finance Lessons from Broadway Musicals



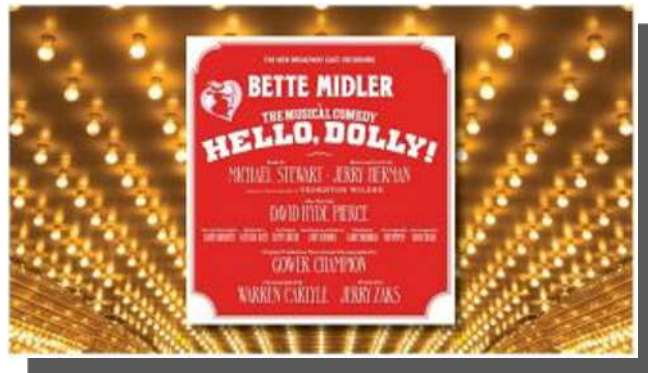
Behind the songs and dances, the following Broadway musicals illustrate important financial concepts.

Surprisingly financial management is a recurrent theme in Broadway musicals. WealthManagement.com (WM) selected 10 musicals that illustrate such concepts as risk management, budgeting, hedging, goal setting, managing debt, dividend reinvestment and practice differentiation. These 10 songs from Broadway musicals past and present are a fun way to communicate what advisors do as they help clients meet their goals. For each financial concept, WM gives a short summary of the musical, describes the financial concept illustrated by the key song, quotes a few lines from the lyrics and provides a link to the song for readers who want to hear more. WM acknowledges Dr. Matt Rousu, Ph.D., professor of economics at Susquehanna University in Selinsgrove, Pa., and his Broadway Economics website for many of the insights for their article. How many of these musicals do you know?

Here is their article for your reading pleasure. D. Miyoshi



Ten Finance Lessons from Broadway Musicals



1. Financial Planning, Debt Management

Financial planning is a key theme of Hamilton, the blockbuster musical about the first secretary of the Treasury. The client is the newly independent United States. The challenge is to craft a financial plan that keeps the client honest about spending, managing debt and getting on track for financial freedom. “Cabinet Battle #1” takes the form of a hip-hop debate between Alexander Hamilton and Thomas Jefferson as they argue about a central bank for the new nation and how to manage the national debt and the debts of the individual states.

CABINET BATTLE #1

[JEFFERSON]

This financial plan is an outrageous demand
And it's too many damn pages for any man to understand.

[HAMILTON]

Would you like to join
Us, or stay mellow
Doin' whatever the hell it
Is you do in Monticello?
If we assume the debts, the union gets
A new line of credit,
A financial diuretic
Hamilton opened: Aug. 6, 2015
Number of performances: 1,919
Composer: Lin-Manuel Miranda (music and lyrics)

2. Dividend Reinvestment

Perhaps the most enduring musical in history, Hello, Dolly! opened in 1964 and has been revived on Broadway four times, most recently with Bette Midler in the title role in 2017. The musical follows the story of Dolly Gallagher Levi, a strong-willed matchmaker, as she travels to Yonkers, N.Y., to find a match for the rich but miserly Horace Vandergelder. The song “Penny in My Pocket” was dropped from the original Broadway production during tryouts but restored in the 2017 revival. Advisors often try to communicate the benefits of dividend reinvestment. In the song, Horace recounts that the source of all his wealth was a single penny, wisely invested and reinvested, thereby illustrating the truth that all great accomplishments start with a simple asset invested with dedication (and often a bit of luck).

PENNY IN MY POCKET

[HORACE VANDERGELDER]

I put a penny in my pocket
And in a little time, that penny in my pocket had grown into a dime
And in a little longer
A quarter jingled out
So I put the quarter in the teapot and I waited until the teapot had a dollar in the spout

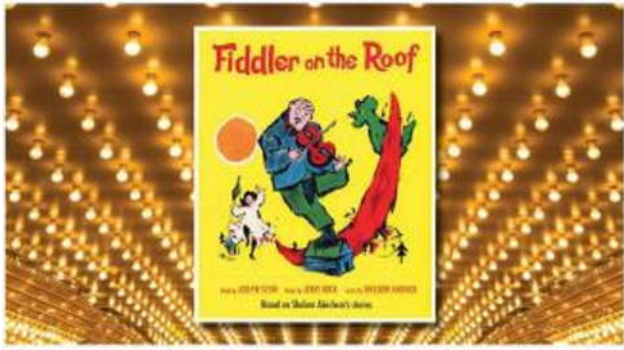
I put the dollar in my mattress and had some pleasant dreams
Till' suddenly my mattress was bursting at the seams
And that is how I acquired the wealth I now possess
That little penny was the secret, yes that penny was the secret of my success

Hello, Dolly! opened: Jan. 16, 1964

Number of performances: 2,844

Composer: Jerry Herman (music and lyrics)

Ten Finance Lessons from Broadway Musicals



3. Funded Contentment, Setting Concrete Goals

It's 1905 in Czarist Russia. A precarious setting for Tevye and his Jewish neighbors. Tevye is a poor milkman. Poverty is staring him in the face, but he can dream about being wealthy. As Tevye imagines the material comforts that money would bring, we learn that his goals are very concrete. He imagines a tin roof above and a real wooden floor below. He imagines servants to help his wife with the chores. Keeping goals concrete and realistic makes them easier to achieve. To add an emotional wallop, Tevye's ultimate goal is simply to have more leisure to study and pray. "If I Were a Rich Man" is a moving example of what funded contentment looks like.

IF I WERE A RICH MAN

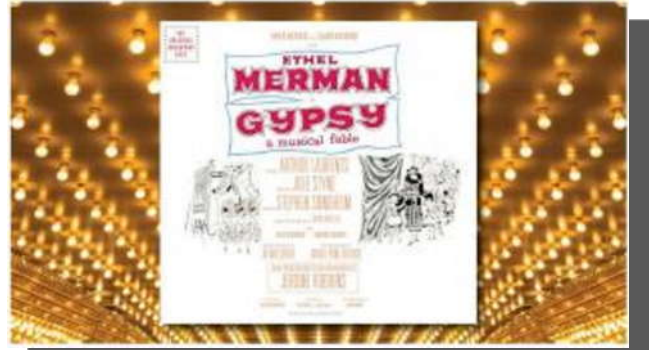
[TEVYE]

I'd build a big tall house with rooms by the dozen
Right in the middle of the town,
A fine tin roof with real wooden floors below.
There would be one long staircase just going up
And one even longer coming down,
And one more leading nowhere, just for show.

Fiddler on the Roof opened: Sept. 22, 1964

Number of performances: 3,242

Composers: Jerry Bock (music) and Sheldon Harnick (lyrics)



4. Competitive Advantage, Customer Differentiation

The setting of Gypsy is show business. We're in the uneasy transition between vaudeville and burlesque. Late in the musical we meet three strippers who in "You Gotta Get a Gimmick," illustrate the benefits of competitive advantage and product differentiation. Financial advisors operate in a commodity-like market with low barriers to entry and multiple competitors. As a result, the most successful operators have a gimmick or customer focus that differentiates their services in a positive way.

YOU GOTTA GET A GIMMICK

[STRIPPERS]

Do something special
Anything that's special
You're more than just a mimic
When you got a gimmick
Take a look how different we are
So get yourself a gimmick and you, too,
Can be a star!

Gypsy opened: May 21, 1959

Number of performances: 702

Composers: Jule Styne (music) and Stephen Sondheim (lyrics)

Ten Finance Lessons from Broadway Musicals



5. Budgeting, Saving for a Goal

The Pajama Game takes place in a pajama factory where there is a labor conflict between the workers' union and factory management. The union demands a general wage increase of seven and a half cents per hour. As the workers consider the implications of the raise, in "Seven and a Half Cents," they longingly identify the many things—a washing machine, carpeting, a TV, a car—they could buy if they save the increase in wages. It's moving to watch the workers making calculations to the penny as they create their budgets for one, five and even 20 years out. The song is a good illustration of how specific goals can be achieved by saving and budgeting. The song would be even more realistic if it also considered compound interest—one of the wonders of the world.

SEVEN AND A HALF CENTS

[WORKERS]

Seven and a half cents doesn't buy a heck of a lot,
 Seven and a half cents doesn't mean a thing!
 But give it to me every hour,
 Forty hours every week,
 And that's enough for me to be living like a king!

The Pajama Game opened: Nov. 24, 1956

Number of performances: 1,063

Composers: Richard Adler (music) and Jerry Ross (lyrics)

6. Hedging Risk

While this lighthearted recounting of the Bible story of Joseph and his brothers is geared to children, Joseph and the Amazing Technicolor Dreamcoat illustrates an important lesson about hedging risk in light of varying business cycles. Joseph has emerged as a leader in Egypt as Pharaoh counts on him to interpret a terrifying dream about seeing seven ears of grain "plump and good" growing from one stalk only to be devoured by sickly stalks. In "Pharaoh's Dream Explained," Joseph explains that the dream anticipates that seven years of plenty will be followed by seven years of famine. He further recommends Pharaoh set aside one-fifth of the crop to ease the bad times. It may be the first risk-management/hedging strategy ever recorded. In macroeconomic terms, Joseph articulates countercyclical policy, in which excess from a boom economy cushions a subsequent slump.

PHARAOH'S DREAM EXPLAINED

[JOSEPH]

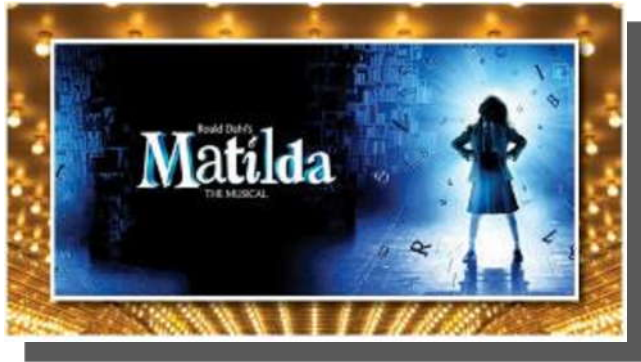
And I'm sure it's crossed your mind
 What it is you have to find
 Find a man to lead you through the famine
 With a flair for economic planning
 But who this man would be I just don't know

Joseph and the Amazing Technicolor Dreamcoat opened: Jan. 27, 1982

Number of performances: 727

Composers: Andrew Lloyd Webber (music) and Tim Rice (lyrics)

Ten Finance Lessons from Broadway Musicals



7. The Law of Diminishing Marginal Utility

Matilda the Musical is the story of Matilda, a precocious 5-year-old girl with the gift of telekinesis. In “Bruce,” the evil principal of the school discovers that one of Matilda’s friends has stolen a piece of cake. As punishment, the sadistic principal forces Bruce to eat an entire cake, illustrating the concept of diminishing marginal utility. The first slice of cake can be tasty; people are eager to pay for the privilege. The second slice is not nearly as valuable. After a few more slices, the additional (marginal) utility from one more slice can be negative—that is, a person would need to be paid to eat an extra slice of cake.

Financial advisors understand that for most clients, delivering more and more gains is perceived with incrementally less value. If a client has no wealth, it’s a big deal to go from \$0 to \$100,000 (a gain of \$100,000). A gain of the same magnitude from a base of \$1 million, not so much. The law of diminishing marginal utility shows that identical wealth increases produce different impacts.

BRUCE

[MISS TRUNCHBULL]

Wonderful. Marvelous. That makes me so happy. It gives me a warm glow in my lower intestine. Oh, cook

What’s the matter, Bogtrotter? Lost your appetite?

[BRUCE]

Well, yes. I’m full

[MISS TRUNCHBULL]

Oh, no, you are not “full.”

I’ll tell you when you are full.

And I say that criminals like you are

Not full until you have eaten the entire cake

Matilda, The Musical opened: April 11, 2013

Number of performances: 1,555

Composer: Tim Minchin (music and lyrics)

8. Opportunity Costs

Based on Mel Brooks’ raucous movie, The Producers tells the story of two theatrical producers who scheme to get rich by fraudulently overselling interests in a play carefully selected to be a big flop so they can pocket the oversold investments. Of course, the producers, including accountant Leo Bloom, get in trouble because Springtime for Hitler becomes a hit, and all the investors expect their payouts. In “I Wanna Be a Producer,” Bloom entertains the thought of quitting his boring but secure job for the high-risk-high-reward work of a Broadway producer. At the end of the song, Bloom quits the accounting firm. The song illustrates opportunity cost—the loss of potential gain from other alternatives when one particular alternative is chosen.

I WANNA BE A PRODUCER

[LEO BLOOM]

I wanna be a producer

With a hit show on Broadway

I wanna be a producer

Lunch at Sardi’s every day

The Producers opened: April 19, 2001

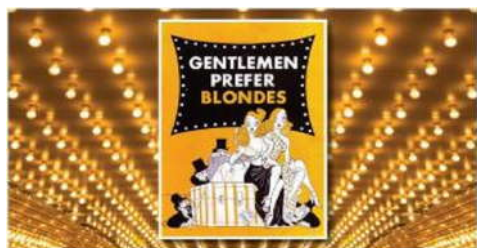
Number of performances: 2,502

Composer: Mel Brooks (music and lyrics)

Ten Finance Lessons from Broadway Musicals



Advancing in a Time of Crisis



Financial Crisis Report



David M. Miyoshi is a California attorney at law with a Martindale-Hubbell AV Preeminent Rating for Attorneys. He earned his Bachelor of Science degree from the University of Southern California, a Juris Doctor degree from the University of California, an MBA degree from Harvard University and an International Graduate degree from Waseda University in Tokyo.

He is Managing Attorney of Miyoshi Law, an International Law Firm where he approaches legal issues through a commercial lens and is a trusted legal and business advisor to his corporate and estate clients. In military service in Vietnam, he led a Combined Action Platoon as an officer in the U.S. Marine Corps and received the Naval Commendation Medal with "Combat V".

He appears in 14 Who's Who publications throughout the world and is listed as a specialist in international business, real estate and estate planning.

9. Diversification

Gentlemen Prefer Blondes doesn't play well with contemporary gender politics. In fact, its sugar daddy theme makes mounting any production today unworkable. Based on a 1925 novel by Anita Loos, the story follows Lorelei Lee, a not-so-naïve "little girl" from Arkansas as she makes her way to Paris to perform in a nightclub. It's at that nightclub, after many interactions with men who promise more than they can deliver, that Lorelei belts out a song illustrating that while offers of stocks and apartment leases may be grand, in the end, when the going gets rough, "Diamonds Are a Girl's Best Friend." It's a good reminder that it may be wise to diversify investment portfolios with gold or other hard assets.

DIAMONDS ARE A GIRL'S BEST FRIEND
[LORELEI LEE]

He's your guy
When stocks are high
But beware when they start to descend
It's then that those louses
Go back to their spouses
Diamonds are a girl's best friend

Gentlemen Prefer Blondes opened: Dec. 8, 1949
Number of performances: 740
Composers: Jule Styne (music) and Leo Robin (lyrics)

10. Folly of Lotteries, Taxation Costs

Evita recounts the life of Argentine political leader Eva Perón, the wife of Argentine President Juan Perón. She becomes a beloved political figure by giving away money in a lottery disguised as philanthropy. "And the Money Kept Rolling In" illustrates a tactic well known by politicians: Use tax money to pay off supporters. The problem is that it isn't its own money that the Eva Perón Foundation distributes. By hiding the source of the money, Eva can't help but be corrupted and accept that much of the funds go astray. The song illustrates the folly of lotteries and the diligence we all must pay to avoid governments that look to nontransparent distribution schemes for support.

AND THE MONEY KEPT ROLLING IN
[CHE GUEVARA]

And the money kept rolling out in all directions
To the poor, to the weak, to the destitute of all complexions
Now cynics claim a little of the cash has gone astray
But that's not the point my friends
When the money keeps rolling out you don't keep books
You can tell you've done well by the happy, grateful looks
Accountants only slow things down, figures get in the way
Never been a lady loved as much as Eva Perón
Evita opened: Sept. 25, 1979
Number of performances: 1,567
Composers: Andrew Lloyd Webber (music) and Tim Rice (lyrics)



Miyoshi Law

Phone: +1-310-378-0615
Fax: +1-310-378-0000
Mobile: +1-310-920-4872

e-mail: david@miyoshilaw.com
www.MiyoshiLaw.com
http://about.me/dmiyoshi