THE EPOCH TIMES SPECIAL REPORT

# EPOCH INSIGHT

SPECIAL REPORT

# THE RECESSION IS HERE

What's behind it and how to protect yourself

Will today's **INFLATION** *and* **RECESSION** crises surpass those of the early 1980s?

*See Page* 48

WEEK 36, 2022

# What's Driving This Recession?

**The U.S. economy is facing an unusual** recession. Never before in history have there been so many jobs despite a slowing economy. Meanwhile, many Americans are still suffering from record-high inflation and chronic shortages that show no signs of abating.

What, then, is causing this economic pain for millions?

Government policies have always played a part in most economic crises, but the level of government interference in the U.S. economy and the private sector over the past several years hasn't been seen since World War II.

While the government and the media debate the official definition of "recession," a more pressing question is whether this increasingly government-managed economy will lower our living standards and put an end to the "era of abundance."

Government intervention and the climate change agenda are causing shortages in the most critical parts of our economy—fuel and food, which we once had in abundance.

Surveys show Americans are driving less, doing fewer leisure activities, and switching to lower-cost brands. Electricity prices have gotten so high that 20 million homes can't pay their monthly utility bills. And more than 40 percent of U.S. consumers expect to take on new debt over the next six months.

The trillions in government spending and transfer payments are not only inflationary, but also causing a labor shortage, which could force the Fed to hike rates even further to tame inflation.

In this special report from Epoch Insight, we explore a wide range of issues, including the origins of the recession, inflation, and chronic shortages, as well as the mounting economic pain felt by individuals and small businesses, and what it all means for this year's midterm elections.

Jasper Fakkert
*Editor-in-chief*


**ON THE COVER**
Government policies are delivering a recession marked by chronic shortages and inflation.
SPENCER PLATT/GETTY IMAGES

EPOCH INSIGHT

JASPER FAKKERT
EDITOR-IN-CHIEF

CHANNALY PHILIPP
LIFE & TRADITION, TRAVEL EDITOR

CHRISY TRUDEAU
MIND & BODY EDITOR

CRYSTAL SHI
HOME, FOOD EDITOR

SHARON KILARSKI
ARTS & CULTURE EDITOR

BILL LINDSEY
LUXURY EDITOR

FEI MENG
ILLUSTRATOR

SHANSHAN HU
PRODUCTION

CONTACT US
THE EPOCH TIMES ASSOCIATION INC.
229 W.28TH ST., FL.7
NEW YORK, NY 10001

ADVERTISING
ADVERTISENOW@EPOCHTIMES.COM

SUBSCRIPTIONS, GENERAL INQUIRIES, LETTERS TO THE EDITOR
HELP.THEEPOCHTIMES.COM

(USPS21-800)IS PUBLISHED WEEKLY BY THE EPOCH MEDIA GROUP, 9550 FLAIR DR. SUITE 411, EL MONTE, CA 91731-2922. PERIODICAL POSTAGE PAID AT EL MONTE, CA, AND ADDITIONAL MAILING OFFICES. **POSTMASTER:** SEND ADDRESS CHANGES TO THE EPOCH TIMES, 229 W. 28TH STREET, FLOOR 5, NEW YORK, NY 10001.



# Contents



EPOCH INSIGHT



People walk past the New York Stock Exchange on Oct. 23, 2018. | Drew Angerer/Getty Images

# Contents

VOL. 2 | WEEK 36 | 2022

**Columns**



**Profile**



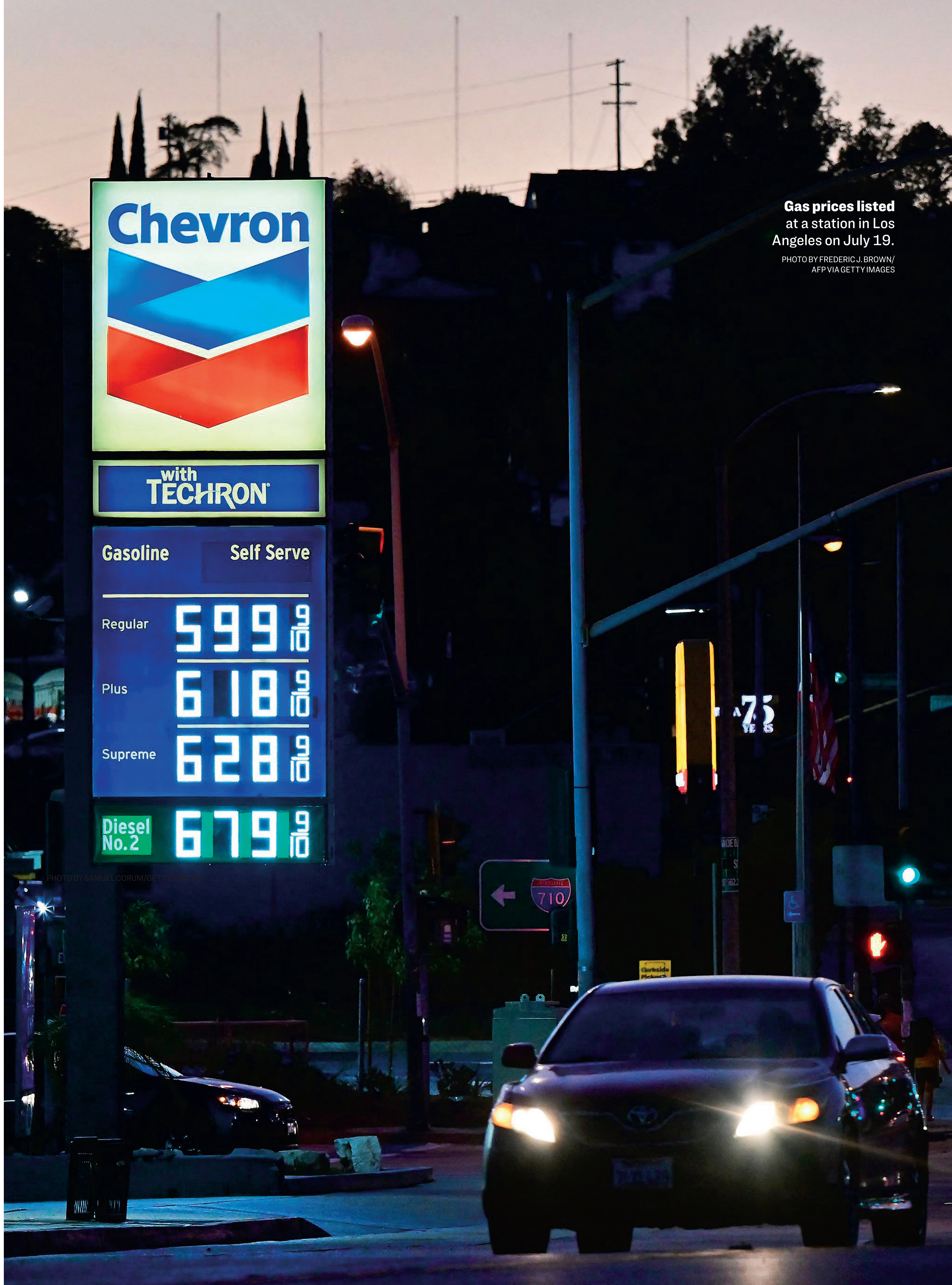
**Lifestyle**





HEDGEHOG94/SHUTTERSTOCK






**Gas prices listed** at a station in Los Angeles on July 19.

PHOTO BY FREDERIC J. BROWN/AFP VIA GETTY IMAGES

ECONOMY

# ECONOMIC CRISIS: End of 'Era of Abundance'

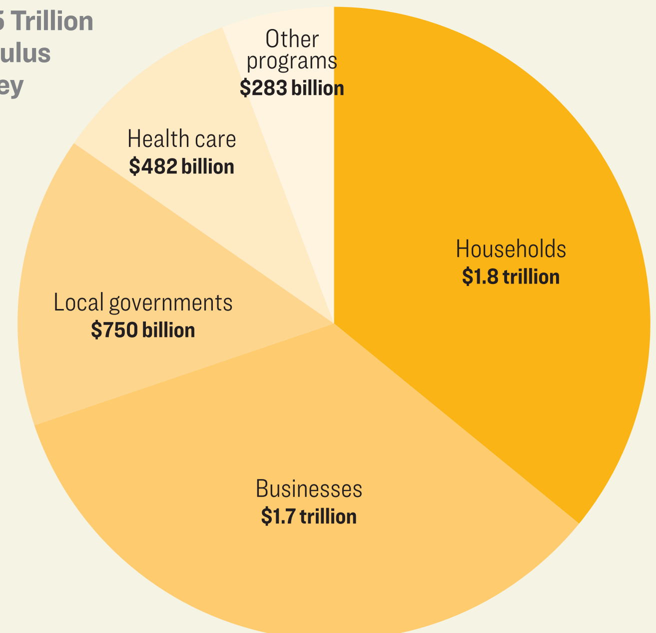
As government tightens its grip on our economy, inflation and shortage could become chronic

BY KEVIN STOCKLIN

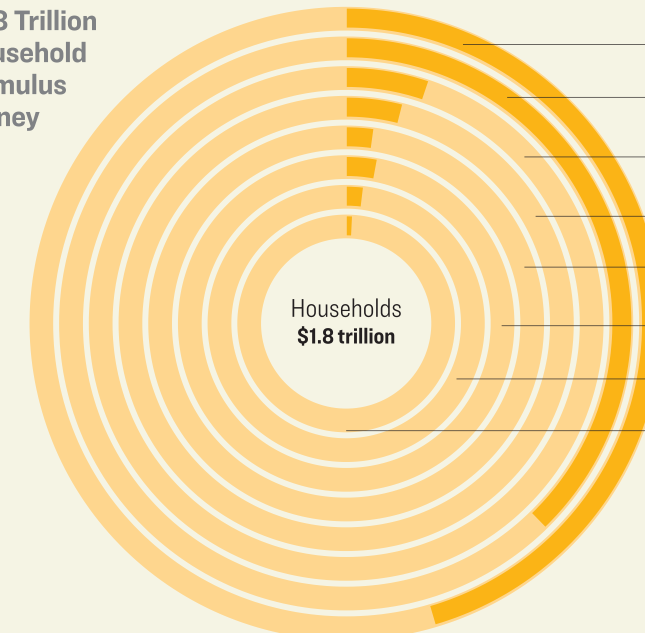
**Storm clouds** hang over the U.S. Capitol in Washington on May 16.

PHOTO BY ANNA MONEYMAKER/GETTY IMAGES

Breakdown of $5 Trillion Stimulus Money




Breakdown of $1.8 Trillion Household Stimulus Money




SOURCE: COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

THIS IS A STRANGE RECESSION. Jobs remain plentiful even as the economy slows, pushing wages up even as record-high inflation and shortages reduce the standard of living for most Americans.

While many economists point out that the government has had a hand in most economic crises, government intervention in the U.S. economy over the past several years has extended far beyond anything we've experienced since World War II. These interventions include the forced closure of private businesses during COVID-19 pandemic lockdowns, $5 trillion in federal stimulus payments, an additional $5 trillion in new cash infusions from the Federal Reserve, use of the Defense Production Act to direct the U.S. energy industry toward wind and solar energy, and trade embargoes in response to Russia's invasion of Ukraine that exacerbated already existing crises in fuel and food production.

The government continued its long march into private industry this year, as the Biden administration and Democrat lawmakers, with occasional Republican support, spent hundreds of billions of dollars to subsidize renewable energy, electric vehicles (EVs), and memory chip manufacturers through the Inflation Reduction Act, the CHIPs Act, and the Bipartisan Infrastructure Law.

"We're seeing governments becoming even more intrusive in what used to be businesses run by business principles," Ed Yardeni, president of Yardeni Research, told The Epoch Times. "Thomas Hobbes described the government as a Leviathan, just a monster that keeps growing. And that's what governments are doing around the world."

The Heritage Foundation's 2022 Index of Economic Freedom downgraded the United States from a global ranking of 20th to 25th—the country's lowest-ever ranking for economic freedom. As the U.S. government continues its expansion, federal debt has skyrocketed to 130 percent of gross domestic product (GDP), up from 100 percent pre-pandemic and 60 percent in 2001.

"The is absolutely unheralded in U.S. history, with the single exception of World War II, and after World War II, the debt was paid off rapidly, not by higher taxes but by growth," economist Arthur Laffer told The Epoch Times. "We do not have a government spending triggered by war—we have a government spending triggered by transfer payments."

Today, as the Biden administration and the media debate whether the past six months of declining GDP officially count as a recession, a bigger question is what this increasingly government-managed economy will do to our living standards and to the once-abundant U.S. economy's ability to meet our most essential needs—fuel, food, and jobs—in the coming years.

SERGEY RYZHOV/SHUTTERSTOCK

### The Inflation Tax and Declining Living Standards

While the official inflation rate today is 8.5 percent, a decline from 9.1 percent in June, it's difficult to find items—whether they be groceries, cars, or appliances—that have increased by less than 10 percent over the past two years. This increase in costs far exceeds wage increases, which averaged 5.2 percent in August. And when the loss of savings is added in with the 18 percent year-to-date decline of the benchmark S&P 500 Index, most Americans today find themselves to be significantly poorer. Government stimulus checks and unemployment benefits have done little to fill the gap.

Evidence of declining living standards can be seen in reduced household savings, increased household debt, and a spike in late payments. The Federal Reserve reported that, as of June 30, U.S. household debt hit a record $16.2 trillion, exceeding debt levels at the height of the mortgage bubble in 2008. The report states that "credit card balances saw their largest year-over-year percentage increase in more than 20 years." A June survey by Forbes indicates that two-thirds of Americans are depleting their savings in order to pay expenses. A total of 20 million U.S. households, or 1 in 6, are now unable to pay their utility bills and have fallen behind to a total of $16 billion—double the pre-pandemic level.

The Fed has begun to take steps to tame the inflation it helped create, increasing short-term rates to 2.5 percent, but interest rates remain sharply negative, at 6 percent lower than the official inflation rate. The last time inflation hit double digits, during the Carter presidency, then-Fed Chairman Paul Volcker pushed rates up to 20 percent in order to tame it. At that time, however, the Reagan administration was working to boost supply while the Fed was working to cool demand.

"The last time the Federal Reserve raised interest rates dramatically to contain inflation, that coincided with a period of great deregulation of markets and was followed by the largest tax reduction in 100 years," said economist Jeffrey Tucker, president of the Brownstone Institute and an Epoch Times contributor. "That inspired new growth, entrepreneurship, creativity, new energy, and optimism. None of that is taking place right now. Regulations are going up, litigation is increasing, taxes are growing, workers are demoralized. All of this is a prescription for inflationary stagnation."

The Fed is sitting on a bloated $9 trillion balance sheet of bonds, which is effectively a price control on long-term interest rates. This, combined with negative short-term rates and supply shortages, has many economists concerned that high inflation has become a chronic feature of our economy.

"The Fed is buying all these bonds to keep interest rates low," Laffer said. "What they're doing is issuing huge amounts of liabilities, which is increasing the quantity of money. With less goods and services and more money, that has led to the type of inflation we have today."

### Workers Dropping Out

In addition to inflating the dollar, government stimulus and unemployment payments have exacerbated a labor shortage. The ranks of the unemployed swelled during lockdowns, and many people never returned to the labor force, suggesting that the current unemployment rate ➾

**Federal Reserve Balance Sheet Trends ($ Trillions), 2008–2022**

| EVENT (DATES) | END SIZE | CHANGE |
|---|---|---|
| **Financial Crisis** (9/08-12/08) | $2.2 | +$1.3 |
| **QE1** (3/09-5/10) | $2.3 | +$0.4 |
| **QE2** (11/10-7/11) | $2.9 | +$0.6 |
| **QE3** (10/12-10/14) | $4.5 | +$1.7 |
| **Roll Off** (9/17-8/19) | $3.8 | -$0.7 |
| **Repo Turmoil** (9/19-2/20) | $4.2 | +$0.4 |
| **COVID-19** (3/20-5/22) | $8.9 | +$4.8 |

SOURCE: CONGRESSIONAL RESEARCH SERVICE CALCULATIONS BASED ON FEDERAL RESERVE DATA

**President** Joe Biden arrives for an event in Washington on Sept. 2.

of 3.7 percent could be misleading due to the millions of workers who have dropped out of the labor market altogether and are, therefore, not included in unemployment calculations. The labor participation rate, currently at 62.4 percent, measures the number of Americans working or seeking work as a percentage of the civilian population. It has recovered from lockdowns to an extent, but remains a full percentage point below pre-pandemic levels and has sunk to levels not seen since the 1970s, before women entered the workforce en masse.

Taking population growth and employment growth into account, Laffer said, "we should have 6 million more people working than we do."

"When you have a pandemic, you'd expect a lot of people dropping out from the labor force for a while and then coming back in," he said, "but they haven't come back in."

Worker shortages add to the headwinds for the Fed's efforts to fight inflation, meaning that the central bank will have to slam on the brakes that much more to dampen demand.

"Wages have been going up, of course, because there's a shortage of workers," Yardeni said. "There are 1.8 job openings for every unemployed worker. I'm not sure the Fed can bring wages down without causing a recession."

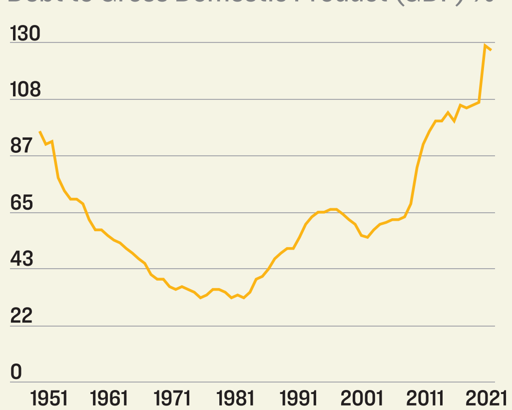
But the problem may solve itself. In response to the slowing economy and rising wage costs, companies are starting to cut jobs. Companies that recently announced significant layoffs include JP Morgan, Wells Fargo, Microsoft, Re/Max, Tesla, Rivian, 7-Eleven, Vimeo, Shopify, Netflix, Carvana, Better, Redfin, Coinbase, Peloton, Wayfair, Snap, and Robinhood.

"There's 1.8 job openings for every unemployed worker."

*Ed Yardeni, president, Yardeni Research*

**Federal Debt Trends Over Time, FY 1948 - 2021**

Debt to Gross Domestic Product (GDP) %




SOURCE: U.S. TREASURY DEPARTMENT, BUREAU OF ECONOMIC ANALYSIS

## Climate Policy Produces a Cold Winter

U.S. government intervention has been strongest in energy markets, and signs of America's future, should we continue down this path, can be seen today in Europe. Having taken the lead in imposing green energy policies, Europe is now raising alarms about what the coming winter will bring in terms of fuel shortages and rationing.

Bloomberg reporter Javier Blas attended weekly calls in which British energy traders quiz the managers of the UK's national electricity grid; he said that "listening to them is getting scarier by the week." Despite government assurances that the public has nothing to worry about, Blas reported urgent questions from traders regarding "emergency arrangements" in the coming months, what can be done if energy exporters such as France and Norway cut off exports to take care of their own citizens, how the UK will "secure power over the winter," and how it will achieve "demand destruction" to cope with shortages.

Wholesale electricity prices surged by 1,000 percent in the UK, from 60 British pounds per megawatt hour in January 2021 to nearly 600 pounds currently. The forward market for electricity, a benchmark for future energy prices, indicates that prices will likely increase by another 50 percent by December.

Other European countries have begun warning their citizens to prepare for fuel shortages this winter, including France, Finland, and Germany, the latter of which banned fracking and shut down its nuclear plants as part of a series of green energy laws over the past 20 years known as the Energiewende. Germans are now resorting to burning coal and stockpiling wood for the winter to heat their homes. Shell Oil CEO Ben van Buerden has said that fuel shortages in Europe will likely continue for several more years.

FROM L: WIN MCNAMEE/GETTY IMAGES, CHIP SOMODEVILLA/GETTY IMAGES



**Special Report** Recession

The Biden administration has been less authoritative than European governments in imposing its energy policy on Americans, but only because it has been restrained by the need to get congressional approval and by recent U.S. Supreme Court decisions blocking administrative overreach, including Environmental Protection Agency mandates that electric utilities switch to renewable energy. Instead, the administration has relied on $100 billion in subsidies for renewables, executive orders, use of the Defense Production Act, and administrative actions against fossil fuel production. These include the denial of drilling permits, canceling the Keystone XL pipeline, and the Securities and Exchange Commission's (SEC's) new "green accounting" mandate, which forces listed companies to provide audited reports not only on their own carbon dioxide emissions, but also on those of their suppliers and customers, which brings smaller, privately owned businesses under the mandate as well.

"Politicians around the world have made it clear to the fossil fuel industry that they want to put them out of business, which is not a good way to run a transition from fossil fuels to clean energy," Yardeni said. "It means the industry is not investing in keeping the supply of fossil fuels consistent with the demand until the transition can be accomplished."

A hallmark of government industrial policy is investment for political rather than economic reasons and cumbersome mandates that are slow to change or adapt. The inevitable result is investment in outdated, inefficient, and inferior technologies, as well as a distortion of the equilibrium between supply and demand that free markets are best equipped to satisfy.

Despite regulatory support and hundreds ➾

**Twenty million U.S. households, or 1 in 6, are now unable to pay their utility bills and have fallen behind to a total of $16 billion.**

**Wind turbines** that are part of Constellation Energy's Criterion Wind Project stand along the ridge of Backbone Mountain near Oakland, Md., on Aug. 23.

**People shop** for fresh produce and food at a farmer's market in Homewood, Ala., on June 29, 2021.

of billions of dollars in subsidies, wind and solar energy have utterly failed to meet peoples' need for reliable fuel and haven't succeeded in reducing carbon emissions. Rather, these technologies have only succeeded in exporting emissions to China, Africa, and South America, where components of wind turbines, solar panels, and batteries are mined, refined, and manufactured.

"The free market would not fail to provide the resources that people want," Michael Rectenwald, political author and former New York University professor, told The Epoch Times. "This is all about trying to change what people want and actually make unavailable what people need."

Despite a recent decline in gasoline prices, the cost of fuel for Americans remains elevated and likely to increase. Natural gas prices were up by more than 30 percent in July compared to July 2021 and rose again in August to the highest level since 2008. Americans, who are already struggling to pay their bills, will likely see much higher heating costs this winter.

### Farming and Food Supply

The spike in energy prices has had a ripple effect through the entire global economy, from manufacturing to transportation, but U.S. farmers have been hit particularly hard by the high cost of fossil fuel derivatives, such as diesel and fertilizers.

Fertilizer prices hit record levels in 2021, and while U.S. President Joe Biden has blamed this on Russia, most of the price increases occurred before Russia invaded Ukraine. In January, prior to the invasion, ammonia-based fertilizer prices had already escalated to almost $1,500 per ton, up from less than $600 per ton one year prior. The price increased slightly to $1,636 per ton after the invasion, before returning to pre-invasion levels of $1,469, as of July 15.

The cost of diesel fuel to run tractors and transport vehicles rose from $2.68 per gallon in January 2021 to a high of $5.75 per gallon in June, decreasing slightly to $5 per gallon in August. This doubling of input costs for farmers has pushed

> "We do not have a government spending triggered by war—we have a government spending triggered by transfer payments."
>
> *Arthur Laffer, economist*

FROM L: ELIJAH NOUVELAGE/AFP VIA GETTY IMAGES, MARIO TAMA/GETTY IMAGES





many to the brink; while those who can pass on costs to consumers may survive, those who can't will likely go out of business. Many farmers, hoping the price hikes are temporary, coped by not fertilizing their fields, which reduces yields and depletes the soil of nutrients.

Americans see the results at the grocery store. According to the Bureau of Labor Statistics, as of July, the prices of bread, cereal, and dairy products are up by 15 percent from a year ago, meat is up by 11 percent, fruits and vegetables are up by 9 percent, beverages are up by nearly 14 percent, and "other food" items are up by nearly 16 percent.

Added to this is the SEC's "green accounting" mandate, which requires all listed companies to report the emissions of their suppliers and customers. This will likely mean that even smaller family farmers will have to account for their emissions to comply with this mandate.

A report by Shelby Myers, an agricultural economist, states: "The onerous reporting requirements is not only an issue in regard to disclosing private data and having to find ways to comply with burdensome reporting, it could also disqualify small, family-owned farms from doing business with companies that procure the products grown on that farm. This could lead to more consolidation in agriculture."

Climate-change policy for farmers has been more draconian outside the United States. At a time when the World Food Programme deemed 2022 as "the year of unprecedented hunger," the Netherlands government announced a plan for a 30 percent reduction in livestock in order to achieve "an unavoidable transition" to emissions reduction. Intensive livestock farming there has produced ammonia and nitrous oxide, a greenhouse gas. Nitrogen fertilizers must also be cut.

In August, Canadian Prime Minister Justin Trudeau announced his plan to reduce fertilizer and farming emissions by 30 percent. And Sri Lanka, after banning chemical fertilizers in favor of organic farming in 2021, now faces severe food shortages, as crop yields plummeted.

Preparing his countrymen for the future that his economic policies will bring, French President Emmanuel Macron said in August: "What we are currently living through is a kind of major tipping point or a great upheaval. … We are living the end of what could have seemed an era of abundance … the end of the abundance of products of technologies that seemed always available."

### When Industrial Policy Fails

One of the ironies of government policy is that when intervention inevitably causes a crisis, administrators declare that more intervention is necessary to fix it. On Aug. 29, French Prime Minister Élisabeth Borne told companies to draft energy savings plans in preparation for government rationing of gas and electricity. Germany is also making plans to ration energy, with bureaucrats gearing up to decide how much will go to keep industry operating and how much to heat homes.

In June, Biden sent a letter to oil company executives accusing them of price gouging and profiteering "at a time of war." In May, Democrats in Congress passed legislation that would allow Biden to declare an energy emergency and clamp down on oil companies that he believes are raising prices too high.

The extent of government control over our economy today means that how and when we emerge from this recession will depend on the whims of politicians and administrators.

"We have an inflationary world, with the Fed issuing all sorts of monetary liabilities," Laffer said. "We have a low-output world, with a lot of money chasing few goods, with fewer workers, which leads to even higher prices. Now, what happens in the future depends on policies."

Yardeni said, "The good news is that there is still a private sector with lots of entrepreneurs that have been able to succeed, notwithstanding the meddling of government."

Ultimately, Rectenwald said: "This kind of interventionism and top-down system will fail. They're going to gut the middle class; the middle class is being gutted as we speak. The question is, how long will it persist until it finally collapses?" ■

**130%**

**U.S. FEDERAL** debt has skyrocketed to 130 percent of gross domestic product, up from 100 percent pre-pandemic and 60 percent in 2001.

**$16.2 TRILLION**

**AS OF JUNE 30,** Americans' household debt hit a record $16.2 trillion, according to the Federal Reserve.

**An oil pumpjack** operates near Ventura, Calif., on Aug. 5.

INFLATION

# COST-OF-LIVING CRISIS HITS US HOUSEHOLDS

## Amid rising costs, Americans expect a high debt burden through 2023

BY ANDREW MORAN

Economists have pasted many labels on today's economic landscape: recession, stagflation, or an economy that's transitioning to slower growth.

Whatever the professionals and public policymakers call the U.S. economy, the data and consumer surveys show that households are enduring a cost-of-living crisis. Everything is piling up for consumers coast to coast, from soaring food prices to rising utility bills to increasing shelter costs.

Although the White House claims that the country isn't facing an economic downturn, it feels like a recession for millions of households nationwide.

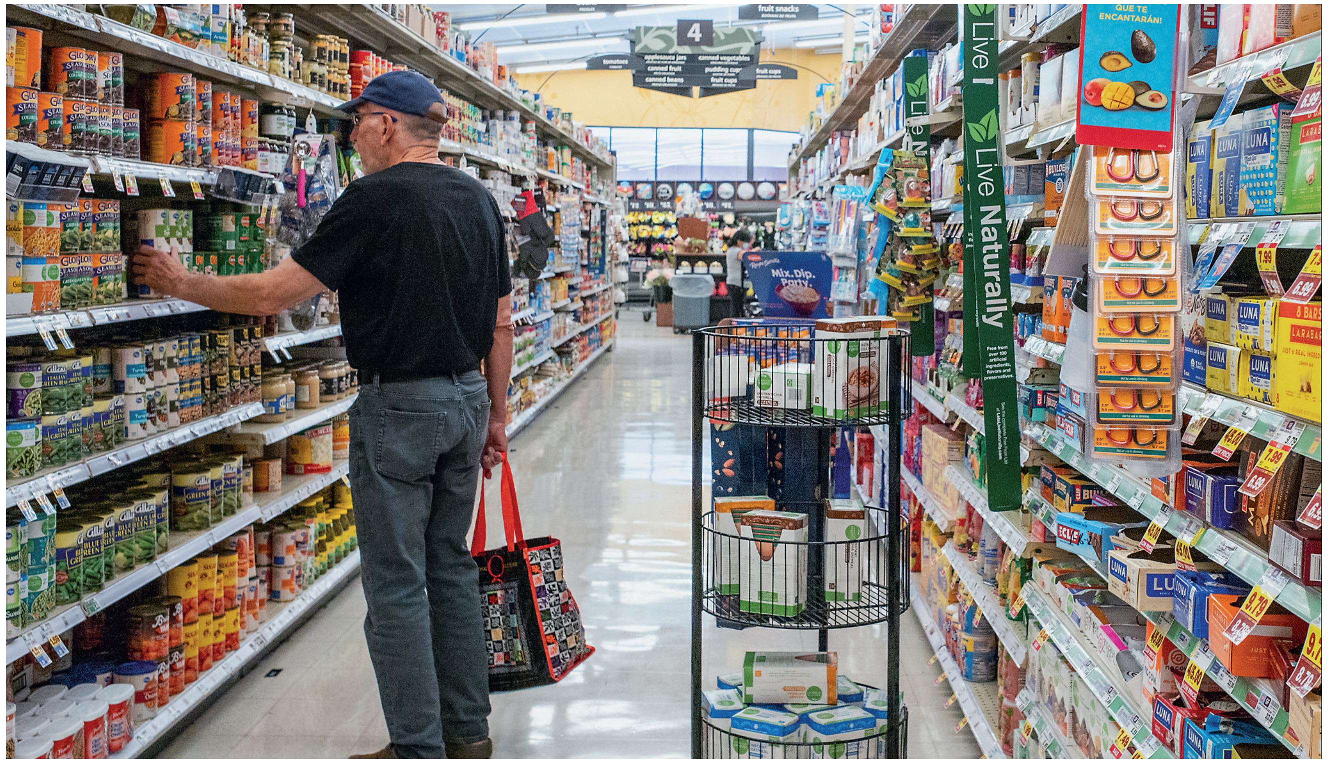
The American people have made it clear that they're financially struggling. ➺

**61%**

**OF AMERICANS WERE** living paycheck to paycheck in June, up from 55 percent a year ago, a survey shows.


**A sign shows** the price of russet potatoes at a supermarket in Montebello, Calif., on Aug. 23.

PHOTO BY FREDERIC J. BROWN/AFP VIA GETTY IMAGES



**A customer** shops in a Kroger grocery store in Houston on July 15. Seventy-one percent of U.S. households are preparing to cut back on nonessential spending, a report says.

## Inflation Is Still Main Worry

Inflation and being able to pay for food and groceries continue to be top concerns for U.S. households, according to Primerica's second quarter 2022 Middle-Income Financial Security Monitor report. Sixty-one percent anticipate the economy will be worse off over the next year, and 71 percent are preparing to cut back on nonessential spending.

Millions of Americans are living paycheck to paycheck, too.

According to a new LendingClub survey, 61 percent of Americans were living paycheck to paycheck in June, up from 55 percent a year ago. Thirteen percent reported spending more than they earned in the past six months.

"What a difference a year makes. Last summer we were all worried about how quickly the economy would recover. Now, as inflation continues its upward swing, consumers are finding it more difficult to manage spending and are eating into their savings as financial pressures mount," Anuj Nayar, LendingClub's financial health officer, said in a statement.

Electricity costs have become so outrageous that 20 million households can't afford to pay their monthly utility bills. Increasing power costs have led to a collective electric bill of about $16 billion in June, double the $8 billion from December 2019.

Despite rampant wage growth over the past 12 months, real average weekly earnings growth (inflation-adjusted) declined by 3.6 percent.

The Federal Reserve Bank of New York's July Survey of Consumer Expectations revealed that 38 percent of households anticipate that their financial situation will be worse off over the next year.

## Using Debt to Cope

This bearish sentiment on their finances and the broader economy has a growing number of Americans anticipating going into debt for the rest of the year and heading into 2023 amid elevated living costs.

According to a recent LendingTree poll, 43 percent of U.S. consumers expect to take on new debt over the next six months. They aren't using credit cards or lines of credit on frivolous items. The survey found that most consumers are using credit for necessities, including shelter (30 percent), unexpected emergencies (26 percent), and health care expenses (25 percent).

Chris Nddie, co-founder and CEO of digital commerce information firm ClothingRIC, has also noticed more people turning to buy now, pay later (BNPL) schemes to purchase even basic items.

"Services like Klarna and AfterPay are allowing people to buy everything from groceries to electronic items on debt," Nddie told The Epoch Times. "This isn't an ideal scenario, because piling up debt to fund your purchases is never a good option."

Many shoppers are utilizing BNPL, especially during the busy and costly back-to-school shopping season. New TransUnion research found that more than one-third (37 percent) of consumers have already taken out or plan to take out BNPL loans to pay for back-to-school purchases.

Families are also adjusting their spending behaviors, as 55 percent are expecting to spend more on school supplies, from apparel to electronics.

"Families are especially hard hit by inflation, and back-to-school shopping represents a significant cost on top of everyday expenses," Cecilia Seiden, vice president of TransUnion's retail business, said in a statement. "The ability to spread those payments out over time, interest-free, is a very attractive option to parents and students who are already stretched thin financially."

But while BNPL plans are ubiquitous during this time of the year, a new report suggests that inflation and recession risks mean the credit instrument isn't going anywhere.

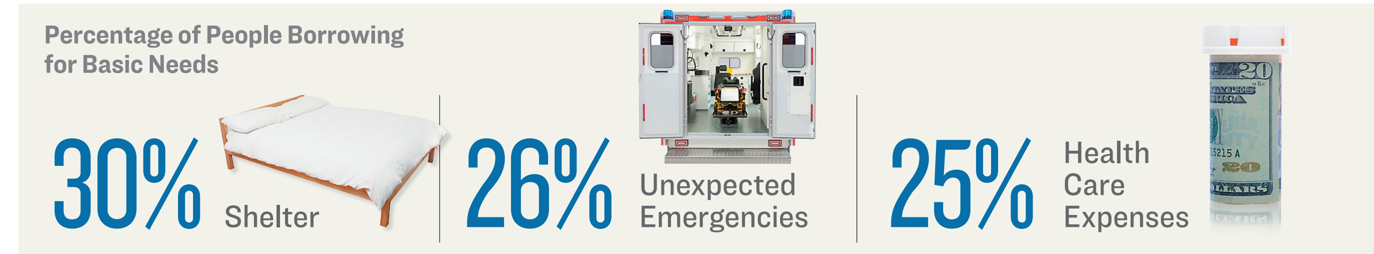
A new report from Morning Consult found that consumers are expecting goods and services to cost more, so they're turning to BNPL methods "to pay for some of them."

"The consistency with which U.S. consumers have used BNPL to fund their purchases throughout 2022 indicates that the payment form may be helping to keep their price sensitivity and substitutions at bay, and should be viewed as an indicator of the staying power of BNPL," the report states.

FROM L: BRANDON BELL/GETTY IMAGES, HAPPY STOCK PHOTO/SHUTTERSTOCK, MARTIN BERGSMA/SHUTTERSTOCK, TOASTED PICTURES/SHUTTERSTOCK








## Consumers Are Changing Their Buying Habits

Consumer demand trends have been altered in multiple sectors of the economy, from housing to gasoline.

According to industry leaders, the real estate market has slipped into a recession.

In July, new home sales plunged 12.6 percent to an annualized rate of 511,000 units, Census Bureau data show. This represented the sharpest decline since February 2021 and the lowest reading in more than six years. Existing home sales also tumbled 5.9 percent, to 4.81 million units.

New housing construction activity has fallen amid rising interest rates. In July, housing starts and building permits dropped 9.6 percent and 1.3 percent, respectively.

Although gasoline prices have fallen below $4 per gallon, motorists haven't been lured back to the pump. The current Energy Information Administration seasonal four-week rolling average consumption rate is the same as it was in 2020, as demand hovers at about 9 million barrels per day.

A July survey by AAA showed that 64 percent of Americans adapted their driving or lifestyle habits because of surging fuel prices. Some of the changes included driving less, combining errands, and reducing shopping or dining out.

Consumers are exploring multiple avenues to diminish the inflation pain.

A U.S. News & World Report Inflation Shopping Habits Survey conducted in late July showed that 58 percent of Americans are searching for coupons at least once a week. Nearly half (44 percent) of consumers are using apps and online tools to save money. The high cost of living has already affected consumers' holiday shopping plans, with 52 percent planning to spend less on gifts this year compared to last year.

More Americans are finding basic food staples more expensive, households are trimming their nonessential spending, and shoppers are turning to generic brand labels to save money.

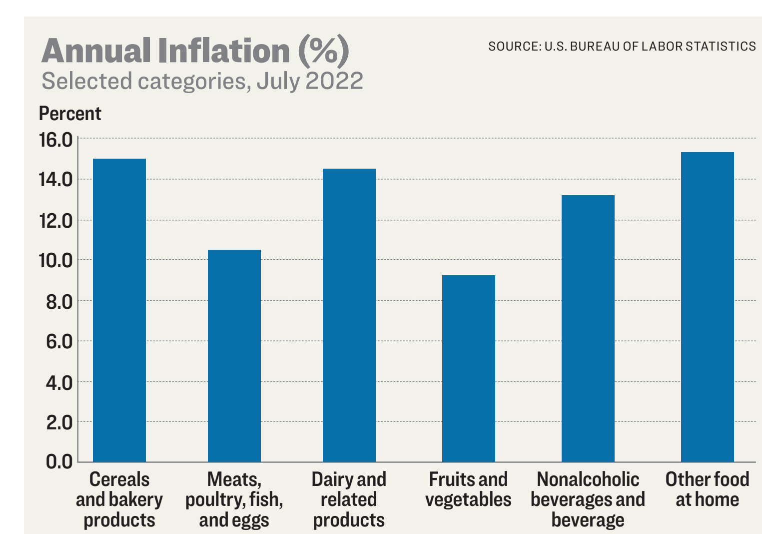
U.S. retailers may need to brace for a transformed shopper heading into the typically busy fourth quarter. Walmart and Target have reported bloated inventories due to sliding demand, forcing these retail giants to slash prices, cancel billions of dollars in orders, and slash the number of shipping containers.

In July, business and retail inventories climbed 1.4 percent and 1.5 percent, respectively. Retail sales were flat at zero percent.

The state of the consumer may deteriorate heading into the new year. More debt, less savings, and subzero wage growth are all factors that may weigh on Americans in 2023. Could unemployment be the next domino to fall? ■

**64%**

**OF U.S. HOUSEHOLDS** anticipate the economy will be worse off over the next year, and 71 percent are preparing to cut back on nonessential spending, a report says.



LABOR MARKET

# WHAT HAPPENED TO THE GREAT AMERICAN WORKER?

**Workers** place pipe into the ground on an oil drilling rig set up in the Permian Basin oil field in Midland, Texas, on March 12.

*Blue-collar industries still desperate to hire as college graduates face layoffs*

**By Kevin Stocklin**

As the recession sets in, the U.S. labor market appears to have a split personality.

Industries such as oil and gas remain desperate for workers, while many college graduates may soon find themselves collecting unemployment. At the same time, the post-pandemic period has seen record numbers of able-bodied workers dropping out of the labor pool altogether, coupled with declining productivity among those who stayed in it.

Anthony Gallegos, CEO of Independence Contract Drilling, is among those struggling to find enough employees. He says the labor shortage is an impediment for the entire oil and gas industry.

"Labor, in my opinion, will ultimately be the throttle on the United States' ability to respond to the call on U.S. conventional [energy] resources," Gallegos told The Epoch Times. "If you're 18 or older and you can pass a drug test and pass a physical, we will hire you, we will train you, and we'll pay you really good money."

> "If you tax people who work and you pay people who don't work, you're going to get less work."
>
> **Arthur Laffer,** economist

The starting salary for his employees is about $70,000 while working half the year because shifts are two weeks on and two weeks off—but the work is hard.

"In this business, it's long days; you're working away from home," he said. "In the drilling business, you're out in the environment most of the day, so you feel the 100-degree West Texas heat, you feel the cold nights, you feel the rain when it rains."

Independence Contract Drilling has added about 400 people in the past two years as the oil and gas industry recovers from COVID-19 pandemic

> **"Labor, in my opinion, will ultimately be the throttle on the United States' ability to respond to the call on U.S. conventional [energy] resources."**
>
> **Anthony Gallegos,** CEO, Independence Contract Drilling

lockdowns.

"We have a couple of job fairs a month," visiting small towns around the country, according to Gallegos.

"We have hiring events, and we promote on social media because that's where a lot of these younger people get their information," he said.

Despite generous pay and benefits, keeping workers is just as hard as finding them, once they realize the physical requirements of the job. And in many cases, "not only do they lack basic work skills, like what a crescent wrench is and a pipe wrench and how to use a hammer, they also lack basic life skills."

"We have to teach a lot of people how to wash clothes and cook food and this kind of stuff," Gallegos said.

Ed Yardeni, president of Yardeni Research, told The Epoch Times: "Increasingly, businesses are going to recognize that the [labor] shortages are chronic, that they're structural, that they're not going to attract more workers by increasing wages. Increasingly, companies are going to have to spend more on technology and capital equipment to increase the productivity of workers."

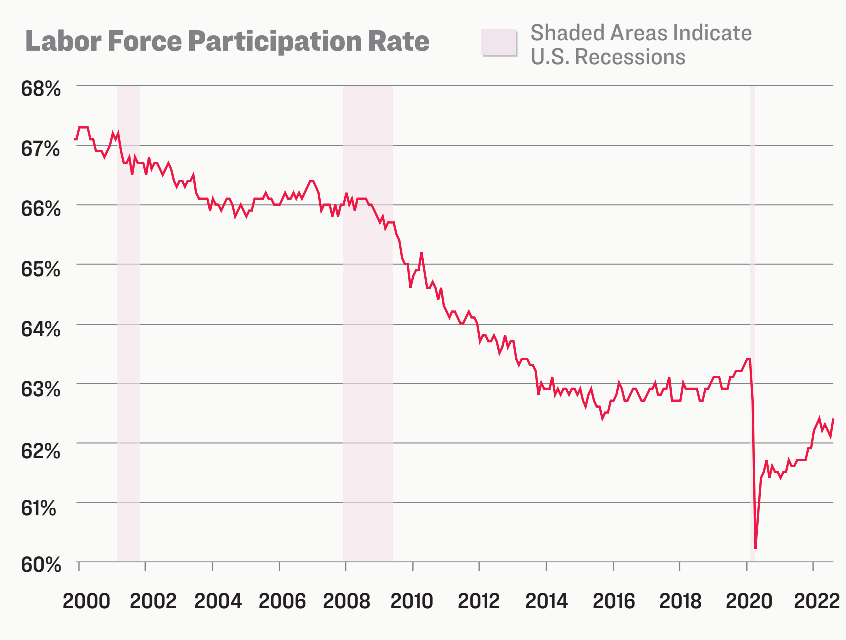
Part of the labor shortage is demographics, with the last baby boomers shifting into retirement. But part of it also is that younger Americans might just be different.

### Quiet Quitting

One of the latest trends among 20- and 30-somethings is "quiet quitting," in which people post images on TikTok of themselves at work, but not working. Quiet quitting has taken on a broader meaning of doing the absolute minimum on the job so as to not get fired.

The Bureau of Labor Statistics (BLS) reported that U.S. labor productivity is falling. For the second quarter of 2022, the report states that "the 2.5-percent decline in labor productivity from the same quarter a year ago is the largest decline in this series, which begins in the first quarter of 1948."

"I get the impression that there's a cultural diminution in worker ambition,





**Pedestrians walk** past a Now Hiring sign in Arlington, Va., on March 16.

STEFANI REYNOLDS/AFP VIA GETTY IMAGES

which is maybe what you would expect after lockdowns," said Jeffrey Tucker, president of the Brownstone Institute and an Epoch Times contributor. "But the idea that working hard and getting ahead is sort of baked into the American ideal is no longer really with us. And that's also a consequence of inflation, too. You have your purchasing power declining at a very rapid rate where wages can't possibly keep up. We've seen just a complete collapse in real wages in this country with no sign of recovery.

"Congress spent some $6 trillion in just sheer transfer payments. If you're filling people's bank accounts with money they never asked for, that's completely unrelated to need, that does kind of confuse the normal signaling devices we have in our society, which is that you work hard to get paid and then you live better."

Economist Arthur Laffer explains it through what he calls the "transfer theorem."

"Whenever you redistribute income, you always reduce total income," Laffer told The Epoch Times. "Whenever you take from someone who has a little bit more, you reduce that person's incentive to produce and that person will produce a little less. When you give to someone who has a little bit less, you provide that person with an alternative source of income other than working, and that person too will produce a little bit less. If you tax people who work and you pay people who don't work, you're going to get less work."

As they say in economics, what you subsidize, you get more of.

"You've had a huge drop in the percentage of people in the labor force," he said, noting that the U.S. labor participation rate—those who are working or seeking work as a percentage of the civilian population—fell sharply, from 67 percent in 2000 to 62 percent today. "You can explain half a percent or a percent as demographics, but this is really people choosing not to work."

Economists talk about the 1 million missing workers who have dropped out of the economy since the COVID-19 lockdowns, but Laffer said that if you consider the growth in the overall population and the availability of jobs, the gap could be as high as 6 million missing workers.

### 2 Different Labor Markets

However, the demand for labor may be peaking, at least for college graduates. Inflation has made Americans significantly poorer, and companies are feeling the pinch as people cut back on spending. Companies that have announced layoffs include JPMorgan Chase, Wells Fargo, Netflix, Peloton, Wayfair, Robinhood, Shopify, 7-Eleven, Vimeo, Tesla, Rivian, Ford, Microsoft, Re-Max, and Better.

"It's wrong to think of the labor markets as just some sort of homogenous aggregate," Tucker said. "Where you have the most intense labor shortage right now is in the physical world [including truck drivers, farm workers, and pilots]. There's a surplus in the Zoom class, the managerial, six-figure jobs. And as the margins of these large corporations with huge back offices continue to get squeezed, they're going to be looking around for places to cut. Everyone has already noticed a huge surplus of managers and HR professionals, and those are the ones that are going to go."

Jori Houck, spokesperson for the Association for Career and Technical Education (ACTE), told The Epoch Times that graduates coming out of tech schools, community colleges, and science, technology, engineering, and math (STEM) programs are still getting job offers, with prospects to out-earn liberal arts graduates.

"The earnings potential for associate degree holders in fields like engineering, health care, and those building and skilled trade occupations, they are looking at an average over $2.8 million more as median lifetime earnings than workers with those liberal arts bachelor degrees," Houck said. "I have seen another statistic that associate's degree holders were earning up to $10,000 more annually than bachelor's degree holders in those same engineering and health care fields."

"These jobs are out there, and they're available now. And you don't need to spend four years at an institution. I think we're now seeing students and parents question what the value of a four-year degree really is. And so our challenge has been, how do we overcome the stigma of CTE just being trade school? It hasn't really been trade school for several decades."

Houck said CTE programs often include apprenticeships and "work based-learning, where our students are working a nine-to-five job, getting them out there and aware of the realities of the working world" before they graduate. Popular tracks for CTE students today include transportation logistics, construction and building trades, precision manufacturing, computer information, culinary services, technology, and the sciences.

"I think for so long we've sent the signal in this country that unless you have a college degree, you're nobody, and that's simply not true," Gallegos said. "There are plenty of trades and crafts where a person can be respected in the community, make really good money, and provide for his or her family." ■

CONSUMER SPENDING

# THE SEVERITY OF A RECESSION DEPENDS ON CONSUMERS

***US RETAILERS** are already noticing changes in consumer spending habits*

BY FAN YU


**A man walks** past the New York Stock Exchange on May 12.
PHOTO BY SPENCER PLATT/GETTY IMAGES

NEWS ANALYSIS

Consumer spending drives two-thirds of the U.S. economy. But the resolve of American consumers will be put to the test.

The stock market, tugged by fears of high-interest rates, has gyrated most of the year. Year-over-year inflation has risen to heights not seen in more than 40 years. The bottom is threatening to fall out of home prices. As for jobs? Headline numbers remain strong, but layoff announcements are piling up, and many companies have instituted hiring freezes.

Official gross domestic product numbers declined in the second quarter, pushing the U.S. economy into a technical recession. While economists and politicians argue over the semantics of what defines a recession, such arguments would quickly be rendered moot if American consumers were to decide to materially tighten their purse strings.

Experts at Goldman Sachs agree. During an August webinar, for example, Goldman economists believe, for now, that consumers overall are in good shape.

"They are coming into the current downturn with good balance sheets," Goldman's Richard Ramsden said in the webinar.

But sentiment could change if job losses mount, causing credit conditions to deteriorate such as the defaulting of loans.

The job market is indeed the wild card. If Americans remain employed, given the largely healthy balance sheets and home equity, consumers can keep spending at levels that will allow most sectors to ride out a recession.

The numbers show a mixed bag of results so far. Official unemployment rate is down to 3.7 percent, though the labor participation rate remains low at 62.4 percent. While job gains are still quite high (August added 315,000 jobs, for example), companies have announced massive layoffs and instituted hiring freezes.

Consulting firm PricewaterhouseCoopers found that 50 percent of the companies it surveyed in August anticipated a net reduction in employee count, while 52 percent said they would implement hiring freezes, and 44 percent said they had rescinded job offers. Anecdotally, companies in the technology sector have announced the most layoffs.

Wages and income are another critical variable. Economists have found that lower-income workers have experienced more wage gains than their higher-income counterparts. But none of the gains could keep up with uncomfortably high inflation—which sat at 8.5 percent in July—taking a dent out of real wages.

In some ways, it's a Catch-22: If consumers lose their jobs and wages, they can't spend money to prop up the economy. When that happens, businesses will cut budgets and lay off workers, creating a self-fulfilling downward spiral that exacerbates this cycle.

The Federal Reserve has signaled that it's committed to raising and keeping interest rates high enough to drive down inflation, even at the expense of the U.S. economy. Federal Reserve Chair Jerome Powell, at the bank's annual late-August meetings in Jackson Hole, Wyoming, said that the Fed's "forceful" actions may "cause some pain" to the economy.

The Fed believes that combating inflation—which hurts Main Street consumers in their day-to-day activities—is potentially more important than appeasing the stock market and the real estate market, or lowering borrowing rates for corporations and individuals.


**Job seekers** talk with a recruiter during a job fair outside the Chase Center in San Francisco on June 3.

JUSTIN SULLIVAN/GETTY IMAGES

### Retailers Already Feeling the Impact

Retail companies are at the forefront of this discussion. The retail sector employs 15.8 million workers as of August, one of the nation's biggest employment sources. But retail is also very susceptible to economic trends.

"If we've learned anything from previous recessions, it's that they expose existing weaknesses, accelerate emerging trends, and force organizations to make structural changes," consulting firm Deloitte said in a recent research report.

"This is particularly true in retail. During the Great Recession of 2008–2009, e-commerce grew, and brick-and-mortar retail declined. As the economic recovery took hold, that trend continued while off-price, discount, and emerging players succeeded."

Retail sales in July were flat. The Census Bureau doesn't adjust for inflation, so in real terms, sales are likely down significantly.

And the stock market has punished retail companies. The sector declined at nearly twice the rate of the broader market during this year's downturn. The S&P Retail Index is down about 32 percent year to date, compared to the broader S&P 500 Index, which is down more than 18 percent.

On the ground, retail firms are noticing changes in consumer spending habits.

"The softening trend was more significant in customer segments with the lowest income profile," Nordstrom CEO Erik Nordstrom said during the company's second-quarter earnings call with Wall Street analysts.

Nordstrom noted that its stores had problems moving clearance inventory, leading to even bigger price cuts than anticipated.

Walmart, the retail giant that serves as a bellwether for consumer spending, saw its second-quarter earnings beat estimates, but the company noted that its stores were getting a lift from higher-income shoppers who normally don't shop at Walmart. Dollar Tree and General Dollar, which both announced earnings on Aug. 25, saw revenue increases in the last quarter, owing to penny-pinching consumers.

> **"The softening trend was more significant in customer segments with the lowest income profile."**
>
> *Erik Nordstrom, CEO, Nordstrom*

**32%**

**THE S&P RETAIL** Index is down around 32 percent year to date, compared to the broader S&P 500 Index, which is down more than 18 percent.

### Storm Clouds on the Horizon

In his weekly column, Barron's magazine's Jack Hough in August wrote—only half jokingly—that he regretted buying a "twin pack of 40-ounce ranch dressing jugs" from a warehouse store because he had left a coupon at home that would have given him another $3 off.

These are anecdotal evidence, but storm clouds are on the horizon.

The Commerce Department, for example, stated on Aug. 26 that personal income, after taxes, rose in July by only 0.2 percent, a lower gain than in June. Consumer spending in July rose 0.1 percent, the lowest growth since it booked a decline in December 2021, and down sharply from a 1 percent gain in June.

The moderating—but far from terrible—economic data have economists divided. Some believe the U.S. economy is in good shape, pointing to the low unemployment rate, higher consumer spending, and growing wages. But others believe the real pain has yet to come.

As pandemic stimulus check funds run dry and borrowing costs remain prohibitively high, Americans will feel increasingly challenged going forward. Cautious consumers could turn even more risk averse by the end of the year, just in time for the all-important holiday shopping season.

The board has been set. How the next few months unfold could determine the trajectory of the U.S. economy for years to come. ■

MIDTERM ELECTIONS

# INFLATION &RECESSION WILL BE ON BALLOT IN NOVEMBER

The current state of the economy does not bode well for Democrats

BY JEFF LOUDERBACK

**President Joe Biden** disembarks from Air Force One at Joint Base Andrews, Md., on Aug. 30.

PHOTO BY STEFANI REYNOLDS/AFP VIA GETTY IMAGES

NEWS ANALYSIS

FROM THE ROE V. WADE REVERSAL and the Jan. 6, 2021, breach of the U.S. Capitol to the FBI's search of former President Donald Trump's Mar-a-Lago residence and President Joe Biden's busy August, a long list of topics are on the minds of Americans.

The economy remains the No. 1 issue for voters as midterm elections approach, many political strategists believe.

Pundits and officials from both parties are sharing their opinions about whether the economy's current condition will affect the November general election as Republicans strive to regain control of the House and the Senate.

While speaking to a crowd of donors in a Maryland suburb last week, Biden launched his mission to get Democratic candidates elected in November.

He touted that the economy is "heading in the right direction" and said Republicans are stripping Americans of reproductive rights and voting rights while bowing to extremists and the toxic influence of Trump.

"What we're seeing now is either the beginning or the death knell of an extreme MAGA philosophy," Biden said. "It's not just Trump. It's the entire philosophy that undermines the—I'm going to say something—it's like semi-fascism."

Historical trends show that the party that occupies the White House loses seats in midterm elections.

"Republicans don't need a wave to win back the House and Senate," Nathan Gonzales, publisher of nonpartisan political handicapper Inside Elections, wrote on Twitter.

## Red Wave?

Recently, Democrat Pat Ryan defeated favored Republican Marcus Molinaro in a special election to fill a vacant seat in New York's 19th Congressional District.

The upstate New York district voted for Barack Obama in 2012, Trump in 2016, and Biden in 2020, making it a bellwether district.

"Republicans can say goodbye to their 'red wave' because voters are clearly coming out in force to elect a pro-choice majority to Congress this November," Rep. Sean Patrick Maloney (D-N.Y.), chairman of the Democratic Congressional Campaign Committee, said in a statement.

David Carlucci, a former New York state senator who's a Democratic political strategist, agrees with Maloney, using Ryan's victory as an example.

"The predicted Republican tsunami will turn out to be a ripple," Carlucci told The Epoch Times. "Republicans have strayed so far to the right in their primaries that they now face a long journey to make it back to the center, and that is a challenge because Trump continues to be front and center in headlines for controversial reasons."

Dave Wasserman, a reporter at Cook Political Report, had a different opinion, saying that the New York 19th Congressional District results don't reflect November's expected voter turnout.

More voters will head to the polls on Nov. 8 than the amount that did in New York in the special election, he pointed out, which could determine whether Ryan will remain in the seat long term, as he's running for reelection.

"The caution flag on Dem overperformance? These have all been low-turnout specials decided by a fraction of November's likely electorate," Wasserman wrote on Twitter.

## The Economy Matters

Current economic numbers aren't favorable for Democrats.

The economy plunged into a recession—according to its textbook definition—after the country's gross domestic product (GDP) declined for a second straight quarter, from April to June.

Inflation reached a 40-year high of 9.1 percent in June, before dipping to 8.5 percent in July, according to the Consumer Price Index.

**People shop** at a grocery store in New York on May 31.

SAMIRA BOUAOU/THE EPOCH TIMES

A Monmouth University survey released in early July revealed that 63 percent of the respondents say inflation, gas prices, the economy, or everyday bills and groceries is their family's biggest concern.

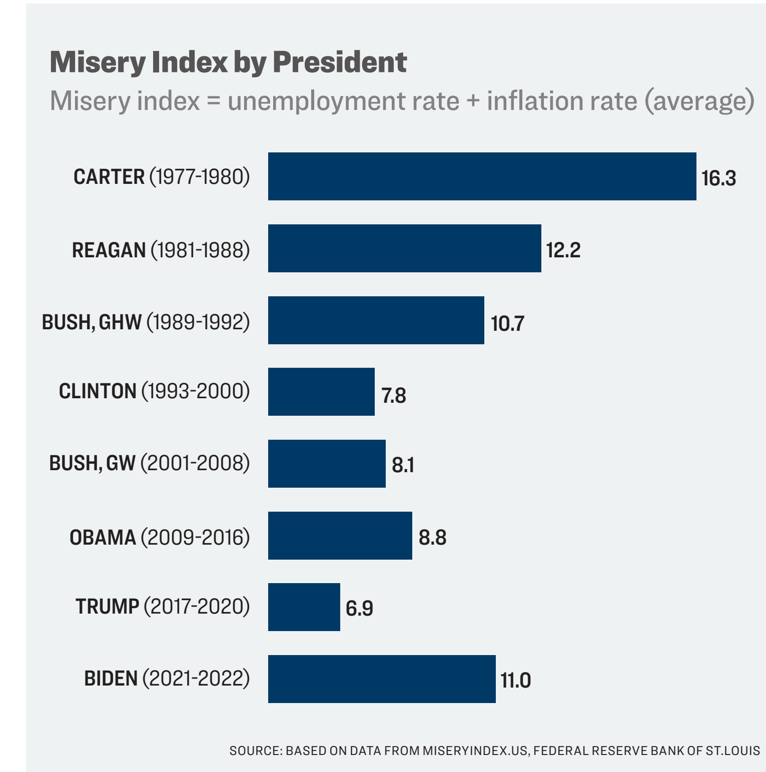
Abortion was the top issue for just 5 percent of those surveyed, followed by 3 percent for guns and gun ownership, health care costs, and job security and unemployment.

According to an NBC News poll conducted between Aug. 12 and Aug. 16, a majority of Americans believe that the economy is already in a recession and that Biden's recently signed Inflation Reduction Act will do little or nothing to reduce inflation.

The NBC News poll was completed during and after the period when the FBI searched Trump's Mar-a-Lago residence and after the passage of the Inflation Reduction Act and a Bureau of Labor Statistics report showing that 528,000 jobs were created in July.

The same survey shows that 42 percent of registered voters approve of Biden's performance, while 55 percent don't approve. The president had the same job approval rating in May.

A late July study from Bloomberg Economics forecasts ballot outcomes through the Misery Index, which is calculated by adding the inflation and unemployment rates, and projects it forward through Nov. 8.




Democrats can expect to lose 30 to 40 seats in the House and a few in the Senate, the study indicates.

Inside Elections stated that it's likely that Democrats lose 12 to 30 seats in the House.

The Misery Index rose to 12.6 percent in June. Bloomberg Economics projects that the index will be 12 percent in October. That rivals the aftermath of the Great Recession of 2008–09, when unemployment climbed to 10 percent and Democrats were dealt with what then-President Obama described as a "shellacking" in the midterms.

"The economy always matters. People vote with pocketbooks," Wes Farno, an Ohio-based Republican political strategist, told The Epoch Times. "We continue to see ramifications of Biden's policies, including high gas prices and out-of-control inflation. It will have an impact.

"Democrats are pointing out that gas prices are down from the high, but they are nowhere near as low as they were when America was energy independent. The economy always affects the results of an election."

Carlucci said Biden's recent signing of the Inflation Reduction Act, his executive order to forgive student loans for many Americans, and the inflation rate decreasing from 9.1 percent in June to 8.5 percent in July are signs that the president "is on a roll ⇒

**Students walk** to class at Rice University in Houston on Aug. 29. Biden's student loan relief plan forgives as much as $10,000 in debt for borrowers who earn less than $150,000 per year and up to $20,000 for Pell Grant recipients.

at the right time."

"Whether we oppose or support Biden's policies, people are saying, 'Look, the guy is doing something,'" Carlucci said. "The president is using the few tools at his disposal to fight inflation and help make sure the economy is moving in the right direction."

"Republicans have fear because Biden is delivering results, and they have a long journey in the general election because the party is more to the right than where most Americans are. Far-right beliefs like denying the 2020 presidential election was legitimate and not condemning Jan. 6 are causing problems for Republicans. They want to run solely on the economy, and Democrats are doing what they can to right the economy."

### Biden's Inflation Fight

The Inflation Reduction Act is designed to address a variety of issues, including climate change, adding 87,000 IRS agents, and allowing Medicare to negotiate with drugmakers on prescription prices.

Yet one problem it doesn't solve is actually reducing inflation in the short term.

The Penn Wharton Budget Model, an applied research organization composed of economists and data scientists at the University of Pennsylvania who analyze public policies and project their economic and fiscal impacts, stated in an August report that the impact of the Inflation Reduction Act on inflation "is statistically indistinguishable from zero."

The legislation will decrease annual inflation by 0.1 percentage points over the next five years, according to the study.

That reduction starts "once major deficit-reducing provisions of the legislation are fully implemented, but the act would have no measurable impact on inflation after 2028."

"All these point estimates are not statistically different from zero, indicating a low level of confidence that the legislation would have a measurable impact on inflation," the report reads.

The nonpartisan Congressional Budget Office (CBO) stated in August that the legislation would have a "negligible" impact on inflation in 2022 and 2023. The CBO reported that it expects the measure to help lower inflation in future years.

Many Democratic candidates are avoiding Biden during his official visits to their states. In Ohio, Rep. Tim Ryan (D-Ohio) is running for retiring Republican Sen. Rob Portman's seat against Trump-endorsed J.D. Vance.

Although congressional voting records show that Ryan, a 10-term representative, has voted with Biden 100 percent of the time, he hasn't joined the president during his visits to Ohio this year. However,

ALL PHOTOS BY BRANDON BELL/GETTY IMAGES





## Democrats can expect to lose 30 to 40 seats in the House and a few in the Senate, a study forecasting ballot outcomes through the Misery Index indicates.

Ryan did recently announce that he'll appear with Biden at a Sept. 9 groundbreaking ceremony for Intel's sprawling computer-chip manufacturing complex in suburban Columbus.

### Student Debt Relief

Biden recently announced his student loan forgiveness plan that forgives as much as $10,000 in debt for individual federal loan borrowers who earn less than $150,000 per year and up to $20,000 for Pell Grant recipients.

A poll by the progressive think tank and polling firm Data for Progress announced that 45 percent of voters in Arizona, Georgia, Pennsylvania, and Wisconsin would be "somewhat more likely" or "much more likely" to vote if Biden erased a minimum of $10,000 in student loans.

A throng of Democratic candidates, including Ryan, spoke out against the decision.

"As someone who's paying off my own family's student loans, I know the costs of higher education are too high," he said in a statement. "And while there's no doubt that a college education should be about opening opportunities, waiving debt for those already on a trajectory to financial security sends the wrong message to the millions of Ohioans without a degree working just as hard to make ends meet."

Ryan encouraged an "across-the-board tax cut" for "working- and middle-class families," medical debt cancellation, and opportunities for borrowers to refinance their student loans, among other ideas.

Sen. Catherine Cortez Masto (D-Nev.), who's involved in a contentious general election against Trump-endorsed former Nevada Attorney General Adam Laxalt, said in a statement that she doesn't approve of Biden's executive action and that "we should be focusing on passing my legislation to expand Pell Grants for lower-income students, target loan forgiveness to those in need, and actually make college more affordable for working families."

Christopher Briggs is a Washington-based Republican political strategist and public affairs counsel for the Independent Institute, a conservative think tank. He believes that the student loan forgiveness plan, the Inflation Reduction Act, inflation, and the skyrocketing cost of living will benefit Republicans—at least in the House.

"The economy is in a terrible freefall. I don't think many people are fooled by Biden's actions," Briggs told The Epoch Times. "I think Republicans will take back the House, but the Senate is more difficult because it is a statewide election, and there is a divided electorate in each state. The Roe v. Wade reversal has energized the left, and that issue will have a larger impact in Senate races."

An analysis published by the Penn Wharton Budget Model about the loan forgiveness plan indicates that it will cost about $300 billion for taxpayers and have the most impact on those in the top 60 percent of income distribution.

"First, I think it probably does help the president with some of his progressive base," Mark Caleb Smith, director of the center for political studies at Cedarville University in Ohio, told a Dayton, Ohio, media outlet.

"On the other hand, I think that it probably does make it harder for Democrats to appeal to white voters. Especially those without a college degree. That's really been the battleground group over the last couple of elections between Republicans and Democrats. I think the president's decision probably made that a lot tougher for Democrats in the fall."

The Commerce Department will publish its third-quarter GDP data on Oct. 27, less than two weeks before the Nov. 8 general election. Most economists define a recession as two consecutive quarters of negative GDP growth.

But if there were a third straight quarter of decline, it could spell doom for Democrats in the House and the Senate, National Republican Campaign Committee spokesman Mike Berg believes, noting that "you can draw a straight line from the inflation crisis caused by the Democrats' American Rescue Plan to this recession." ■

**12%**

**BLOOMBERG**
Economics projects that the Misery Index will hit 12 percent in October.

**A person pumps** gas at a Shell station in Houston on April 1.

ECONOMIC DISTRESS

# ELEVATED MISERY INDEX SUGGESTS A RECESSION

BY ANDREW MORAN

**The higher the index, the greater the misery felt by everyday people**


**A woman makes** melted cheese sandwiches with her granddaughter after being laid off from her job, in Miami on March 26, 2020.

PHOTO BY JOE RAEDLE/GETTY IMAGES

THE MISERY INDEX—A FORMULA THAT combines the annual inflation and unemployment rates—has been elevated since April 2021. The decades-old index aims to measure the level of economic distress felt by average citizens due to joblessness and the rising cost of living.

It could be an effective gauge to determine economic conditions during a recession. The higher the index, the greater the misery felt by everyday people.

In July, the misery index was 12.0 (8.5 percent consumer price index and 3.5 percent unemployment rate). This is down from 12.6 in June. The index has remained in double-digit territory since April 2021.

What's more is that the current misery index is close to where it was during the financial crisis of 2008 to 2009, when it peaked at 12.7.

The index, however, has varied widely in prior recessions.

During the recession in the mid-1970s, for example, the misery index was 19.29 (1974), and 19.85 (1975). It also soared to an all-time high of 21.92 during the 1980 recession. When the U.S. economy slipped into a recession in 1982, the misery index was at 16.85.

In the brief eight-month economic downturn in 1990 and 1991, the misery index was slightly above 12.00. But the subsequent recession in 2001 didn't produce a misery index above 10.0.

### A Brief History of the Misery Index

The original misery index, which is calculated by adding the unemployment rate to the inflation rate, gained popularity in the 1970s with the emergence of stagflation, an economic state characterized by weak economic growth, high unemployment, and increasing prices.

It was developed by economist Arthur Okun, who served as the chairman of the Council of Economic Advisers between 1968 and 1969 under President Lyndon Johnson.

The misery index is regarded as a useful but imperfect indicator. There are various scenarios in which it may not accurately depict economic distress. Nevertheless, it's used to compare the economic performance of U.S. presidents.

During Jimmy Carter's presidency (1977–1981), the misery index hit 21.93, which was partially responsible for his 1980 election defeat. The index declined substantially during Ronald Reagan's presidency and continued to fall under the Bush and Clinton administrations.

During George W. Bush's presidency, however, the misery index rose again. It continued its upward trend, under President Barack Obama, peaking at 12.8 in 2011. The index later fell reaching its lowest point of 5 in 2015. It stayed low for most of Trump's term. The index was 6.9 on average during the Trump administration, despite a sharp increase in unemployment caused by the lockdowns during the pandemic that sent the misery index to 15 in April 2020.

### Modified Index

Over the years, economists have modified the index several times.

In 1999, for example, Harvard economist Robert Barro came up with the Barro Misery Index and added two additional components: the change in interest rates and the gross domestic product (GDP) growth rate.

Years later, Steven Hanke, a celebrated professor of applied economics at Johns Hopkins University, updated the index and created Hanke's Annual Misery Index. This represents the sum of inflation, joblessness, and bank-lending interest rates minus the percentage change in real GDP per capita. He also applied it to the economies of other countries, constructing the world table of misery index scores.

"The human condition lies on a vast spectrum between 'miserable' and 'happy,'" Hanke wrote in April 2021. "In the economic sphere, misery tends to flow from high inflation, steep borrowing costs, and unemployment. The surefire way to mitigate that misery is through economic growth. All else being equal, happiness tends to blossom when growth is strong, inflation and interest rates are low, and jobs are plentiful."

In 2021, Cuba topped the list of misery, followed by Venezuela, Sudan, Lebanon, and Zimbabwe.

**40%**

**OF U.S. HOUSEHOLDS** expect their financial situation to deteriorate over the next year, a survey shows.


**Gas prices** displayed at a station in Los Angeles on March 18.

CHRIS DELMAS/AFP VIA GETTY IMAGES

### The Fate of Gloomy Consumers

A new poll from Gallup found that most Americans cite inflation and the economy as their top concerns.

As Mises Institute economist Ryan McMaken noted, the misery index trend follows closely the University of Michigan's consumer sentiment index, which is hovering near an all-time low.

"Consumer sentiment has plummeted alongside the increasing misery index, and this has often been the case in recent decades," he reported. "Of course, economists and White House spokesmen could always just come back and claim that consumer sentiment is 'wrong' and that people don't understand how good things are. It's worth noting that politicians, central bankers, and economists have done exactly that during months preceding previous recession."

So far, consumers' economic worries haven't weighed on their consumption patterns. Personal spending has edged up every month in the first half of this year, although the general increase in consumption has been driven by higher prices, from gasoline to housing to health care.

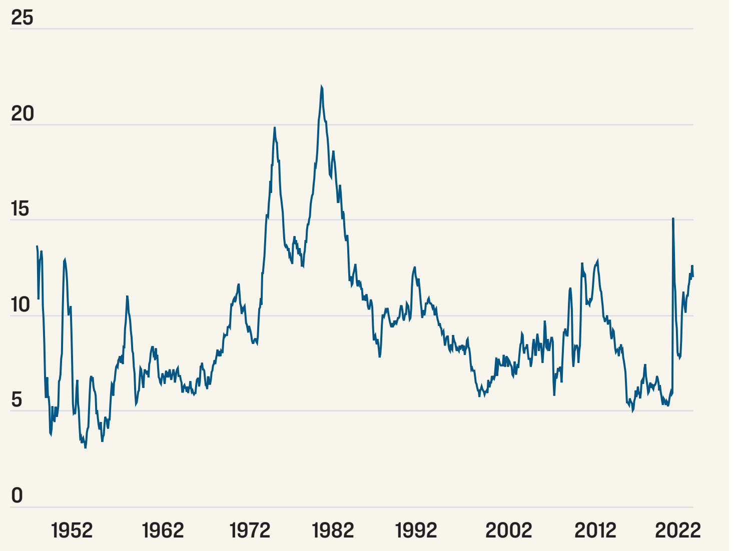
Nevertheless, market experts warn that this could change in the second half of the year, now that the personal savings rate has collapsed to just above 5 percent and consumer credit growth has surged. The trends suggest that pandemic-era savings might be close to exhaustion. The Federal Reserve Bank of New York's Survey of Consumer Expectations shows that about 40 percent of households expect their financial situation to deteriorate over the next year. ■

*Emel Akan contributed to this report.*

> **"All else being equal, happiness tends to blossom when growth is strong, inflation and interest rates are low, and jobs are plentiful."**
>
> ***Steven Hanke,*** *professor, Johns Hopkins University*

**Misery Index**

Unemployment Rate + Consumer Price Index (%+% change)




SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS, U.S. BUREAU OF LABOR STATISTICS

REAL ESTATE

# Housing Market Is 'Already in Recession'

## High interest rates and costs blamed for the building slowdown

*By Mary Prenon*

**RECESSION HAS BEEN THE BUZZ**word in the real estate industry ever since mortgage interest rates started to climb toward 6 percent.

The latest report from the National Association of Realtors (NAR) indicates that existing home sales across the United States have been shrinking for the past six months. Sales dropped 26 percent, from 6.5 million units in January to 4.8 million in July. This is the lowest pace of sales since 2015, excluding the months during the pandemic shutdown.

In the report, NAR Chief Economist Lawrence Yun says that we're seeing a housing recession "in terms of declining home sales and home building."

"However, it's not a recession in home prices," he adds, as inventory remains low and costs continue to rise, with almost 40 percent of homes still receiving the full list price.

According to NAR, the median existing home price for all housing types in July came in at $403,800, up 10.8 percent from July 2021. The report also notes that "this marks 125 consecutive months of year-over-year increases, the longest-running streak on record."

Jessica Lautz, vice president of demographics and behavioral insights at NAR, told The Epoch Times that while housing sales are down, it's still a seller's market, and the real estate economy has no telltale signs of a recession like the one in 2008.

"First of all," Lautz said, "there are much tight-

**New homes** under construction at a housing development in Novato, Calif., on March 23.

PHOTO BY JUSTIN SULLIVAN/GETTY IMAGES


**A home** is offered for sale in Chicago on Jan. 20.

SCOTT OLSON/GETTY IMAGES

er lending standards now. We're not seeing balloon loans or subprime lending. There's also been an 'unbuilding' of homes in the United States for the past 15 years, and we're short by about 5.5 million homes. Plus, you have to consider the new wave of millennials and other young adults currently seeking households."

So, should potential homebuyers and sellers worry about what's coming around the corner? Lautz says to be cautious, but also optimistic.

"We have seen a rise in mortgage interest rates, but there's still some competition out there in the marketplace," she said. "Things are beginning to stabilize. On average, we're down from five offers on a home to three."

However, first-time homebuyers may continue to be the most affected market.

"The current prices at the gas pump, grocery store, and other inflated goods will definitely have an impact on first-time homebuyers, making it harder for them to save money for a down payment," Lautz said.

Sales in the single-family home sector dipped to a seasonally adjusted annual rate of 4.31 million in July, down 25 percent year to date. Despite the national decline in single-family home sales, all regions of the country still experienced a rise in median prices. The West led the pack at $614,900, and the Midwest offered the most affordable options at $293,300.

Lautz noted that, nationally, housing inventory is at its lowest since 1999. Part of the problem could be the sharp decline in single-family home construction. The National Association of Home Builders (NAHB) reported that overall housing starts dropped 9.6 percent, to a rate of 1.45 million units in July.

### Recession in Home Construction

NAHB Chief Economist Robert Dietz echoes Lautz's views about a possible full-blown housing recession.

"While we are seeing a recession in terms of new home construction—which has been falling for the last five months—we're not going to see the housing crisis of the Great Recession in 2008," he told The Epoch Times. "Back then, there were substantial home price declines and millions of foreclosures. We're just not seeing that now."

Higher interest rates and escalating costs for lumber and construction materials are being blamed as part of the reason for the building slowdown in the single-family sector.

"That's a symptom of the broader inflation issue, plus the disruption of supply chain as a result of COVID," Dietz said.

The NAHB estimates the United States is falling short by more than a million homes, including single family, condominiums, and apartments. Year to date ending in June, single-family permits dropped in all four regions, with the Northeast reporting the sharpest decline of 11.5 percent. The South posted a small decline of just 0.8 percent. Over the past year, just 11 states experienced growth in single-family permits issued, with New Mexico recording the highest growth rate at 39 percent.

On the bright side, the markets leading the way for single-family home building include the Texas cities of Houston, Dallas, and Austin, as well as Phoenix and Atlanta.

"These areas have a larger inbound population, with a lot of younger homebuyers looking for more affordable options," Dietz said.

He also noted that multi-family construction remains strong, as the demand for rental housing stays high. Currently, the number of multi-family units under construction is up almost 25 percent year over year. The New York-New Jersey area is still the top building market for apartments, followed closely by Dallas, Austin, Houston, and Seattle. In addition, construction of single-family built-for-rent homes surged during the second quarter of 2022, as housing affordability declined due to higher mortgage interest rates.

Looking ahead to 2023, Dietz believes that we could see more stability during the second half of next year.

"Hopefully we'll be returning to a growth trend by 2024," he said. "You have to remember that housing is often the first sector to decline, but it's the first to rebound."

### Housing Market Already in Recession

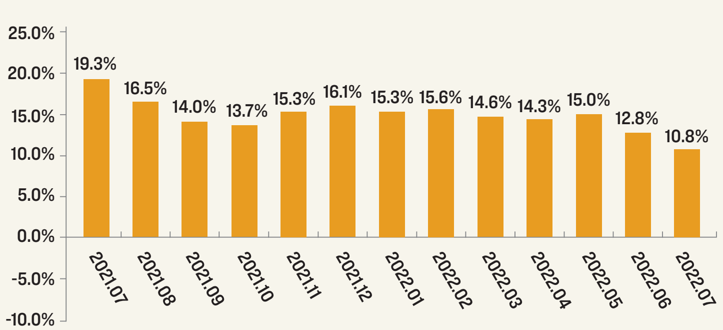
A recent report from Scott Anderson, chief economist at Bank of the West, indicates that the housing market has already entered into a recession amid declining demand for mortgages, unsustainable property price growth, and deteriorating affordability.

Citing a sharp plunge in existing home sales, Anderson believes the "housing market outlook continues to darken."

"We are forecasting existing home sales to plunge 15.8 percent and 14.9 percent respectively 2022 and 2023—the largest home sales decline since 2007," Anderson writes in the report. "The main causes of the steep drop is the worst housing affordability since 2006. Also contributing to the sharp slowdown is the uncertainty looming over the economic outlook."

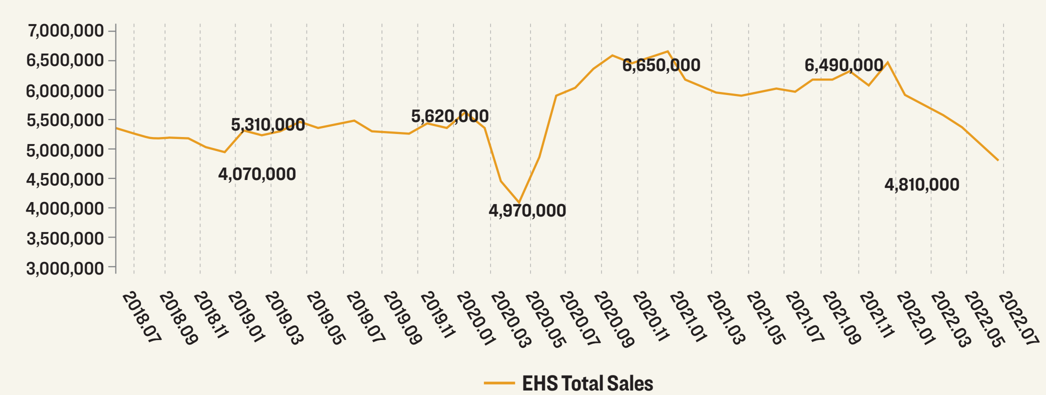
In addition, Anderson's report comments that ➾

**Existing Home Sales Median Price**
Percent Change Year-Over-Year




SOURCE: NATIONAL ASSOCIATION OF REALTORS

**Total Existing Home Sales**
Seasonally Adjusted Annual Rate




**"On average, we're down from five offers on a home to three."**

*Jessica Lautz,*
*vice president of demographics and behavioral insights, NAR*


**Homes under** construction at the Lennar Bridgeway home development in Newark, Calif., on Dec. 15, 2021.

"[There's] been an 'unbuilding' of homes in the United States for the past 15 years, and we're short by about 5.5 million homes."

***Jessica Lautz,*** *vice president of demographics and behavioral insights, NAR*

housing inventory shortage is no longer a problem and that new home inventories have increased to 10.9 months currently, from just six months in February.

Anderson expects that the dramatic drop in home sales over the next two years will push down home prices. Many metropolitan area markets will witness a 5 to 10 percent drop in home prices by 2024, and some may see 10 to 15 percent, he projects.

### Some Realtors Remain Upbeat

Despite gloomy forecasts from economists, some local realtors in the nation's most popular markets see things differently.

Andrea Crouch, president of Phoenix Realtors and owner of The Crouch Group, EXP Realty, says the Phoenix area is definitely still a "hot" market, even with the recent slowdowns in terms of listings and days on the market. With the median single-family home price of $450,000, prices have started to drop a bit, but only by about 5 percent.

"I think we're starting to see a more balanced market here, and we don't see that as a negative," she told The Epoch Times. "It had been complete chaos for a while, and now buyers can actually have more than five minutes to think."

Similar to the rest of the nation, rising interest rates have played a part in the normalizing of the Phoenix market.

"We tell buyers now that their purchase may be their forever home, but not their forever loan," Crouch said. "They can always refinance when the rates go down."

While Phoenix is listed as one of the top new housing construction areas in the country, Crouch notes that it has slowed down from previous years, with a lot fewer "spec" homes.

"They're building, but they're waiting until the buyer is ready to purchase," she said.

Most of the influx to the area are people migrating from California, Montana, and Washington state. Many are remote employees with the flexibility to live and work wherever they want.

Looking ahead to the fall market, Crouch expects a "normal" season.

"You have to realize that about 70 percent of current realtors have not experienced a 'normal' market in a long time," she said.

Antje Gehrken, president of the Chicago Association of Realtors and president and managing broker of A.R.E. Partners, acknowledges that the housing market has been getting a bit cooler, but that's just compared to the past two years.

"The market during the pandemic was an anomaly, so you have to look back to 2019 in pre-pandemic times to make a comparison," she told The Epoch Times. "You have to compare apples to apples."

Inventory is still lower than normal in the Chicago area, and while some home prices have been sliding, Gehrken notes that if a home is priced correctly, it can still demand multiple offers and sell for more than the asking price.

"I think people have been a little reluctant to sell over the past couple of years because of the worry that they wouldn't be able to find a new place," she said.

With the current median sales price of $344,500 for a single-family home in the greater Chicago area and $355,000 for condos, local real estate professionals are hoping for a good fall market.

"There's been a slight uptick in inventory, which can be seasonal, and in the winter, we always see less activity," she said.

One trend that Gehrken has seen lately is the migration of homebuyers to nearby Indiana, which offers an easy commute to Chicago and more affordable home prices.

Like her West Coast counterpart, Gehrken doesn't see a real estate recession coming in the near future.

"The market is definitely stabilizing, and as realtors, we're used to that, and we have to plan for that," she said. ■

**26%**

**U.S. HOME SALES** dropped 26 percent over the past six months, reaching the lowest pace of sales since 2015, excluding the months during the pandemic shutdown, a report shows.

**Workers move** a finished floor joist for homes at Wasatch Truss in Spanish Fork, Utah, on May 12, 2021.

CLOCKWISE FROM TOP L: JUSTIN SULLIVAN/GETTY IMAGES, GEORGE FREY/GETTY IMAGES, COURTESY OF NATIONAL ASSOCIATION OF REALTORS


COMPANIES

# Inflation, Recession Fears *Slow Business Activity*

Customers cut back spending because of rising prices and interest rates

*By Andrew Moran*

**The Los Angeles** Flower District marketplace, after the county allowed retail establishments to reopen, in downtown Los Angeles on May 8, 2020.

PHOTO BY AGUSTIN PAULLIER/AFP VIA GETTY IMAGES


BRANDON BELL/GETTY IMAGES

**A shop owner** updates inventory at her business in Houston on Aug. 16. The third-quarter CNBC/SurveyMonkey Small Business Index found that 77 percent of small-business owners anticipate inflation to continue.

INFLATION AND THE RISK OF A recession are the top concerns for U.S. companies in multiple sectors. These worries are beginning to weigh on overall operations, resulting in a slowdown in business activity and declining sentiment, according to numerous indices.

The National Federation of Independent Business (NFIB) Optimism Index highlighted in July that 37 percent of small-business owners reported that inflation was their most important problem, the highest it has been since 1979. Moreover, the monthly survey revealed that most owners are raising their average selling prices, and the net percent of owners anticipating real sales to be higher worsened.

"The uncertainty in the small business sector is climbing again as owners continue to manage historic inflation, labor shortages, and supply chain disruptions," NFIB Chief Economist Bill Dunkelberg said in a statement. "As we move into the second half of 2022, owners will continue to manage their businesses into a very uncertain future."

This coincided with the August IBD/TIPP Economic Optimism Index, which slipped to an 11-year low of 38.1 as consumers continue to be pessimistic about the economy as inflation erases wage gains. This could spell bad news for business conditions.

Meanwhile, the third-quarter CNBC/SurveyMonkey Small Business Index found that 77 percent of small-business owners anticipate inflation to continue to rise, and 57 percent believe the recession has already started.

In this economy, it's all about planning for the worst-case scenario and hoping for the best, says Mike Davis, founding partner of Olive Tree Ridge, a multi-strategy asset management firm.

"If I plan for the worst, that's when I'm going to be having the greatest set of days coming up in the future because I can only be pleasantly surprised," Davis told The Epoch Times, adding that no matter how this economy is labeled, businesses still need to navigate through the information, storm clouds, and evolving consumer trends.

Federal Reserve officials haven't shared the private sector's pessimism, asserting that the institution can get inflation under control and potentially achieve a soft landing for the U.S. economy. At the same time, Fed Chair Jerome Powell's confidence has ostensibly diminished, as he warned in his recent Jackson Hole Economic Symposium speech that there will be "some pain" ahead in the economy.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses," he stated in prepared remarks. "These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

Is this pain that Powell mentioned already being felt in the private sector?

### Health of Private Sector

In July, industrial production growth eased to 3.9 percent year-over-year, the worst pace since January. Manufacturing output also dipped to an annualized pace of 3.2 percent, down from 3.6 percent in the previous month.

The broad array of purchasing managers indexes (PMIs), which provide insight into the general direction of manufacturing and service sectors in the economy, has weakened.

The S&P Global Flash U.S. Manufacturing PMI fell to 51.3 in August, the lowest factory growth in two years—anything above 50 indicates expansion. Output slumped amid weaker demand, labor shortages, and raw material ➡

**37%**

**OF U.S. SMALL-** business owners reported that inflation was their most important problem in July, the highest percentage since 1979, according to NFIB.

scarcity. Comparable trends were noticeable in the other S&P Global PMI readings: The Composite Output PMI dropped to 44.6, while the Services Business Activity PMI tumbled to 43.7.

Economists explained that higher interest rates and elevated inflation dampened customer demand. In order to bolster new sales, companies' prices have been edging higher at the softest level in 17 months.

"August flash PMI data signalled further disconcerting signs for the health of the US private sector," Sian Jones, senior economist at S&P Global Market Intelligence, wrote in the Aug. 23 report. "Demand conditions were dampened again, sparked by the impact of interest rate hikes and strong inflationary pressures on customer spending, which weighed on activity. Gathering clouds spread across the private sector as services new orders returned to contractionary territory, mirroring the subdued demand conditions seen at their manufacturing counterparts."

In July, Chris Williamson, a chief business economist at S&P Global Market Intelligence, noted in a comprehensive analysis of the state of worldwide manufacturing that business confidence "remained worryingly subdued" in the United States.

"The US #economy is contracting at a rate not seen since the global financial crisis in 2009 (excluding the initial pandemic lockdown), as the flash #PMI covering output of manufacturing and services fell sharply in July," he wrote on Twitter.

That said, the Institute for Supply Management's (ISM) manufacturing and non-manufacturing PMI prints were mixed.

The July manufacturing PMI eased to a better-than-expected 52.8, while the non-manufacturing PMI inched higher to 56.9. Both indexes highlight rising employment levels, easing price pressures, and sliding new orders.

"Availability issues with overland trucking, a restricted labor pool, various material shortages and inflation continue to be impediments for the services sector," Anthony Nieves, chair of ISM's Services Business Survey Committee, said in a statement.

Still, the private-sector PMIs have been hovering at pandemic levels.

In addition, the various regional Fed bank data have been discouraging for the national economy.

The Dallas Fed Manufacturing and Services Indexes plummeted to negative 22.6 and negative 10.9, respectively. In the Dallas Fed Survey, one respondent in the machinery manufacturing business is beginning to see activity subside.

KAMIL KRZACZYNSKI/REUTERS

**An employee** works on an assembly line at startup Rivian Automotive's electric vehicle factory in Normal, Ill., on April 11.

"We are starting to see weakness in incoming orders," the person told the regional central bank. "We are preparing for a further slowdown but hoping for the best."

This year, labor productivity has turned into a critical issue for the private economy. According to the Bureau of Labor Statistics, nonfarm labor productivity declined 7.4 percent in the first quarter and 4.1 percent in the second quarter.

"This has more than reversed the temporary productivity jump we saw earlier on in the pandemic, when the economy was frantically trying to keep going despite a massive loss of workers," CNBC host Kelly Evans said.

## Small Businesses Face Challenges

In today's economy, companies are facing a broad array of challenges making it harder to maintain operations or bottom lines.

According to Patrick Stern, co-founder of Uncle Tim's Cocktails, which sells bottled cocktails, transportation is a major challenge.

"Combined with the impacts of inflation, this ends up impacting our cost of goods," Stern told The Epoch Times. The startup plans to raise prices heading into the busy holiday season.

According to Caitlyn Parish, CEO and founder of low-cost bridesmaid dress seller Cicinia, there has yet to be a significant decline in sales, but market conditions have become harder.

"It's hard to maintain the same profits, quality of our products, and customer service with the rising cost of everything," she told The Epoch Times.

Still, looking ahead to 2023, one of the firm's top concerns includes keeping staffing levels intact.

"I have always had a very small core team focused on maximum business efficiency so I couldn't lay off my employees if I wanted to. They are essential to our business success and I'd like to think that we would do everything to keep it that way in the future as well," she said.

"It's hard to maintain the same profits, quality of our products, and customer service with the rising cost of everything."

**Caitlyn Parish,**
CEO and founder, Cicinia

Inflation continues to be a chief worry for Rhett Stubbendeck, CEO of insurance company LeverageRx.

"My business has to pay more for rent and electricity bills. This is reducing the profits, making less money available for reinvesting into business operations," he told The Epoch Times.

Should demand subside and the business stop generating enough profits, it would be difficult to cover its operating expenses, he noted.

## What Happens in 2023?

A second-quarter CNBC CFO Council survey found that 68 percent of CFOs anticipate a recession in the first half of 2023. None of the chief financial officers surveyed believe the U.S. economy will avert an economic downturn, with inflation continuing to be companies' primary external threat to their business operations.

How businesses respond to economic conditions will be interesting, Davis notes. He believes that businesses tend to have short-term memories, so they might become desensitized to the pain they felt from higher gasoline prices and labor costs.

As a result, private firms might try to spend a little bit more if they find their balance sheets can afford it and cost pressures diminish.

Ultimately, Davis says, it would come down to business owners making more informed decisions by reading beyond the headlines.

"You have to read the article, double-click into it, triple-click into it, and then form your own opinion," he said. ■


**The Federal Reserve** in Washington on Aug. 22, 2018.

PHOTO BY REUTERS/CHRIS WATTIE//FILE PHOTO



BEAR MARKETS

# PAUL VOLCKER *and* 1982

*Is today's market situation similar to what investors saw in August 1982?*

*By* LANCE ROBERTS

NEWS ANALYSIS

JEROME POWELL ISN'T PAUL Volcker, and this isn't 1982. As of late, market analysts are stumbling all over themselves, trying to outdo each other on the "why this time is different" related to the Federal Reserve's ongoing inflation fight.

One of the more interesting comparisons comes from the always uber-bullish Tom Lee of Fundstrat.

He argues that the market setup is similar to what investors experienced in August 1982. Then, a strong rally in equity markets took place as the Fed began to pivot away from its inflation fight. In the summer of 1982, the U.S. economy was in recession, and then-Fed Chair Volcker hadn't yet signaled whether the Fed would ease up in its campaign to slow inflation. In October of that year, Volcker signaled the Fed could temper efforts to slow inflation.

"The forces are there that would push the economy toward recovery. I would think that the policy objective should be to sustain that recovery."

Two months before the pivot, markets sniffed out the Fed's plans. Over the next four months, the losses from the 22-month bear market that saw the S&P 500 Index fall by 27 percent were reversed.

When it comes to financial markets, Sir John Templeton once said:

"The four most dangerous words in investing are 'this time is different.'"

While that is a true statement, particularly when it comes to excuses as to why bull markets can continue indefinitely, there are differences in historical comparisons. When an analyst cherry-picks a random point in market history to base his or her investment thesis, one should take the idea with a heavy dose of salt. The reason is that "this time is different." Every period is ➾

BETTMAN/GETTY IMAGE

**President Ronald** Reagan meets with Paul Volcker (R), chairman of the Federal Reserve Board, in the Oval Office on July 16, 1981.

**What was most notable is the Fed's inflation fight didn't start in 1980, but persisted through the entirety of the 1960s and 1970s.**

different, due to the differences in the makeup of the economy, markets, consumption, production, debt, and a litany of other domestic and global factors.

To say 2022 is like 1982 is a dangerous statement, particularly when 1982 is taken entirely out of the context of what preceded it.

But, as the radio broadcaster Paul Harvey used to say, in a moment, you'll know "... the rest of the story."

### The Road to 1982

The road to 1982 didn't start in 1980. The buildup of inflation was in the works long before the Arab oil embargo in 1979. Economic growth, wages, and savings rates catalyzed "demand push" inflation. In other words, as economic growth increased, economic demand led to higher prices and wages.

What is notable about that period is that it was the culmination of events following World War II.

Postwar, America became the "last man standing." France, England, Russia, Germany, Poland, Japan, and other nations were devastated, with little ability to produce for themselves. Here, America found its most substantial run of economic growth as the "boys of war" returned home to start rebuilding a war-ravaged globe.

But that was just the start of it.

In the late 1950s, the United States stepped into the abyss as humankind took its first steps into space. The space race, which lasted nearly two decades, led to leaps in innovation and technology that paved the wave for the future of America.

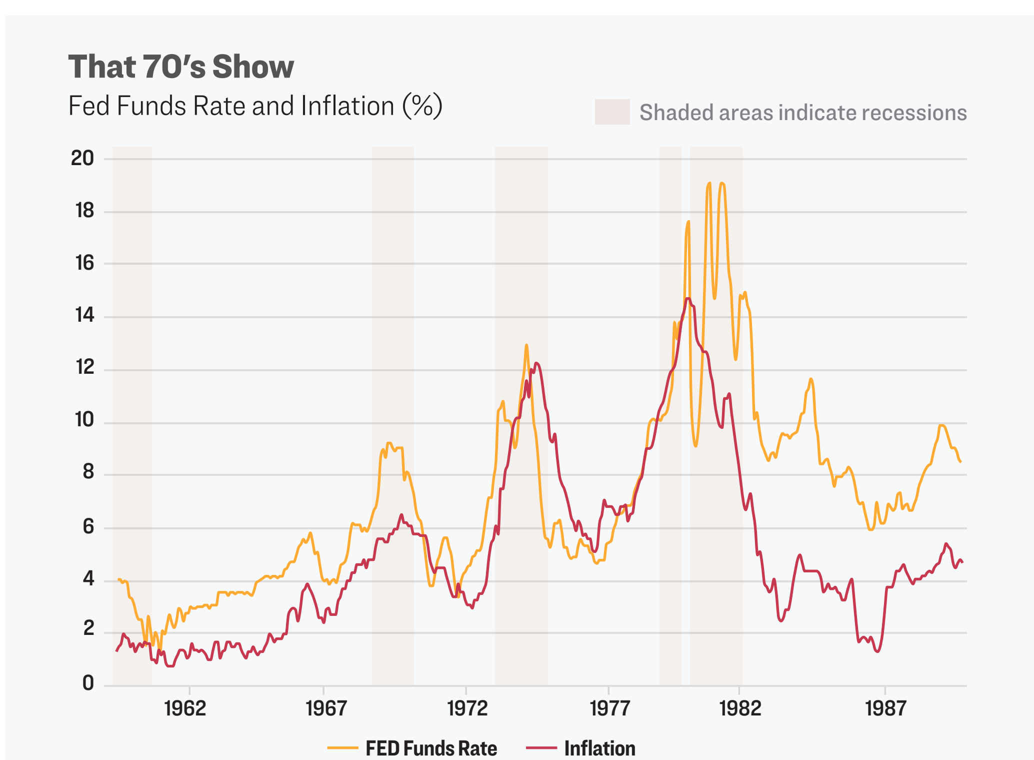
These advances, combined with the industrial and manufacturing backdrop, fostered high levels of economic growth, increased savings rates, and capital investment, which supported higher interest rates.

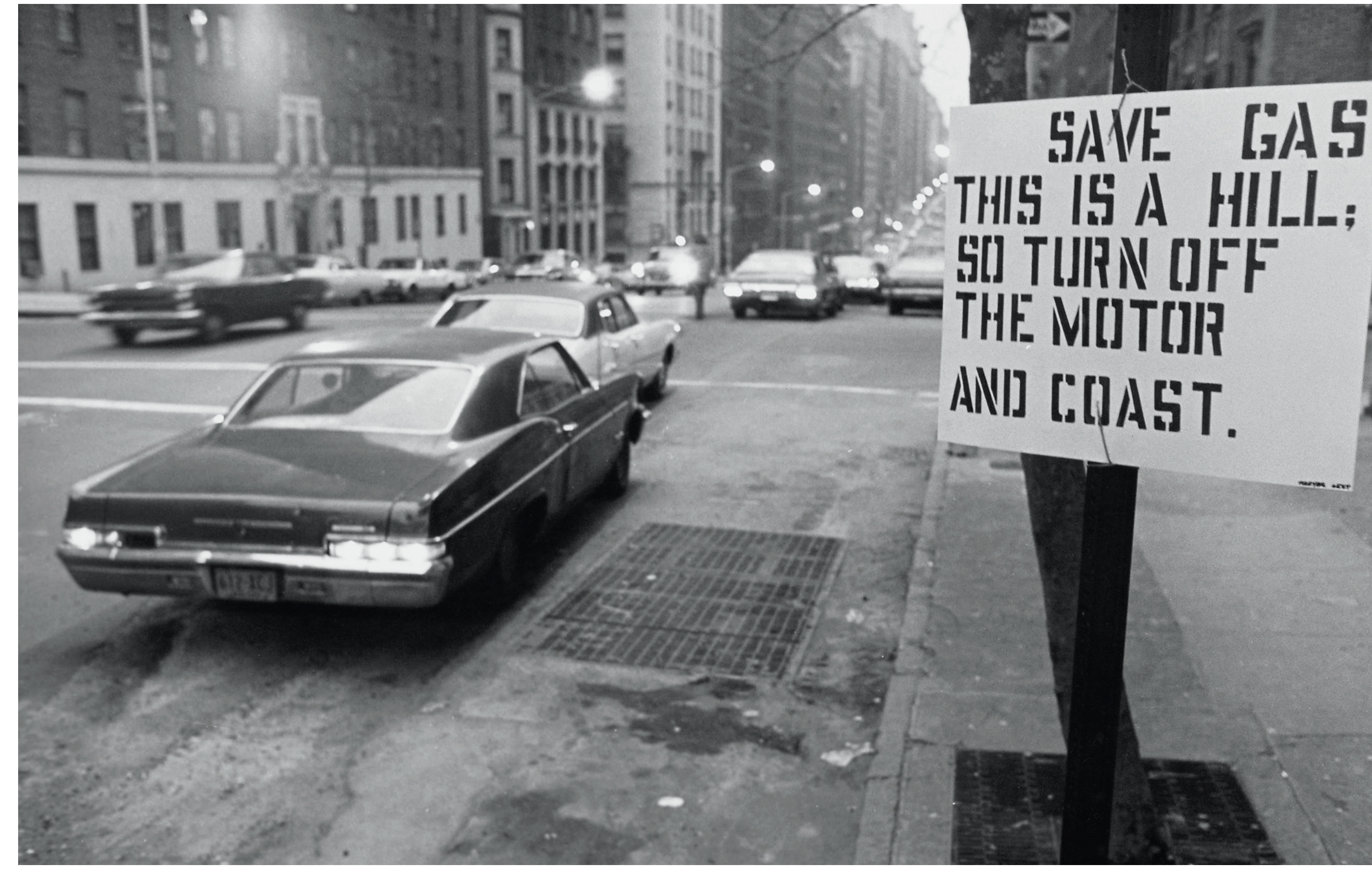
Furthermore, the government ran no deficit, and household debt to net worth was about 60 percent. So, while inflation was increasing and interest rates rose in tandem, the average household could sustain its living standard.

What was most notable is the Fed's inflation fight didn't start in 1980, but persisted through the entirety of the 1960s and 1970s. As shown, as economic growth expanded, increasing wages and savings, the entire period was marked by inflation surges. Repeatedly, the Fed took action to slow inflationary pressures, which resulted in repeated market and economic downturns.

### Valuations Mattered

The road to 1982 wasn't a smooth one, but notably, while Fundstrat's Lee suggests a Fed pivot would incite a similar market response, there is some additional history worth reviewing for important context. The 1960s and 1970s weren't kind to investors. As noted, the Federal Reserve steadily fought the repeated bouts of inflation. The resulting market volatility pounded investors with recurring bear markets and economic recessions.




**A sign urges** drivers to save fuel, during the oil crisis of 1973–1974 in the United States.

ARCHIVE PHOTOS/GETTY IMAGES

While many market observers focus on the 1974 bear market, most don't realize there were three preceding bear markets. On an inflation-adjusted basis, real returns for investors over the entire period were poor; by the time 1982 arrived, valuations had fallen from 23 times earnings to 7 times.

Unfortunately, despite the correction in 2022, valuations remain well elevated above historical bull market peaks.

Given the high valuation levels, inflation, and an aggressive Fed emulating Volcker, it's unlikely markets will repeat 1982.

### The 1974 Analog

There are many differences between the Volcker era and today, and none for the better. With the federal government running a deep deficit, with debt exceeding $30 trillion, consumer debt at record levels, and economic growth rates fragile, the ability of consumers to withstand higher rates of inflation and interest rates is limited. As noted previously, the gap between income and savings to sustain the standard of living is at record levels.

The current financial difficulties make weathering an aggressive Fed more difficult for households. A sustained bull market is challenging to anticipate, as households comprise most of the economic activity. Such is what ultimately translates into corporate earnings.

That view was confirmed by Powell's recent Jackson Hole Summit speech.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses. These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

Furthermore, even if the Fed does "pause," such is far different than cutting rates to zero and restarting quantitative easing. Those actions would occur given an increase in financial instability, suggesting much lower asset prices in the process.

Given the current market dynamics, it is worth looking back at the 1973–74 period. That was when the Fed was last aggressively fighting high inflation levels.

It may be no coincidence that market behavior is similar.

While this time is not the same as the previous, there also are vast differences between today and 1982. While current Fed Chair Jerome Powell is at present emulating Paul Volcker, there's a significant probability the outcome could be vastly different. ■

# How to Invest During a Recession

## Defensive stocks and inflation-protected bonds have regained popularity

*By Andrew Moran*

THE U.S. ECONOMY FELL INTO A technical recession following back-to-back quarters of negative gross domestic product (GDP) growth in the first half of 2022, as rampant and broad-based price inflation affected businesses and consumers.

As economists and market analysts look ahead to 2023, they agree that the country will begin to experience the real pain of an economic downturn. While experts can debate the size and scope of an economic contraction, how can households and investors shield themselves from the storm clouds? That's what many people would like to understand.

### Defensive Stocks

First, which sectors should be on an investor's radar?

This past spring, Goldman Sachs released its recession manual to help prepare clients for a downturn. The document noted that in the five recessions since 1981, the top four sectors have been consumer staples, energy, health care, and utilities.

Meanwhile, higher interest rates have made high-yield savings accounts, money market funds, and certificates of deposit (CDs) more attractive. However, with the real interest rate (inflation-adjusted) still negative, it might not be enough to protect the net worth of families.

This is where dividend investing comes into play, as it can generate passive income.

A dividend is the distribution of a company's earnings to shareholders that is paid out monthly or quarterly. For example, PepsiCo's annual dividend yield is 2.66 percent, meaning it pays investors $1.15 per share every three months.

There are several types of dividend stocks in the U.S. stock market, including dividend "aristocrats" and dividend "kings." The former are businesses that have raised their dividend payouts for a minimum of 25 straight years (e.g., ExxonMobil, Target Corp., Walmart). The latter are companies that have increased their dividends for at least 50 years (e.g., 3M, Coca-Cola, Procter & Gamble).

"Dividend growth stocks tend to be of higher quality than those of the broader market in terms of earnings quality and leverage," S&P Global analysts wrote in a paper. "Quite simply, when a company is reliably able to boost its dividend for years or even decades, this may suggest it has a certain amount of financial strength and discipline."

### Inflation Bonds

In today's inflationary environment, one of the most popular investment tools has been inflation-protected bonds, or I-bonds.

Investors can open a Treasury Direct account to purchase them. Interest on I-bonds is calculated by combining a fixed rate with an inflation rate based on changes in the Consumer Price Index. I-bonds became attractive when they started delivering a yield of 9.62 percent in May.

When investors factor in volatility and uncertainty, it becomes "a no-brainer," according to Mel Lindauer, founder and former president of the John C. Bogle Center for Financial Literacy.

One disadvantage of I-bonds is that investors can purchase only a maximum of $10,000 a year. That's because they are primarily intended for small savers and investors.

Large investors prefer Treasury inflation-protected securities (TIPS), which also include an element of inflation protection. Investors face no constraints when purchasing TIPS.

TIPS, unlike I-bonds, may be subject to short-term financial loss because their market value may fluctuate before maturity, according to Lindauer.

There also are funds that invest primarily in bonds that adjust their principal values in line with the rate of inflation, such as Fidelity's Inflation-Protected Bond Index Fund (FIPDX) or Vanguard's Inflation-Protected Securities Fund Investor Shares (VIPSX).

### Is the US Dollar Still King?

The U.S. Dollar Index (DXY), which measures the greenback against a basket of currencies, has been on a tear in 2022, rallying about 14 percent, to

**9.62%**

**I-BONDS STARTED** delivering a 9.62 percent interest rate in May.


**The New York** Stock Exchange on Sept. 7, 2017.

PHOTO BY SAMIRA BOUAOU/THE EPOCH TIMES

around 109.00.

The greenback's strength has been buoyed by rising demand for conventional safe-haven assets. Global investors have been fleeing to the dollar in response to the Federal Reserve's tightening campaign, volatility in the equities arena, and weakness in other major currencies, such as the euro, yen, or British pound.

Is it too late for investors to dive into currency investing, or is there more room for growth? Market experts anticipate an elevated U.S. dollar for some time, particularly if the global economy slips into a recession and the Fed becomes more aggressive.

There are several dollar-related funds, with the most popular vehicle being the Invesco DB US Dollar Index Bullish Fund (UUP).

### Does Gold Still Glitter?

Gold has been the premier safe-haven asset during times of chaos. But why has the yellow metal tumbled about 6 percent, to less than $1,800 per ounce, in an inflationary climate and slowing economy?

There have been two main reasons: a surging U.S. dollar and rising Treasury yields.

A stronger dollar is bearish for dollar-denominated commodities (such as gold) because it makes them more expensive for foreign investors to purchase. In addition, gold typically is sensitive in a rising-rate economy because it lifts the opportunity cost of holding non-yielding bullion.

But the precious metal could be resurrected should the Federal Reserve change course and cut rates in response to a sharp economic downturn.

### ETFs for Recessions

Since the beginning of the coronavirus pandemic, exchange-traded funds (ETFs) have exploded in popularity for both passive and active investors. They have been around for more than three decades, but ETF demand has spiked amid tax advantages, lower costs, and thematic investing. On an international scale, the value of assets managed by ETFs is more than $10 trillion.

While there is an ETF for nearly everything in the global economy, are there any ETFs that could weather a recession storm? Market experts typically recommend ETFs that specialize in dividend-appreciation companies, consumer staples, food, and low volatility.

Some of the most popular ETFs that invest in these areas include Vanguard Dividend Appreciation Index Fund ETF Shares (VIG), iShares U.S. Consumer Staples ETF (IYK), First Trust Nasdaq Food & Beverage ETF (FTXG), and Invesco S&P 500 Low Volatility ETF (SPLV).

### Updating Investment Strategies

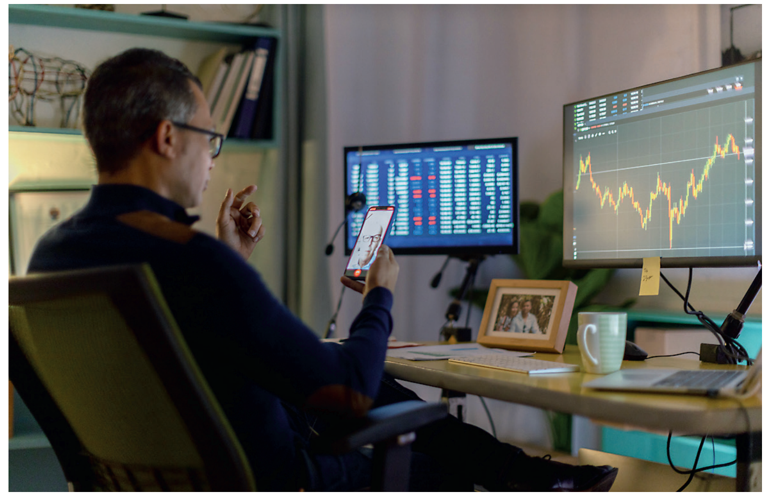
Investment experts contend that one of the best methods to employ is to update trading styles.

A common investing tactic is dollar-cost averaging. This is when investors regularly purchase shares of stocks or ETFs in about the same amounts, usually each month. By engaging in this practice, retail investors can avoid buying at all-time highs, prevent themselves from trying to time the market, and eventually lower the average share price.

Another simple measure is diversification.

During the 2020–2021 market euphoria phase, for example, investors poured into tech stocks, such as Alphabet (Google) or Netflix. This might have worked in an easy-money environment, but a tightening climate requires diversification. So, an updated portfolio during a recession could include exposure to real estate investment trusts, commodities, index funds, emerging markets, and bonds.

At the same time, it's crucial not to over-extend a portfolio, becoming almost unmanageable for average investors.



**A currency** trader on a video call from his home office.

THIS PAGE: ALISTAIR BERG/GETTY IMAGES

**A stronger dollar is bearish for dollar-denominated commodities like gold because it makes it more expensive for foreign investors to purchase.**

In addition, many seasoned and novice traders make either one of two mistakes: trying to time a bottom or panic selling. Both are risky bets, especially for long-term investors, since they might lose out on enormous gains. Market strategists assert that recessions and bear markets are the best periods to build positions to achieve long-term goals.

"Historically, there are way more positive years in the investment markets than there are negative years," financial adviser Tyler Ozanne told Bankrate, a personal finance company. "In a recession, and a corresponding negative market environment, it is good to remember that better investment days are probably ahead." ■





# The Week


**A security officer** guards the entrance of the U.S. District Courthouse for the Southern District of Florida during a hearing to determine if the affidavit used by the FBI as justification for its search of Trump's Mar-a-Lago estate should be unsealed, in West Palm Beach, Fla., on Aug. 18.

PHOTO BY CHANDAN KHANNA/AFP VIA GETTY IMAGES

## Judge Grants Trump Motion for Special Master to Review Records Seized by FBI

**A U.S. JUDGE HAS AGREED** to insert a special master into the review process for records seized from former President Donald Trump's Florida home.

U.S. District Judge Aileen Cannon ordered the appointment of a special master to review the seized property for items and documents that may be covered by attorney-client or executive privilege.

FBI agents seized records, notes, and other items from Trump's Mar-a-Lago resort in Palm Beach, Florida, on Aug. 8.

Cannon said she was swayed to side with Trump in part because the U.S. government's filter team, which was supposed to identify all potentially privileged items, failed to do so.

“The ‘environmental’ movement has become more of a political movement than an environmental movement.”

**Patrick Moore,** co-founder, Greenpeace

“Despite the fact that we spend $800 billion of taxpayer money [at the Department of Defense], what you really see is about 90 percent waste”

**Nicolas Chaillan,** former chief software officer, Air Force

25.6%

**Tax revenue in** Texas grew by a record 25.6 percent for the 2022 fiscal year through August, according to the latest data released by the state comptroller of public accounts.

10 YEARS

The Biden administration has announced that **technology companies that receive funds from the $280 billion CHIPS and Science Act will be barred** from building advanced facilities in China for a period of 10 years.

$164,000 IN PROFITS

**Sen. Richard Burr (R-N.C.)** made more than $164,000 from well-timed trades that were executed after receiving briefings on COVID-19 before the pandemic was declared, according to an unsealed search warrant affidavit.

94%

of people who developed symptoms after they got a Pfizer/BioNTech or Moderna mRNA injection had blood with an **“aggregation of erythrocytes and the presence of particles of various shapes and sizes of unclear origin”** one month after inoculation, a study shows.

**$95,000 Settlement** — A teacher in Kansas has received a $95,000 settlement after she was suspended by her former employer for refusing to use a student’s preferred name and pronoun.

THIS PAGE FROM TOP: COURTESY OF PATRICK MOORE, JARED CUMMINGS/CONSERVATIVE PARTNERSHIP INSTITUTE; RIGHT PAGE FROM TOP: HANDOUT/BUNDESWEHR VIA GETTY IMAGES, MICHAEL LOCCISANO/GETTY IMAGES





Evacuees from Kabul, Afghanistan, inside a military aircraft at Tashkent Airport in Tashkent, Uzbekistan, on Aug. 22, 2021.

NATIONAL SECURITY

## Homeland Security May Have Allowed Dangerous, Unvetted Afghans Into US: IG

**THE DEPARTMENT OF HOMELAND** Security (DHS) failed to fully vet some of the nearly 80,000 Afghan citizens who were brought to the United States as part of the evacuation of Afghanistan that began in August 2021, potentially allowing individuals who pose a national security risk into the country, according to a government report.

The DHS’s Office of Inspector General conducted an audit to determine the extent to which the department “screened, vetted, and inspected” the evacuees.

The audit found that of the 88,977 evacuee records inspected, 417 didn’t have first names, 242 lacked last names, and 11,110 had their date of birth recorded as Jan. 1.

CLINTON

## Hillary Clinton Confirms She’ll Never Run for President Again

**FORMER SECRETARY OF STATE** and presidential candidate Hillary Clinton said she won’t be running for president in 2024 or ever again.

When asked by a CBS News reporter whether she would run for president again, Clinton stated, “No, no.”

“But I’m going to do everything I can to make sure that we have a president who respects our democracy and the rule of law and upholds our institutions,” the longtime Democrat and wife of former President Bill Clinton continued, while criticizing former President Donald Trump, who defeated her in 2016.

Hillary Clinton at The Manhattan Center in New York on July 8.

JUDICIARY

## Chief of Staff to Chief Justice John Roberts to Resign

**A LONGTIME COUNSELOR** to Chief Justice John Roberts announced that he is leaving his post at the end of the month.

Jeffrey P. Minear will retire as of Sept. 30 after serving as Roberts’s chief of staff since 2006. Minear previously worked for the U.S. solicitor general’s office, where he argued 56 cases before the Supreme Court. Roberts, as chief justice, is head of the federal judiciary as well as presiding officer of the Supreme Court.

Minear’s successor has yet to be named.

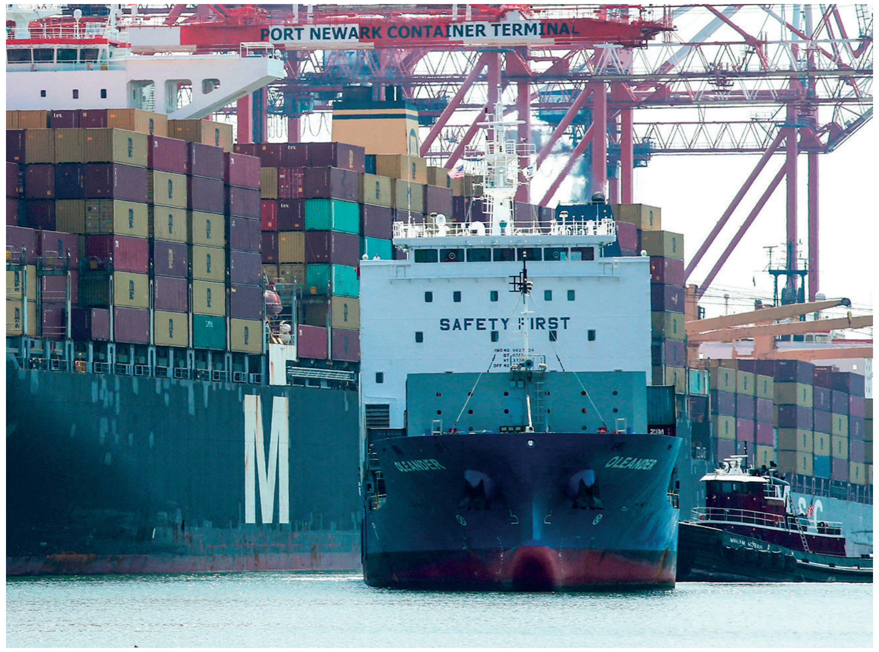
DRUGS

## Heroin Overdose Deaths Halved as Fentanyl Deaths Tripled Over 5 Years

**FENTANYL HAS DISPLACED** heroin as the leading cause of overdose deaths in the United States. Not only have overdoses involving fentanyl skyrocketed over the past years, but those involving heroin have actually dropped by about half, according to estimates by the Centers for Disease Control and Prevention.

There were nearly 110,000 drug overdose deaths in the 12 months ending March 2022. More than 73,000 of those involved synthetic opioids such as fentanyl. That’s up from less than 41,000 two years ago and about 23,000 five years ago.

Overdoses involving heroin, on the other hand, dropped from more than 16,000 five years ago to some 8,000 in the 12 months ending March. The last time heroin-involved overdoses exceeded those from fentanyl was in 2016.




Cargo ships are docked at the Port Newark Container Terminal in Newark, N.J., on July 21.

WORLD

## Ocean Shipping Rates Tumble by More Than Half in 2022

**OCEAN SHIPPING RATES** on the major ocean trade routes have tumbled more than half from the beginning of the year, according to The Wall Street Journal.

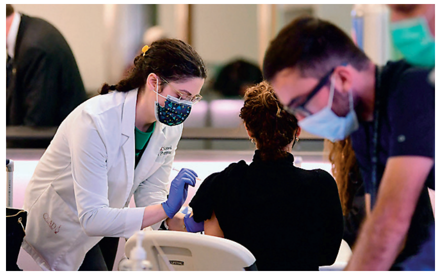
The start of the fourth quarter is typically the industry's peak season, but many importers have already shipped their holiday goods earlier in the year, while rising inflation rates reflect a decline in consumer demand.

The Freightos Baltic Index, which measures the cost to ship a container overseas, is now at $5,286, down from $9,293 in January.

COVID-19

## Scientists Find 2 COVID-19 Antibodies That Could Make Vaccine Boosters Unnecessary

**SCIENTISTS IN ISRAEL** say they may have found antibodies that can fight all known COVID-19 strains, eliminating the need for vaccine booster shots.



A woman receives a dose of a COVID-19 vaccine at Los Angeles International Airport on Dec. 22, 2021.

The new study found that two antibodies, TAU-1109 and TAU-2310, bind to the SARS-CoV-2 virus's spike protein "in a different area from the region where most of the antibodies were concentrated until now," said lead researcher Natalia Freund of Tel Aviv University.

According to the study's findings, these antibodies are "actually very effective" in suppressing the Omicron and Delta variants, she said.

AUSTRALIA

## Australia's Annual Coal Export Exceeds $100 Billion for 1st Time

**AUSTRALIA HAS RECORDED** its 13th consecutive account surplus in the June quarter on the back of a continued commodity boom, with the trade surplus hitting a record high $43.1 billion (US$29 billion).

Global supply constraints increased demand for Australian mining and agricultural commodities, driving up the exports of goods and services by 14.7 percent.

Demand for Australian coal exploded following the Russian invasion of Ukraine as European countries sought to diversify energy sources.

A bucket-wheel dumping soil and sand removed from another area of a mine in Newcastle, Australia, on Nov. 5, 2021.

UK

## Queen Elizabeth II: Monarch Who Ruled Over UK for 70 Years Dies at Age 96

**QUEEN ELIZABETH II** has died, aged 96. She was the longest-serving monarch in British history, with a reign of 70 years and 214 days.

She was also head of state to 15 prime ministers.

The Prince of Wales is now king, having acceded to the throne immediately on the death of his mother.

THIS PAGE FROM TOP: KENA BETANCUR/AFP VIA GETTY IMAGES, SAEED KHAN/AFP VIA GETTY IMAGES, FREDERIC J. BROWN/AFP VIA GETTY IMAGES





# Perspectives


**Paramedics help** a man who is overdosing, in the Drexel neighborhood of Dayton, Ohio, on Aug. 3, 2017.

PHOTO BY BENJAMIN CHASTEEN/THE EPOCH TIMES



INSIDE

**THOMAS MCARDLE** was a White House speechwriter for President George W. Bush and writes for IssuesInsights.com.

## Thomas McArdle

# Soul Speech

*Biden preaches saving the nation's soul while the economy implodes*

President Joe Biden went on a hyperpartisan, demagogic rampage on Sept. 1, standing before an eerily red-lit Independence Hall in Philadelphia, with U.S. Marines at attention exploited as political props.

The speech, attacking Donald Trump and "MAGA Republicans" as a threat to "the very foundations of our republic," was touted in advance by the White House as a sober reflection on America's soul. But the soul of the country throughout U.S. history has had everything to do with private industry—and this speech sought to distract from the dour economic conditions during Biden's tenure and that of his party's narrow majorities in both houses of Congress.

Alexis de Tocqueville, the French government emissary who famously visited a young United States in the first half of the 19th century, emphasized the personal importance of capitalism to the American populace.

"I know of no country, indeed, where the love of money has taken stronger hold on the affections of men, and where the profounder contempt is expressed for the theory of the permanent equality of property," he would write in 1835. Pursuing economic self-interest has made Americans "a multitude of citizens who are disciplined, temperate, moderate, prudent, and self-controlled."

With inflation remaining near 40-year highs and recession only beginning its onslaught, the president told us that what is soul-destroying for America isn't such economic devastation; not sky-high crime; not a wide-open border. Rather, it's the more than 74 million Trump voters who tried to go "backwards to an America where there is no right to choose, no right to privacy, no right to contraception, no right to marry who you love."

In other words, America's soul is all about legalized abortion all the way to nine months, as described in the 1973 Roe companion case, Doe v. Bolton: "the medical judgment may be exercised in the light of all factors physical, emotional, psychological, familial, and the woman's age."

**As Tocqueville recognized nearly two centuries ago, economic freedom is what you find when you peer within America's soul.**

America's collective soul apparently demands accepting that the 14th Amendment's protection against a state depriving "any person of life, liberty, or property, without due process of law" somehow extends to "intimate choices that define personal identity and beliefs" and that this, in turn, "compels the conclusion that same-sex couples may exercise the right to marry," as the Obergefell decision ruled. And it all originates from the absurd "penumbras, formed by emanations" that were the foundation of the 1965 Griswold ruling discovering a constitutional right to contraception hidden between the lines.

Some fine day, the Supreme Court—these nine unelected oracles of transcendent wisdom we've placed in lifetime power over us to solve our most difficult problems—will discover that Americans' "right to marry who you love" applies if you're in love with two people, be they of the same or different sex?

Will they discover "the right to marry who you love" extends to 50-something males who "love" adolescents or pre-teens? It may sound like a ludicrous question, but so did same-sex marriage before the Dutch legalized it in 2001. And considering the record of newest Justice Ketanji Brown Jackson, perhaps it will be she who writes the opinion.

Biden used the word "democracy" 31 times in a speech running under 25 minutes. But what is democratic is what the "MAGA Republicans" he claims hold "a dagger to the throat of our democracy" stand for: allowing the people's elected and accountable representatives to decide the difficult issues that have only become issues in the past few decades.

The American people have full power to amend our Constitution to make abortion, artificial contraception, same-sex marriage, and anything else a federal right. And if the amendment process—requiring three-quarters of the legislatures of the states—is too difficult, they can amend the Constitution to make the process easier.

In 1920, the Constitution was amended to give women the vote. Since then, there have been no amendments addressing social changes, despite the sexual and technological revolutions of the past few decades. Democratic Party politicians prefer it that way because having the Supreme Court do their bidding means more radical changes in the law, and not having to defend voting this way or that to their constituents.

As Tocqueville recognized nearly two centuries ago, economic freedom is what you find when you peer within America's soul. At a time of economic distress unseen since the mess left by Jimmy Carter, both employers and employees would be better served if our Constitution were working as intended by its framers—and if the president weren't slandering the tens of millions of Americans who voted against him to distract from his inflationary spending sprees, just because they don't share Democrats' undemocratic views.



**ANDERS CORR** is a principal at Corr Analytics Inc., publisher of the Journal of Political Risk. He is an expert in political science and government.

## Anders Corr

# American War on Drugs 2.0

*Over 107,000 fatal overdoses in 2021; 66 percent tied to fentanyl*

On Aug. 27, U.S. Customs and Border Protection (CBP) officers in El Paso, Texas, caught a 14-year-old child walking across the border with 0.52 pounds of fentanyl concealed around his waist. Given that only a few grains of the drug are enough to kill, that one child had what it takes to end more than 117,000 lives.

Fentanyl is a synthetic opioid produced in illegal underground labs in China, Mexico, and elsewhere, including sometimes in the United States and Canada. But most of the precursor chemicals come from China.

Just 2 milligrams of fentanyl, according to the Drug Enforcement Agency (DEA), is enough to kill a new user unaccustomed to opiates. Due to inexact mixing in illegal labs, fentanyl pills range widely in dosage. The DEA has found some pills with over twice the lethal dose.

In April, authorities in the Oakland, California area busted a fentanyl manufacturing lab with 92.5 pounds of fentanyl, much of it in rainbow colors meant to hook children. That one bust alone bagged enough to kill 21 million people. Authorities in Oregon, West Virginia, and Washington also recently made big hauls.

The total extent of American deaths from overdose is shocking: more than 107,000 in 2021 alone. And 66 percent of overdose deaths were from synthetic opioids such as fentanyl.

Who was responsible for protecting these Americans, other than President Joe Biden? But Biden is silent.

A Canadian bust in June found precursor chemicals to make more than 700 pounds of fentanyl, "enough to kill every single person in Canada four times over," according to CTV News.

In British Columbia, Canada, 83 percent of the 722 overdose deaths between January and April involved fentanyl.

Fentanyl isn't only a disaster but an existential catastrophe waiting to happen.

Yet, governments in the United States and Canada are failing their citizens. China and Mexico—where much of the fentanyl originates—are also unhelpful.

The precursor chemicals for fentanyl come primarily from China, where Beijing is resistant to tougher controls.

"The U.S. has itself to blame for the root cause of fentanyl abuse in the country," China's embassy in the United States explained in a statement quoted by The Wall Street Journal.

**The precursor chemicals for fentanyl come primarily from China, where Beijing is resistant to tougher controls.**

"The Mexican president has said he is focused on what he calls the economic roots of Mexico's lawlessness and violence, rather than dismantling the cartels."

That's an excuse to do nothing, or worse—a demand for economic aid in exchange for sparing U.S. lives.

In early August, Beijing suspended cooperation with the United States on narcotics issues, including fentanyl smuggling, in retaliation for U.S. House Speaker Nancy Pelosi's visit to Taiwan.

The Chinese Communist Party (CCP) is, in effect, killing Americans with fentanyl to try to force us to stop supporting Taiwan's democracy. The CCP is weaponizing fentanyl in what should be considered a reverse opium war.

Overdose deaths are up after a year and a half of the Biden administration, which has been ineffective at publicly raising the issue with Beijing, much less forcing change.

"Despite China banning fentanyl and similar variants in 2019, it remains a primary source of illicit fentanyl and fentanyl-related substances trafficked into the U.S.," according to Nikkei Asia in early August.

Given the number of U.S. deaths, Beijing's weaponizing of lethal drugs to support its Taiwan ambitions could be considered an act of war. But the Biden administration fails to protect Americans because it uses words, not action.

"At a time when illicit fentanyl continues to claim a life every five minutes, it's unacceptable that the PRC [People's Republic of China] is withholding cooperation that would help to bring to justice individuals who traffic these illicit drugs and who engage in this global criminal enterprise," Rahul Gupta, director of the White House Office of National Drug Control Policy, said in a statement.

"China has played and must play a key role in helping disrupt the illicit flow of drugs like fentanyl and their precursor chemicals," he added, indicating that the U.S. government would keep pushing for international action.

The Biden administration thus attempts to fob off responsibility for 107,000 overdose deaths to the abstraction on which it campaigned—the "international action" that isn't forthcoming.

We needed tougher protections years ago—before those Americans died. The Trump administration used tariffs to force China to ban fentanyl in 2019. Still, Biden is now considering unilateral tariff reductions, against the advice of his own U.S. trade representative, Katherine Tai.

Instead of reducing tariffs, we need to sanction China and Mexico. Double the DEA's budget. Close the Mexican border until that government cooperates. Reshore all production of precursor chemicals to increase controls. Declare another war on drugs that will find, capture, and imprison—with felonies and life sentences—all manufacturers, distributors, and dealers of deadly illegal fentanyl, including those we capture abroad.

Whatever it takes, we must show a seriousness of purpose that gives voice to our dead with more than words.

**MILTON EZRATI** is chief economist for Vested, a contributing editor at The National Interest, and author of "Thirty Tomorrows" and "Bite-Sized Investing."

# Milton Ezrati

## Washington's Flawed New Law—Part 3

*Health care rules do little for inflation but have ill effects*

THIS ARTICLE IS THE last of a three-part series on the new Inflation Reduction Act (IRA), which takes up the proposed new health care rules in which the government lodges its inflation reduction claims. The first part of this series examined the law's lavish spending on green initiatives. The second part assessed its dubious revenue claims.

Here, the discussion points out the harm the health care parts of the bill might cause, explaining, in part, why two independent analyses—one by the prestigious Penn-Wharton Budget Model and the other by the nonpartisan Congressional Budget Office (CBO)—concluded that the law would do little to reduce the rate of inflation.

In one way, the health care parts of this law feed inflation by adding to the flow of money from Washington into the economy. The IRA, for example, will limit out-of-pocket costs for Medicare patients to $2,000 and eliminate the 5 percent coinsurance that Medicare prescription drug enrollees must currently pay. Furthermore, it will hold Medicare drug premium increases to a maximum of 6 percent a year and add a cost-sharing provision for insulin products. The law also extends American Care Act (ACA) premium subsidies instituted in the 2021 American Rescue Plan Act. These keep the premiums to, at most, 8.5 percent of a participant's income. Since none of this changes costs, the law will simply shift the payment to the taxpayer.

The planned ACA premium subsidy goes well beyond those in need. It will include people with incomes many times above the poverty line. According to the CBO's analysis, subsidies could go to families of four with an annual income of more than $300,000, and to single 64-year-olds with an annual income of $164,000.

Medicare gets the right, through this law, to negotiate drug prices and hold drug price increases to no more than the overall inflation rate. The negotiation might make sense, but a rigid limit at the overall inflation rate penalizes drugs that are genuinely costly to produce and invites drug companies to raise the prices of other drugs faster than they otherwise would. At the very least, the rigid rule on future price hikes will invite companies to set higher launch prices. That hardly serves the public or holds down inflation. A more flexible approach would better serve the needs of both consumers and producers.

**In one way, the health care parts of this law feed inflation by adding to the flow of money from Washington into the economy.**

Most unsettling is the arbitrary power it grants. It leaves it entirely at the discretion of the secretary of Health and Human Services (HHS) to select which drugs to bring under negotiation. Furthermore, it precludes any judicial or administrative avenue to dispute the secretary's decision. If a company objects to the price set by HHS or refuses to negotiate, that firm could face an excise tax of 95 percent of the sales of the drug in question. Effectively, the secretary dictates drug prices and has the power to stop the sale of any drug.

There's much to object to here. No one should have the power granted here to the HHS secretary. Even if he or she were a saint, the language in the bill invites error. It identifies as likely targets drugs on which Medicare spends the most. But outlays could as easily reflect high use—say, because the drug offers a particularly effective therapy—as a high price. Driving down the price of such drugs would effectively punish the maker for producing something especially favored by the medical community. That serves nobody.

Most concerning is how these rules will discourage drug companies from developing new, useful drugs. Although there is no way to countenance price gouging, the rules must allow producers the potential for gain, or they will refuse to go through the expensive process of developing drugs and winning their approval. Without such potential, the nation will miss out on the kinds of pharmaceutical efforts that, in the past, have improved and extended lives in the United States and elsewhere. There are surely compromises that can secure this welcome flow of drugs and, at the same time, protect the public from abuse. The arbitrary power and rigid metrics of this law fail on both scores.

This third part of the series joins the others to explain how flawed this law is, whatever its intentions. True, it will no more ruin the economy than save the planet. Much remains uncertain. The law of unintended consequences always holds sway, especially where large pieces of legislation are concerned. There are, however, three clear effects: Taxes will rise; health care will not get cheaper, but the cost will shift to taxpayers; and the federal bureaucracy will increase, as will Washington's control over what the economy produces and how it does so.



**ANDREW MORAN** has been writing about business, economics, and finance for more than a decade. He is the author of "The War on Cash."

# Andrew Moran

## Fed Chair Buries 'Soft Landing' Hopes

*Powell's hawkish Jackson Hole speech disappointed investors*

FEDERAL RESERVE CHAIR Jerome Powell had a message for the U.S. economy and the financial markets: Prepare for "some pain" ahead, and higher inflation-busting interest rates are here to stay.

Powell recently delivered his much-anticipated Jackson Hole Economic Symposium speech, and his hawkish remarks disappointed investors.

When the Fed started its tightening cycle in March, the head of the central bank routinely said the institution could navigate the economy to a soft landing rather than a hard crash. In this environment, inflation is defeated, the labor market remains relatively intact, and economic growth persists.

But now, he's changed his tune.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses," Powell said in his prepared remarks. "These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

According to KPMG Chief Economist Diane Swonk, Powell essentially buried the idea of a soft landing. Instead, his new objective is ostensibly steering the post-pandemic nation to a more realistic "growth recession," a term coined in 1972 that describes a situation of tepid growth and rising unemployment. With his statement, he's signaling the Fed grinding the economy to a halt to rein in four-decade high inflation, according to Swonk.

"It's a bit like dripping water torture," she told Bloomberg. "It is a torturous process, but less torturous and less painful than an abrupt recession."

Institutional investors and retail traders are hitting the sell button as the leading benchmark indexes have recorded immense losses. This would weigh on the growth rate of gross domestic product, which has already contracted for two straight quarters.

What about the stock market?

MANDEL NGAN/AFP VIA GETTY IMAGES

**If joblessness rises, it creates a domino effect as consumers begin to trim their spending behaviors.**

### Get Ready for Higher for Longer

Institutional investors and retail traders are hitting the sell button as the leading benchmark indexes have recorded immense losses. Since Powell left the podium, the Dow Jones Industrial Average has lost about 5 percent, the S&P 500 Index tumbled by more than 4 percent, and the Nasdaq Composite Index declined by close to 5 percent.

Although investors had initially believed that the Fed might hint that it would ease its tightening efforts in response to slowing inflation growth and weakening economic metrics, investors are bracing for "higher for longer" interest rates, according to John Lynch, CIO at Comerica Wealth Management.

"Jerome Powell's message was clear, and investors must respect the history of previous tightening cycles—monetary officials have historically viewed policy as restrictive only after the fed funds rate exceeded that of the annual growth rate of consumer inflation," Lynch wrote in a note.

Despite the dot-plot inside June's Summary of Economic Projections showing a median year-end fed funds rate of 3.4 percent, there's now growing anticipation among investors that the institution will raise the benchmark rate to between 3.75 percent and 4 percent by the end of 2022.

These expectations were fueled after Loretta Mester, president of the Federal Reserve Bank of Cleveland, told the Dayton Area Chamber of Commerce on Aug. 31 that the central bank will need to increase rates to more than 4 percent by early next year and keep them there to successfully combat inflation.

"My current view is that it will be necessary to move the fed funds rate up to somewhat above 4 percent by early next year and hold it there," she said. "I do not anticipate the Fed cutting the fed funds rate target next year."

New York Fed Bank President John Williams told The Wall Street Journal on Aug. 30 that officials must get the policy rate "somewhat above" 3.5 percent and leave it there until the end of next year.

"Based on what I'm seeing in the inflation data, and what I'm seeing in the economy, it's going to take some time aof rates downward," Williams said.

All eyes will be on the policy meeting of the Federal Open Market Committee (FOMC) on Sept. 20 and Sept. 21. According to the CME FedWatch Tool, the market is mostly penciling in a 75 basis-point rate increase. The current target range is 2.25–2.50 percent for the federal funds rate.

**DANIEL LACALLE** is chief economist at hedge fund Tressis and author of "Freedom or Equality," "Escape from the Central Bank Trap," and "Life in the Financial Markets."

# Daniel Lacalle

## Powell's Double Challenge

*The Fed may be overconfident in the economy and market liquidity*

THE HAWKISH TONE OF Federal Reserve Chairman Jerome Powell on Aug. 26 was unequivocal.

His most important sentence, in my view, was the following: "With inflation running far above 2 percent and the labor market extremely tight, estimates of longer-run neutral are not a place to stop or pause."

What does this mean? The Fed will do what it takes to cut inflation if the labor market remains strong. These strong messages sent ripple effects through markets. Stocks and risky assets fell in unison, and the relative strength of the U.S. dollar created another widespread depreciation of weaker currencies.

The Fed knows that inflation is fundamentally a monetary phenomenon and that the central bank must correct the mistake made in 2020 by dramatically increasing the money supply and sending rates to even lower territory.

However, the Federal Reserve may be too complacent about the strength of the economy and dangerously optimistic about liquidity in markets.

It's impossible to create a monetary tsunami by slashing rates and pumping trillions of newly printed dollars into the economy and expect it to correct with a small splash of water in the face. It's worse; it's impossible to create a soft landing with an overheated engine.

The first challenge that Powell faces is that rate increases aren't even enough to address inflation. Higher rates reduce the growth in new money creation but do nothing to avoid all the excessive currency issuance coming from fiscal policy. While Powell may rein in the rate of inflation, the United States and European administrations are still consuming trillions of newly created currencies via deficit spending.

The latest anti-inflation plan precisely shows this: It's an anti-inflation program that will be financed with

EVA HAMBACH/AFP VIA GETTY IMAGES

**The Fed knows that inflation is fundamentally a monetary phenomenon and that they must correct the mistake made in 2020.**

debt and newly created currency. Fascinating. It's even more fascinating to read that the recently announced student loan forgiveness program will be "fully financed" by deficit reduction. How can something be "fully funded" by a "deficit reduction" that easily means a \$0.5 trillion U.S. deficit anyway? Are we insane?

Powell's second challenge is liquidity. While money supply globally remains stable, the depreciation of key currencies against the U.S. dollar is creating two negative flows: faster destruction of purchasing power of currencies and outflows of capital from global economies and into the U.S. dollar.

Within this second challenge comes another problem: central banks that can't be hawkish enough, and even when they are, the vacuum effect of the U.S. dollar continues. This is caused by years of excessive and careless money creation.

Liquidity limits to bank lending are already evident in an economy that still needs 2 trillion U.S. dollars in reverse repo programs. Reuters stated that "the trillions of dollars in overnight cash tucked away daily at the Federal Reserve could turn into a major headache for banks that could squeeze their balance sheets and impair their ability to lend."

The Fed should be aware that massive reverse repo programs aren't a sign of an adequate function of markets but are instead a warning sign of a lack of confidence that can create a credit crunch in what continues to be a sea of liquidity.

Can you imagine? Vanishing liquidity for the credit system because of previous excess liquidity created by years of money printing.

Powell and the Fed may also be too complacent about the global and U.S. economy. The manufacturing purchasing manager's index (PMI), both in the United States and in the European Union, shows weakness. Furthermore, the global manufacturing PMI has been falling since March and is close to contraction.

The Organization for Economic Co-operation and Development's leading indicator of economic activity has also been in contraction for three months in the European Union and the United States.

Powell can't perform miracles. There's no way that rate increases alone will solve the inflation problem if governments continue to spend new currency as if nothing has changed.

The current path of normalization means that the burden of tightening will be fully paid by families and small businesses while government size continues to expand in the economy, and that means less growth, more taxes, and probably more persistent inflation for longer.



**FAN YU** is an expert in finance and economics and has contributed analyses on China's economy since 2015.

# Fan Yu

## China's Economic Disaster and Markets

*US multinationals will be affected by China's growing economic woes*

CHINA'S ECONOMY IS in shambles.

While it's unlikely to affect Chinese Communist Party leader Xi Jinping's bid for another term as the regime boss, the world's No. 2 economy will have an impact on the rest of the world if it crashes and burns.

China's real estate sector—the importance of which can't be understated in driving the country's economic ascension over the past two decades—is broken. Many property developers have defaulted. Consumers are pushing back, refusing to pay their mortgages on unfinished housing units, and even holding protests in dozens of cities across the country.

Meanwhile, domestic growth is sputtering as the nation continues to enact on-again and off-again CCP virus-related lockdowns. As of the end of August, lockdowns continue to impact Hebei Province, which is just outside of Beijing, and mass testing is continuing in Tianjin. While China has been able to manage its economic output amid lockdowns—using closed-loop systems—its domestic economy and consumer spending levels have been hurt.

Unemployment rates are worrisome as well. The unemployment rate among Chinese urban youths has reached an astounding 20 percent, while more new graduates are expected to enter the workforce this fall. Chinese technology companies have traditionally been a source of jobs, but last year's state-led clampdown on tech has left many firms without the capital to expand headcount.

China's economic woes will affect U.S. and Western multinational companies, especially companies with a large retail presence in China. One example is Starbucks, which has thousands of outlets in China and maintains more than one-third market share in the world's most

JADE GAO/AFP VIA GETTY IMAGES

**The unemployment rate among Chinese urban youths has reached an astounding 20 percent, while more new graduates are expected to seek employment this fall.**

populous country. Starbucks reported a 40 percent drop in China sales in the second quarter.

Another company negatively affected is Nike. The shoe and apparel maker has a major retail presence in China, and its second-quarter earnings fell by 55 percent.

Both firms blamed COVID-related lockdowns for their sales and earnings declines.

Other retail giants, including Adidas, and luxury companies, such as Richemont and Burberry, also reported sales declines in China.

Global commodities are facing dual pressures of a strong U.S. dollar and weakening China demand. China over the past decade has been one of the key importers of global commodities such as iron ore, copper, oil, and liquid natural gas (LNG).

Chinese imports of iron ore in July were up by 3.1 percent, although during the first seven months of 2022 total imports were down by 3.4 percent compared to last year. China's imports of LNG declined by 15.4 percent in July, and down by 20.3 percent in the year-to-date period through July. China's lower LNG demand hasn't affected the LNG market as demand from Europe—cut off from Russian gas—has kept LNG prices sky high.

While China continues to import crude oil from Russia, the country's overall level of oil imports has decreased because of the domestic economic slowdown. West Texas Intermediate crude closed August down for the third month in a row, the longest such decline in two years.

The U.S. Federal Reserve announced a "higher for longer" interest rate policy at its annual retreat in August in order to tackle inflation. Fed Chairman Jerome Powell vowed to do whatever it takes to rein in inflation, saying that it may cause "some pain" for investors.

China and the United States have been diverging in their respective monetary policy. In August, the People's Bank of China cut 1-year benchmark rates by 5 basis points and the five-year benchmark lending rate by 15 basis points to stimulate credit demand and support its ailing real estate market. Those cuts came as a surprise, on the backs of worse-than-expected July consumer spending and borrowing figures.

The Fed's continued hawkish tone should strengthen the U.S. dollar relative to other currencies. As for China's central bank, it now has less room to lower domestic interest rates.

In late August, Chinese state banks were selling the dollar in an effort to prop up its yuan currency, according to several currency traders who spoke with Bloomberg on condition of anonymity.

In the interim, expect the dollar to continue to climb against the yuan.

**JEFF MINICK** lives and writes in Front Royal, Va. He is the author of two novels, "Amanda Bell" and "Dust on Their Wings," and two works of nonfiction, "Learning as I Go" and "Movies Make the Man."

# Jeff Minick

## Organize and Prioritize Tasks

*Hectic lives can be overwhelming, so relax and keep moving*

**Sometimes the race seems like a sprint, but that's mostly an illusion.**

ON A RECENT GETAWAY with my children and grandkids, I asked my oldest son what was on his mind these days.

"Fall," he said. "Summer's over, and school is cranking up."

For many of us, the arrival of autumn signals little more than a change in season. The temperature cools, the days grow crisper, and the leaves change color. Break out the sweaters, and it's no big deal.

For others, however, fall holds different connotations. Schools reopen their doors, and teachers and students head back to the classroom. Some high school seniors scramble to fill out college applications. Parents find themselves ferrying children to school, soccer, and ballet while helping their fifth grader in the evenings with her math lessons, or reading yet another email from the principal's office regarding schedules.

"Summertime, and the livin' is easy," goes the old show tune, but the arrival of September means the vacation is over. Time for lots of folks, young and old, to buckle down into a more rigorous routine.

Whether you're a teacher, parent, or student, here are some tips I've gleaned from different sources that should make this shift easier.

Prioritize. My son and his wife have seven children, six of them adopted. With the exception of a daughter who attends public school, they are educating their children through a blend of homeschooling and various co-ops, which means lots of scheduling and drive times. "This year," my daughter-in-law tells me, "I'm making education my No. 1 priority. I'll still do the other stuff—take care of the house, cook, get the kids to medical appointments, and so on—but first on the list is their education."

Beat the deadlines. Is that essay on "To Kill a Mockingbird" due on Thursday? Don't wait until Wednesday night to begin. Does the fourth grader face a multiplication test on Monday? Spend the previous week reciting the times tables with him several times a day.

A special note to high school seniors: Submit your college applications well before the deadline. When you get them out only a few days before they are due, often in January, you're convicting yourself of sloth or indicating a disinterest in that particular school.

Don't sweat the small stuff. That's the title of a book by Richard Carlson, and there's a reason why it has remained in print and popular for 25 years. Keep those words handy, and you can reduce stress while attaining greater peace of mind. In the back-to-school hustle, it's easy to let simple mistakes and obligations—my daughter forgot her lunch, my son lost his lit book, I need to get Carly to the dentist after school, but I have to pick up Daniel at day care by 4 o'clock—snowball into discouragement.

Most of the glitches in life are small stuff. Acknowledge that, brush them away, and keep moving forward.

Take frequent breaks. The leisurely pace of summer may be over, but you still need time to catch your breath and recharge your batteries. If you arrive at soccer practice a few minutes before pickup, put your phone aside, close your eyes, and take a quick snooze or meditate on the good things in your life.

Be a long-distance runner. Sometimes the race seems like a sprint, but that's mostly an illusion. Live in the moment, but never forget that the real finish line isn't flopping into bed exhausted at the end of the day. It's what you accomplish over weeks, months, and years.

"Keep calm and carry on" is a hackneyed bit of advice these days. But it's still true.



THOUGHT LEADERS

# Confronting China

*The CCP is acting as a transnational criminal organization: Rep. Scott Perry*

**“We need to see the CCP for what it is, to quit regarding them as a strategic competitor,” says Rep. Scott Perry (R-Pa.), a member of the House Foreign Affairs Committee. “They see America as their enemy, and treat us as such. It’s time we started responding to that stance.”**

In a recent episode of EpochTV’s “American Thought Leaders,” host Jan Jekielek sat down with Perry to discuss House Speaker Nancy Pelosi’s recent trip to Taiwan, the Chinese threats to shoot down her plane, how Beijing is exploiting America’s weaknesses, and what holding the Chinese regime to account would actually look like.

A member of security stands guard at the entrance of the Forbidden City in Beijing on May 1.

**JAN JEKIELEK:** The speaker of the House, Nancy Pelosi, met with officials in Taiwan, which brought strong reactions from the Chinese regime. What’s your take?

**REP. SCOTT PERRY:** I’m happy that America is representing itself in Taiwan and meeting with the leadership. It’s important that we let the rest of the world know that we stand shoulder to shoulder with free people, people who reject totalitarian leadership around the world.

**MR. JEKIELEK:** Chinese state media suggested that the speaker’s plane might be shot down. What do you make of this?

**MR. PERRY:** It’s a wake-up call to anybody thinking the status quo is permanent, with the United States being the global leader. Americans should recognize that the Chinese Communist Party [CCP] made the calculation that there was no downside to threatening to shoot down the speaker of the House. Essentially, it was an act of war.

We need to see the CCP for what it is, to quit regarding them as a strategic competitor. They see America as their enemy and treat us as such. It’s time we started responding to that stance.

**MR. JEKIELEK:** You’ve talked about “the flaccid response” to China’s threats of war in general.

**MR. PERRY:** Our response to China has been mixed. Even in the administration, we see different viewpoints that are confusing to Americans and that our adversaries take advantage of, especially the Chinese. We don’t offer support for Taiwan’s independence, yet we send our speaker of the House there. We disagree with the CCP’s goals, but we don’t do anything meaningful regarding the theft of intellectual property, the disregard for international trade agreements, and the disregard for U.S. law. We ignore a host of things, from propaganda to spy operations.

We don’t want a war with China, but we have to acknowledge that our policy and rhetoric have failed. We have to understand our circumstances as well. We no longer have the largest navy on the planet. We can no longer project power against the CCP.

**MR. JEKIELEK:** How do you safely change the status quo?

**MR. PERRY:** In any relationship, if you accept poor treatment from people, they’re going to keep giving you poor treatment. If you then decide, “I’m done with this,” but you’ve always allowed them to treat you poorly, there’s going to be a reaction. You have to recognize and understand that.

We need to take some small but definitive steps to say: “We don’t appreciate the way you’ve been treating us. So, we’re moving in a different direction now.” Then we’ll see how they respond. It’s important we do that as soon as possible, because as time goes on, we’ll have fewer and fewer options.

We need a coherent strategy. We’ve all got to be on the same page on this thing. Unfortunately, there’s been a lack of leadership at the top during this administration, but also to a certain extent in my own party. President Trump was taking the correct steps, but people within his administration were undermining him. That cannot be allowed to happen.

**MR. JEKIELEK:** What congressional bills regarding China would actually be beneficial to America?

**MR. PERRY:** There is a whole host of bills, from moderate to in-your-face. For instance, we could classify the CCP as a transnational criminal organization. That might seem extreme to people. But if you look at the evidence, everything they do qualifies them for that classification. So, how about this? We just don’t allow the Thrift Savings Plan. Every service member in uniform is required to pay into these plans that invest in unaudited Chinese companies, and in many cases, these plans are funding the very enemy our service members are training to fight.

There’s a lot of money floating around. I understand there’s a lot at stake, but the sovereignty of our country and freedom are at stake, too. We need to ascribe a value to that freedom so that people can understand what is truly important here.

**MR. JEKIELEK:** Is it money that makes the difference?

**MR. PERRY:** Absolutely. It’s front and center in some instances. I hate to pick on the NBA, but they certainly deserve criticism. I get that the NBA’s market in China is huge. But while they criticize the United States for its shortcomings, they’re absolutely unwilling to criticize the CCP. Meanwhile, there are concentration camps in East Turkistan, the social credit system, and the lack of freedom now in Hong Kong.

As members of Congress, we need to ask: What are we doing for the citizens in our country? I’m a representative from Pennsylvania. I grew up there, and every town had its own industry. Those jobs, skills, and industries are gone, most of them overseas. We started a course correction during the last administration, but that’s already been wiped out. We’ve got to start again and get both sides on board. ➾

> **“Unfortunately, there’s been a lack of leadership at the top during this administration.”**
>
> Rep. Scott Perry

FROM L: NOEL CELIS/AFP VIA GETTY IMAGES, YORK DU/THE EPOCH TIMES

> “It’s important that we let the rest of the world know that we stand shoulder to shoulder with free people, people who reject totalitarian leadership around the world.”

**MR. JEKIELEK:** Let’s look at the solar panel industry in China as an example. It’s subsidized by the government to the point of almost cornering the market, and this isn’t the only industry where this has been done. Do people realize this?

**MR. PERRY:** People like me scream it from the mountaintops whenever we have the opportunity—85 percent outsourcing of things like battery technology, battery critical components, solar panels, or slave labor-associated products—and you’re playing a part whenever you purchase these things or advocate for this situation. This really hit home with pharmaceuticals, for instance, at a certain point during COVID.

**MR. JEKIELEK:** You’re saying China makes a significant portion of the medicines sold in America.

**MR. PERRY:** We can’t get antibiotics in this country when we’re this dependent on China. That’s one of the reasons we have to be careful how we deal with the Chinese. And look at all these restrictions on what the left calls rare earth minerals. They’re not rare. They’re under our feet here in America, but because of restrictions, we can’t get to them.

**MR. JEKIELEK:** Let’s jump back to this bill that would label the Chinese Communist Party a transnational criminal organization. It would be a huge move politically, but it’s something you’ve been serious about.

**MR. PERRY:** The Party is acting as a transnational criminal organization to the detriment of our country and our economy. Even if we just had a hearing on the bill, it would send a signal. But we in Congress don’t even discuss the fact that the Chinese Communist Party gets away with all this stuff. We have to influence the behavior of the CCP, but the important part of this conversation is to alert Americans that this is happening. They need to understand the separation between the Chinese people and the Party that oppresses them, and that the CCP wants to steal from us and replace us as a world leader.

And this is happening with the help of Big Tech. They see themselves as global companies founded and operated from the United States of America, but they’re working with the CCP to oppress the Chinese people. Why is that acceptable? Why is the forced organ harvesting of the Falun Gong acceptable? Why isn’t the media covering it? As you know, I make it one of my priorities. But we need the Congress and the president to stand together on this.

**MR. JEKIELEK:** I’ve reported on forced organ harvesting since 2006. It’s very difficult for people to grasp.

**MR. PERRY:** They can’t imagine this would happen in the 21st century, but every single sign points to it. We have to be careful here because the Chinese Communist Party doesn’t allow these kinds of investigations in their country. But there’s no waiting list for an organ transplant in China, yet in developed nations, there are long waiting lists. Investigations have confirmed, as far as they can that live organ harvesting happens in China.

**MR. JEKIELEK:** In a very concrete way, what can be done immediately to shift this entire situation?

**MR. PERRY:** The rhetoric is important. Public actions, like the one by the speaker, are important. Probably the best thing to do is to look at the perils the United States faces in a world where China is the global leader—whether it’s in pharmaceuticals, technology, or finance. We need to identify our challenges, prioritize our solutions, and then get to work on those solutions. ■

*This interview has been edited for clarity and brevity.*

Tourists look on as a Chinese military helicopter flies past Pingtan island, one of mainland China’s closest point from Taiwan, on Aug. 4, ahead of massive military drills around Taiwan following U.S. House Speaker Nancy Pelosi’s visit to the country.

THIS PAGE: HECTOR RETAMAL/AFP VIA GETTY IMAGES





# Unwind


**Along with** being a World Heritage Site, the magical old city of Sienna is car-free, home to the world’s oldest bank, and host to a traditional medieval horse race, offering many reasons to visit.

PHOTO BY ALBERTO PIZZOLI/AFP VIA GETTY IMAGES



INSIDE

# A LOVELY ENCINO ABODE

***Providing the best of city life in a family-friendly area, this home is ideal for large families and entertaining***

*By Phil Butler*

**The home's generous living** and entertaining spaces reflect comfort, style, and exquisite design. Many have fireplaces and easy access to the lush lawn area.

ALL PHOTOS BY JADE MILLS

SET INSIDE THE PRESTIGIOUS RANCHO Estates private community in a very desirable, family-friendly area, this remarkable contemporary Mediterranean home provides uncompromising privacy in the middle of bustling, amenity-laden Encino.

Listed for $4,999,000, the tasteful and spacious residence offers an impressive blend of luxury and comfort to maximize family life while also serving as an ideal venue for entertaining. This property is worth considering by those who desire a high degree of privacy while living in the heart of things.

This beautiful home, located behind high-security gates, features spacious living and common areas that exude a sense of grandiosity without being overly pretentious. All aspects of the very welcoming residence prove it was designed to deliver stylish livability. The three-story home has 6 bedrooms, 7 full baths, plus one half-bath. On the main level, there are three en suite bedrooms. Downstairs, the large master suite is amply appointed with its own fireplace, a luxurious bath/spa, and truly cavernous closet space.

The open-air amenities include an oasis-like heated pool, a separate spa, a fire pit for evening entertaining, multiple lounging areas, and a half-court basketball court, all in a setting of lush, manicured grounds with mature trees. The property will keep residents and their guests happily entertained, day or night.

Rancho Estates is less than an hour's drive to Los Angeles, and about a 10-minute drive from Braemar Country Club; it's even closer to El Caballero Country Club. The area boasts a wealth of activities and parks of every description, such as the Balboa Sports Complex, Los Encinos State Historic Park, and many others. With its Southern California location, there are a dizzying array of shopping, dining, and entertainment activities within very close proximity of the property.

***Phil Butler is a publisher, editor, author, and analyst who is a widely cited expert on subjects ranging from digital and social media to travel technology.***

**17647 BELINDA STREET**
**ENCINO, CALIFORNIA**
**$4,999,000**

- 6 BEDROOMS
- 8 BATHS
- 8,134 SQUARE FEET
- 0.49 ACRES

**AGENT**
JADE MILLS ESTATES
STEPHANIE ZEBIK,
MANAGING DIRECTOR
310-285-7508

**(Above)** Magnificent high-beamed ceilings make a remarkable impression. The home's interiors are accented throughout with curvilinear openings, expansive wall space, and beautiful hardwood floors. **(Top Right)** The well-equipped kitchen features professional-grade appliances and ample food preparation areas. The butler's kitchen has extra prep space and appliances for accommodating large gatherings. **(Right)** The master bedroom features its own fireplace, an exquisite bath, spacious closets, and large picture window views. The adjacent room is well-suited for use as a home gym or office.

**The Siena Cathedral** (Duomo di Siena) was completed in 1263.

PHOTO BY SABINO PARENTE/SHUTTERSTOCK

# *Medieval Moments*

*Siena's historic squares and biannual horse race transport visitors back in time*

***By Tim Johnson***

TWICE A YEAR, THE PIAZZA DEL Campo in Tuscany thunders.

Normally a picturesque place and rather serene, the square is lined with tables where al fresco dinners end and diners tarry with their last drops of espresso or limoncello. The irregular, shell-shaped, sloping oval of the square spreads out under medieval buttresses and Torre del Mangia, a clock tower that, when completed in 1348, was one of the tallest non-church towers in Italy. Stepping out from the labyrinth of lanes leading up to it—11 separate, shaded streets feed into the square—feels like taking a trip back to the Middle Ages.

But during the Palio di Siena, which takes place twice every year in July and August, everything gets loud. Ten bareback riders, each one decked out in the colors of their "contrade," or city district, hoof it hard aboard the best horses in the region, racing toward victory on soil laid around the perimeter for the occasion. It's a wild spectacle, perhaps most memorably depicted in the James Bond film "Quantum of Solace."

The opening scenes of the movie cut between the torrid action of the equine race and a breathless chase as Bond does everything he can to get away from the bad guys. After streaming a few minutes of the film while standing on the square—a slightly surreal moment—I sat down for dinner nearby. Chatting with the owner of the restaurant, I believed for a moment that I'd stumbled across one of the brave riders. He spoke firsthand about the race. It turned out that this wasn't the case; something I'd see, unmistakably, in the photos he showed me after I'd polished off my pasta.

In many ways, Siena is the perfect Tuscan town. Not overrun with tourists like Florence, it's a popular destination for day-trippers from larger cities nearby. But once the tour buses leave, you have the whole place to yourself—


**Siena is** an hour's drive from Florence.





and the 55,000 locals living in this small city, of course.

The Piazza del Campo is one of Europe's most perfectly preserved medieval squares. Fan-shaped, it was paved in red brick in 1349. Eight lines of travertine divide it into sections; a total of nine wedges represent the Noveschi (also called the Nine, or the IX), who governed Siena during its peak in the 13th and 14th centuries. The Republic of Siena flourished under the Noveschi, who brought political and economic stability and completed major public works, including much of the city walls and the grand cathedral. They ruled until the Black Death reached Siena and contributed to a popular uprising and change in government in 1355.

Two hundred years later, in 1555, the Republic of Siena officially ceased to exist when its forces lost to Florence, its rival, and was replaced with Florentine rule.

But the Nine left behind a strong legacy that's still apparent even on a casual stroll. Traveling with family, we stayed at a former monastery just inside the city walls. Hanging out in the courtyard, we grazed on Italian meats and cheeses.

We spent our days just roaming, passing through Piazza del Campo several times, popping into little shops along the way.

We spent a solid half day touring the Duomo di Siena. Consecrated in 1215 and completed in 1348, this grand cathedral is a UNESCO World Heritage Site and is distinctively zebra-striped; the black-and-white pattern is the traditional symbol of the city, appearing also on its coat of arms. The finest craftsmen of the age worked on the place, including Bernini and Donatello.

And we learned more about the Palio di Siena. First run in 1633, centuries of tradition surround this event. There's a great deal of time and energy spent on the lead-up: lottery drawings to pick the horses (which are blessed in official religious ceremonies), a pageant held just beforehand, processions, open-air dinners—not to mention the endless speculation on winners and losers by the locals. But the race itself takes only between a minute and 90 seconds to complete, with chaotic sounds, relentless fury, and riders often thrown to the ground.

Sometimes, spectators even jump into the fray. That's what Marcello, the restaurant owner, did.

After we finished our meal at a sidewalk table, he led us inside the restaurant and pointed out a couple of photos on the wall. In both, he was in the foreground. Arms outstretched, he was clearly running like a madman. The horses, just a pace or two behind him, looking like they may, in a moment, step on his heels (or worse). Pure ecstasy—or, maybe, total fear—on his face.

Not something I would recommend, but certainly a good story to tell. Distinctively Siena. We headed back to the Piazza del Campo for one last look at the Torre del Mangia all lit up, with just a few diners left at the outdoor tables around the square, finishing up their limoncello. ■

***Tim Johnson is based in Toronto. He has visited 140 countries across all seven continents.***

Between
**1 minute to 90 seconds:**
The duration of the Palio di Siena race

## If You Go

**Fly:** The closest international airport is in Florence (FLR).

**Stay:** Situated on a quiet side street within the old city, the Chiostro del Carmine has charm to spare. While rooms can be a bit small and stuffy, some look out on the surrounding hillsides. The courtyard is lovely. And there's a certain pleasure inherent in sleeping in a medieval convent.

**Take Note:** Book well ahead of time if you're visiting during the Palio di Siena, which takes place every year on the same dates: July 2 and Aug. 16.

ALBERTO PIZZOLI/AFP VIA GETTY IMAGES, FOKKE BAARSSEN/SHUTTERSTOCK, ROSSHELEN/SHUTTERSTOCK

**Italian jockey Giovanni Atzeni** (C), riding Zio Frac for the Drago district, celebrates after winning the Palio di Siena on July 2.

**Begun in the Romanesque style,** the Siena Cathedral became a prime example of Italian Gothic.

**A common destination** for daytrippers, Siena becomes a great place to explore once they leave.

KEEP YOUR CAR

# LOOKING NEW

Going over every inch of your car to make it perfect can be fun and preserve its value

BY BILL LINDSEY

**It's great driving** a new car, so let's explore how to enjoy that feeling for many years.

IF YOUR CAR IS YOUR PRIDE and joy, you may find that you enjoy spending time cleaning and protecting it. There's a Zen aspect, too; it can be a bit meditative going over every inch of the car. Doing it yourself also ensures that it's done right, using the best materials and supplies. Set aside two hours early in the morning or mid-afternoon to avoid the hottest times of the day.

The question of how often to detail depends upon how frequently the car gets dirty and/or how obsessive you are about its appearance. At a minimum, plan to wash it monthly and detail it at least once per year, preferably twice; you can't over-detail it.

As with all tasks, having the right tools makes it easier. The basics include two wash mitts; one for painted surfaces, the other for the wheels, tires, and fender lips; a soft brush to clean the wheels; two wash buckets; a vacuum cleaner with crevice attachments; and paper towels, glass cleaner, and a spray-on conditioner for leather seats, the dashboard, and door panels.

**START BY CLEANING** the interior, removing the floor mats to be hosed clean and allowed to dry in the sun. Then, use a very lightly moistened wash mitt to wipe down door handles, door sills, the dashboard, seats, seatbelts, and the console to remove dust and grit. Use glass cleaner on the inside of the windshield, the rearview mirror, and all windows. Vacuum the

**There's a Zen aspect, too. It can be a bit meditative going over every inch of the car.**

floor and seats, as well as all crevices.

Next, apply a conditioner to the leather seats, dashboard, and door panels; then, give the interior a finishing touch of a spritz of an air freshener. Check the car trunk and the cargo area of SUVs to see if they need to be vacuumed; while you're in there, this is a good time to check the spare tire's air pressure.

Next comes the exterior. Which soap to use? Any on-sale car wash is fine, but boat wash tends to be a bit more concentrated, making it more cost-effective, and it's perfectly safe for any exterior car surface. Washes labeled "wash and wax" aren't a viable alternative to applying a wax or polish. The same can be said for spray-on polishes or waxes; few things that are "fast and easy" deliver long-lasting results.

Of the two wash mitts, use one to clean painted and glass surfaces, and the other to clean tires, wheels, and wheel wells. Fill one bucket with soapy water, and the other with just water to rinse off the soapy mitt and remove dirt that could scratch the paint. Work in small areas, rinsing often to prevent the soapy residue from drying. Clean the tires, wheels, and wheel wells after you've washed the rest of the vehicle. Don't ➻

**Wash the car** in small sections, rinsing immediately to help prevent soapy residue from drying and forming streaks.

LEFT PAGE: ADRIAN DASCAL/UNSPLASH; RIGHT PAGE FROM TOP: ETAP/SHUTTERSTOCK, MIKE FLIPPO/SHUTTERSTOCK, M-PRODUCTION/SHUTTERSTOCK, ANDREY EREMIN/SHUTTERSTOCK

**For perfectly clean,** streak-free windshields and windows, use a squeegee with a wiper blade to remove all water.

**Use two sets** of washing and drying tools: one for only painted and glass surfaces, the other only for wheels and tires.

**When washing** your vehicle, use the two-bucket method: one for sudsy water and the other filled with water to rinse the sponge or wash mitt after every use to keep them free of paint-scratching grit.

**A thorough vacuuming** of the entire interior reduces wear on fabric and leather surfaces and may even eliminate odors.

use a brush to clean painted surfaces; no matter how soft it may be, it can create tiny scratches or swirl marks. Towel-dry the car to avoid water spots.

**IF YOU WANT** to take detailing to the next level, consider using a foam cannon. Attached to a pressure washer, this system applies a thick, clinging foam that, as it slides down the vehicle, pulls dirt and grime with it. In addition to being fun to use, it allows for true touch-free cleaning. After the vehicle is foamed, use the pressure washer, at a low setting, to rinse it clean.

With the exterior clean, now it's time to protect it—raising the question of which polish or wax to use. Carnauba wax is a traditional treatment for painted surfaces, applied by hand or with a machine and then buffed off. These waxes last about three to four months, possibly less in very hot climates.

To determine when it's time to apply polish or wax, drip some water onto the surface; if the drops are quarter-sized or larger, get busy. A polish can be either pure protection or a "cleaner wax," designed to remove very light oxidation. Look for a polish containing Teflon that provides high shine and is resistant to dirt and grime.

Another alternative is a ceramic treatment. This provides high shine and excellent resistance to dirt and grime, but it tends to be expensive when applied by a professional. You can apply a ceramic finish yourself—there are many how-to instructional videos available to show you the procedure—but regardless of who applies it, do some research beforehand to determine what limitations it has, which cleaners can be used on it, and how often it needs to be removed and reapplied (the average lifespan is between two and five years). Work in small areas, allowing the finish to dry to a haze before buffing it off.

Now, go and enjoy some car-cleaning fun! ■

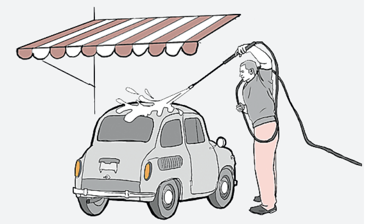

**A freshly detailed** car is more fun to drive and may even seem to have a bit more pep.

E

LIFESTYLE

## FOAMY FUN

*Don't skip the details*



1

### Beat the Heat

Work under an awning or portable car tent, taking frequent hydration breaks, to protect you and your car from becoming overheated. A cool car is easier to wash and wax.

2

### Wax On, Wax Off

Learn the difference between wax, polish, and ceramic finishes to determine which is best for you. Don't use spray-on polishes or waxes in place of traditional efforts; their extremely short-term results make them a waste of time.

3

### It's a Date

Plan to do a full detailing of the car at least once per year, but wash and vacuum it monthly.

THIS PAGE FROM TOP: BOGDANHODA/SHUTTERSTOCK, SEVERIN DEMCHUK/UNSPLASH





# AMAZING TECH: A COLLECTION OF TALENTED GLASSES

*We live in a golden age of technology, as evidenced by these glasses that allow you to 'see' 5 virtual monitors, check on your health, or take 3D photos*

***By Bill Lindsey***

*Capture It in 3D*

### SNAP SPECTACLES 3

**$380**

Unlike most smart glasses, which incorporate one onboard camera, these have two. As a result, they create 3D images and video. The 4GB flash storage holds 100 videos or 1,200 images; the integral battery allows up to 70 videos per charge. Four microphones add a lush soundtrack to the videos.

*Fully Connected*

### ENGO EYEWEAR

**$397**

Athletes, whether professional or weekend warriors, measure performance by monitoring bodily activity. This is something easier said than done while running—unless you use this system, engineered for active people. Wearers can track real-time heart rate, speed, distance covered, and more. The glasses also provide excellent protection from ultraviolet rays and debris.

*A Private, Virtual Workstation*

### LENOVO THINKREALITY A3 SMART GLASSES

**$1,499.99**

Imagine sitting on your couch at home, "seeing" a full array of up to five virtual, big-screen monitors in front of you. That's the idea of this system, which allows you to create a virtual workspace in which you can position the monitors for optimal viewing. Even better, these glasses accept prescription lenses.

*Upgrade Your Glasses*

### VUFINE+ WEARABLE DISPLAY

**$199**

This system is a brilliant choice for those who wear glasses. Simply clipped onto your prescription eyewear or favorite sunglasses, it allows you to watch videos, operate a drone, or "see" a second monitor, all via what your eye interprets as a four-inch high-definition screen located 12 inches from your face.

*Right in Front of You*

### VUZIX BLADE UPGRADED SMART GLASSES

**$999.99**

These glasses might be a bit on the clunky side, but they're beautiful in use. Imagine working on a complex project such as rewiring a piece of electronics. Normally, you'd need to look away to refer to a manual or instructional video, but with these, it's virtually in front of you.

COURTESY OF SNAP SPECTACLES, ENGO, LENOVO, VUFINE, VUZIX

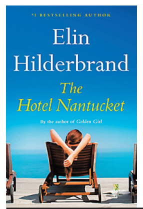
# Epoch Booklist

**Are there books you'd recommend?**
We'd love to hear from you. Let us know at features@epochtimes.com

## RECOMMENDED READING

***This week, we feature a charming farce set in a small Italian town,*** *and a biography of a remarkable oilman who protected the environment.*

### FICTION

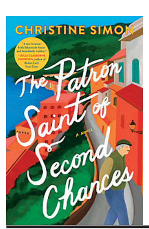



**'The Hotel Nantucket'**
*By Elin Hilderbrand*

### A Suite Summertime Sizzler

Part mystery, part romance, and all fun, this novel follows Lizbet Keaton, who lands a job as the general manager of the lavishly restored Hotel Nantucket. She's desperate to please the wealthy London owner and counts on her charismatic staff to help her succeed.

LITTLE, BROWN AND COMPANY, 2022, 416 PAGES



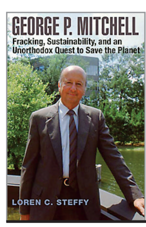

**'The Patron Saint of Second Chances'**
*By Christine Simon*

### An Endearing Farce

Prometto, Italy, population 212, has 60 days to come up with 70,000 euros to repair its water system or the state will close down the town. In this wild ride of a story, Signor Speranza, self-appointed mayor and vacuum repair man, hides this looming crisis while trying to solve the town's insolvency. He falls into a plan of making a movie featuring a young and famous star and finds himself facing one disaster after another. This book is a wonderful, charming comedy and a great escape from our present troubles.

ATRIA BOOKS, 2022, 304 PAGES

### BIOGRAPHY



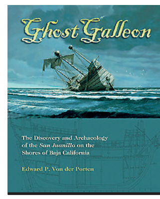

**'George P. Mitchell'**
*By Loren C. Steffy*

### He Was About More Than Fracking

Galveston, Texas-native George P. Mitchell is the man most responsible for making the United States energy independent and a net-energy exporter by 2019. This biography shows that Mitchell did more than commercialize fracking. The oilman planned his business in terms of decades, making a fortune by balancing environmental concerns with drilling and by developing real estate while leaving existing trees in his Woodlands community. This is the story of a complex, altruistic, and exceptional American.

TEXAS A&M UNIVERSITY PRESS, 2019, 376 PAGES

### ARCHEOLOGY



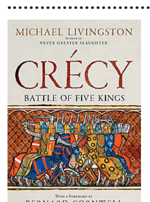

**'Ghost Galleon'**
*By Edward Von der Porten*

### A Treasure Trove of History Found

In 1997, Edward Von der Porten, a noted marine archaeologist, learned that a wreck of a Manila galleon might be off California's coast. This led to the hunt for and discovery of the wreck. Von der Porten describes the two-decade effort to extract the secrets of the wrecked galleon, including its identity. It's a marvelous tale for those fascinated by old ships or by stories of modern-day explorers working to uncover history.

TEXAS A&M UNIVERSITY PRESS, 2019, 248 PAGES

### HISTORY



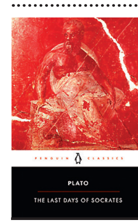

**'Crécy'**
*By Michael Livingston*

### A Great Battle Restructured

The Battle of Crécy in 1346 is one of the most famous battles of the medieval era. This pivotal clash between the English and French began the Hundred Years War. Historians have written extensively on the battle, but Livingston argues that most historians have it wrong. "Crécy" will change the way you view the battle and its players.

OSPREY PUBLISHING, 2022, 304 PAGES

### CLASSICS



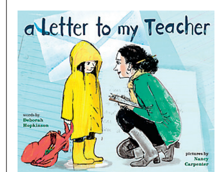

**'The Last Days of Socrates'**
*By Plato*

### Plato's 4 Dialogues

In "Euthyphro," we meet Socrates considering questions of piety. In the next dialogue, "Apology," he refutes charges of impiety and defends his life as a philosopher, contending that "the unexamined life is not worth living." In "Crito," Socrates explains his refusal to flee from his native city, and "Phaedo" gives us his thoughts on the meaning of death and immortality. Hugh Tredennick's translation and Harold Tarrant's revisions make this an important, accessible version of Plato's account of Socrates's trial and death.

PENGUIN CLASSICS, 2003, 304 PAGES

### FOR KIDS

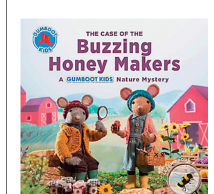



**'A Letter to My Teacher'**
*By Deborah Hopkinson*

### A Thank You to a Teacher

A second-grader with a streak of mischief-making and poor reading skills comes to appreciate her teacher's talents and gifts. A sweet story of learning and gratitude beautifully enriched by Nancy Carpenter's illustrations. This book is for ages 4 to 8.

SCHWARTZ & WADE, 2017, 40 PAGES




**'The Case of the Buzzing Honey Makers'**
*By Eric Hogan and Tara Hungerford*

### An Adorable Series for Curious Minds

Scout and Daisy discover the origin of honey as they journey from a farmers market to the nearby woods. Part of the sweet Gumboot Kids series featuring meticulously detailed illustrations and educational explorations of nature.

FIREFLY BOOKS, 2020, 32 PAGES



**Ian Kane**
is a U.S. Army veteran, filmmaker, and author.
He enjoys the great outdoors and volunteering.

# Epoch Watchlist

## MOVIE REVIEWS

***This week, we look at an outstanding adventure*** *undertaken by British officers, and a drama about secrets buried in a small Texas town's past.*

### NEW RELEASE

**'About Fate'** (2022)

Just when both their hopes for a wedding seem to be souring, a series of fateful events bring Griffin Reed (Thomas Mann) and Margot Hayes (Emma Roberts) together on New Year's Eve. Soon, romantic stirrings begin to develop between them, but there are those who don't want to see that happen.

Despite the rapid-fire valley girl dialects (which permeate so many movies these days), this briskly paced rom-com is generally fun and engaging. It has some heartwarming moments and charming scenes that play out among its characters.

ROMANTIC | COMEDY

**Release Date:** Sept. 9, 2022
**Directors:** Marius Vaysberg
**Starring:** Emma Roberts, Thomas Mann, Madelaine Petsch
**Running Time:** 1 hour, 40 minutes
**MPAA Rating:** R
**Where to Watch:** Theaters

★★★☆☆

### AN OUTSTANDING SEMI-HISTORICAL WESTERN

**'Lone Star'** (1952)

Cattle baron Devereaux Burke (Clark Gable) is hired by President Andrew Jackson (Lionel Barrymore) to convince Sam Houston (Moroni Olsen) to bring Texas into the union. But Burke's challenges are many.

This outstanding Western carries a good message about being principled. It also features a steamy love story and well-drawn characters brought to life by its brilliant cast.

WESTERN

**Release Date:** Feb. 8, 1952
**Director:** Vincent Sherman
**Starring:** Clark Gable, Ava Gardner, Broderick Crawford
**Running Time:** 1 hour, 34 minutes
**Not Rated**
**Where to Watch:** Vudu, Amazon, DirecTV

★★★★½

### INDIE PICK

**'Lone Star'** (1996)

When Sheriff Sam Deeds (Chris Cooper) finds a skull in the desert near a small border town, he starts unraveling the murder of Sheriff Charlie Wade (Kris Kristofferson) four decades earlier. Deeds's investigations begin to reveal town secrets revolving around his father (Matthew McConaughey) that might be best left buried in the past.

Featuring fantastic performances by its outstanding cast—particularly Cooper—this indie Western is a whodunit with a realistic vibe that will keep you transfixed through to its kicker of an ending.

DRAMA | MYSTERY | WESTERN

**Release Date:** June 21, 1996
**Director:** John Sayles
**Starring:** Chris Cooper, Elizabeth Peña, Matthew McConaughey
**Running Time:** 2 hours, 15 minutes
**MPAA Rating:** R
**Where to Watch:** Apple TV, Vudu, DirecTV

★★★★☆

### A WONDERFUL ADVENTURE WITH CAPTIVATING LOCALES

**'The Man Who Would Be King'** (1975)

Based on Rudyard Kipling's tale, this rousing adventure romp follows friends Peachy Carnehan (Michael Caine) and Danny Dravot (Sean Connery), who are British officers stationed in India. Having boundless ambitions, they head off to the remote land of Kafiristan and plan to live as kings.

With sublime portrayals by its shining stars Caine and Connery (the two have great chemistry), along with its great script and direction by John Huston, it's one of the most brilliant adventure films of all time.

ADVENTURE | HISTORY | WAR

**Release Date:** Dec. 17, 1975
**Director:** John Huston
**Starring:** Sean Connery, Michael Caine, Christopher Plummer
**Run Time:** 2 hours, 9 minutes
**MPAA Rating:** PG
**Where to Watch:** Redbox, DirecTV, HBO Max

★★★★★

# IPANEMA, A BELOVED BRAZILIAN GEM IN NEW YORK, MAKES A GLAMOROUS RETURN TO THE CITY

*Continuing their father's legacy, Carlos and Victor Pedro are carrying the 40-year-old restaurant into the future with an elevated menu, luxe surrounds, and a new cafe—but the same family spirit*

***By Crystal Shi***

**Ipanema's** updated menu features sophisticated takes on Brazilian and Portuguese classics.

**The modernized** interiors draw from Brazil's love for natural materials in design and decor.

**Pasteis de nata,** with flaky layered crusts and burnished custard centers, are a highlight at Bica.

**(L–R) Victor, Alfredo, and Carlos Pedro** in the private dining room at Ipanema. Behind them, family heirlooms and books line the shelves.

CARLOS AND VICTOR Pedro grew up in Ipanema—not the famed Rio de Janeiro beach, but their father's Brazilian-Portuguese restaurant, which was named after those sun-drenched shores, in the heart of New York's Little Brazil.

The lively spot had been a staple since 1979, when Alfredo Pedro, who immigrated from Portugal when he was 13, quit his job as an IBM engineer to buy the restaurant.

In running the place, Alfredo said, "I always had a philosophy of being a family." That applied to his own family but also to his staff—he had the same chef and manager for 30 years—and customers, who would go there as kids and then return years later with their own.

The COVID -19 pandemic lockdown brought Ipanema's 40-plus-year run to an end—until the next generation stepped up to revive it. Carlos and Victor took over, and in May, they opened the resurrected restaurant 10 blocks from the original.

### A Fresh Look

While the original Ipanema was more of a "casual homestyle, no-frills" place, like most Brazilian or Portuguese spots in the city, according to Carlos, he and Victor wanted to update it.

"This should be elevated and put on a pedestal and respected," Carlos said.

They brought on Brazilian-born executive chef Giancarlo Junyent; chef de cuisine Andre Lev Pavlik, who previously worked together under Tom Colicchio; and pastry chef Alejandra Nicolon, from Per Se and Eleven Madison Park.

"We wanted to show where our culture can go," Junyent said about designing the restaurant's menu.

The classics are still there, but refined, such as the bitoque, a Portuguese-style strip steak with an egg, steak Diane sauce, and potato gratin in place of rice and fries. The feijoada, Brazil's famed black bean and pork stew, stays true to tradition, but a handmade black ceramic serving vessel adds sophistication. Everything is made in-house, from the bacalhau to the acerola sorbet.

The restaurant interior exudes glamour and warmth—all softly lit wood, lush greenery, white marble, and velvet banquettes. It has an 80-seat main dining room, a private area where family heirlooms are displayed on bookshelves, and an upstairs cocktail lounge featuring house-distilled and infused spirits.

Connected to the restaurant is a new all-day cafe, Bica, serving coffee and fresh juices; lunch bowls; and pastries, such as pao de queijo (Brazilian cheese bread) and pasteis de nata (Portuguese egg tarts—which Nicolon said took months to perfect).

### Passing the Torch

With the new kitchen crew, the Pedros have simply expanded their family. Case in point: Barely after meeting, they sent the team to stay in their family home in Portugal for a research trip.

Alfredo, who now lives most of the year in Portugal, where he runs his own hotel and restaurant, never expected his sons to take over Ipanema.

"I'm very proud of them," he said. "It's a very exhausting, demanding business."

For the brothers, however, the choice was obvious.

"It's like part of the family," Carlos said. "It's been so central, almost like the nucleus ... that we all just want to nurture it and keep it going."

**IPANEMA**

**Location:**
3 West 36th Street, New York, N.Y.

**Hours:**
**Ipanema**
Open Tuesday to Saturday, 5:30 p.m. to 10:30 p.m.
**Bica**
Open Monday to Friday, 8 a.m. to 3:30 p.m., and Saturday to Sunday, 10 a.m. to 5 p.m.

**Contact:**
212-730-5848, Ipanema.co

ALL PHOTOS BY MELISSA HOM



# How to Be the Hotel's Favorite Guest

*Staying at a resort or hotel calls for a specialized set of etiquette rules*

**Time spent at a hotel or resort on business or vacation requires close contact with new people. As Mom taught you, it's important to be polite to strangers, especially the ones delivering your room service.**

***By Bill Lindsey***

### 1 Check In on Time

Arriving on time is simply good manners, as is advising if you'll be arriving late. Conversely, arriving well before check-in time and demanding a room isn't acceptable. The staff may not have your room ready yet, so ask at the front desk for the bellhop to hold your bags for a later check-in. Also, let the front desk know as soon as possible if you realize that you won't be checking in at all.

### 2 Smiles Are Free, so Give Them Generously

The entire reason the employees are there is to make your stay pleasant. Smile and nod to connect with them on a very basic human level; it's simply good manners to do so. And it just may pay off if you need any special assistance; a desk clerk is much more likely to upgrade the pleasant guest instead of the one who's demanding special treatment while loudly proclaiming their frequent traveler status.

### 3 Be Considerate

Don't let the kids run around unsupervised, and rein in the adults, too; boisterous behavior at the bar, in the restaurant, or in the lobby isn't acceptable. Minimize the noise level emanating from your room; loud music or conversations can disturb the other guests. If you need special accommodations, from extra pillows or towels to a ground-floor room or one as far from the elevator or trash chute as possible, ask well in advance while making reservations.

### 4 Keep It Clean

Don't make a mess in the room during your stay. You don't need to make the bed every morning, but toss the pillows and covers back on the bed before you leave for the day. Don't leave wet towels or food out, either. If you use room service, set the tray in the hall after you finish the meal. This also applies to the common areas; don't leave trash or empty drink and food containers in the lobby or lounges.

### 5 A Meaningful Thank-You

It isn't considered customary to provide a gratuity to the front desk clerk, but if they provide outstanding assistance in locating a great restaurant, give suggestions for off-the-tour-guide-map attractions, help you to resolve a problem with your luggage, or give you an upgraded room, a discrete tip is appropriate.

Definitely tip the pool attendants, room service staff, restaurant wait staff, bellhops, and the concierge. It's also considered proper to tip the maid cleaning your room a few dollars every day.

CSA IMAGES/GETTY IMAGES

# What Our Readers Say

**"It's a magazine that's FOR the American people, not against."**

*Vanessa Morrison, medical records clerk*

**"Well thought out material, thoroughly investigated, and I trust [the] sources."**

*Gail F. Sauve, homemaker*

**"It is straightforward, rather than a lot of speculation or pontificating."**

*Jan Hamilton, retired professional*

**"[Insight] reminds me that there are still a LOT of wonderful, good, and dedicated people in this country."**

*Creed Haymond, surgeon*

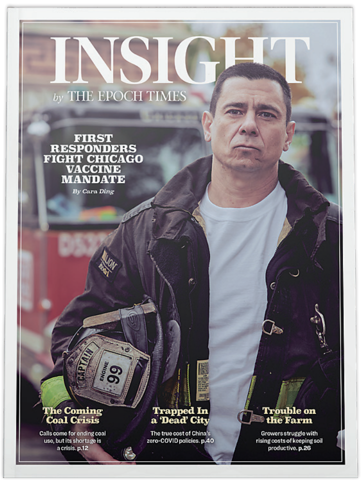
**"Unbiased reporting. Short, impactful articles."**

*Mark Naumann, photographer*

**"I can trust what I read and make up my own mind how I feel about the subject."**

*Jim Edwards, retired*

## Save up to 45% on your subscription today!




### 3 EASY WAYS TO SUBSCRIBE

**ONLINE** : ReadEpochInsight.com

**HOTLINE** : 833-699-1888

**BY MAIL** : INSIGHT
Subscription Department
229 W. 28th St., Fl.5
New York, NY 10001

**INSIGHT**
by THE EPOCH TIMES

### Yes, I'd like to subscribe!

- ☐ **1 Year $199 ($3.83/week)** **Save 45%*** **Best deal**
- ☐ **6 Months $129 ($4.96/week)** **Save 29%***

* Based on a newsstand price of $6.95/copy.
You can cancel anytime during the trial.

**$1 FIRST MONTH** **if you subscribe ONLINE**

**SCAN HERE to subscribe:**

**ReadEpochInsight.com**

**Please Print Legibly (Include Apt., Ste., Or Unit No.)**

First name ______________ Last name ______________

Address ______________ Apt. # ______________

City ______________ State ______________ Zip ______________

Email ______________ Phone ______________

☐ **Pay by check** (payable to **The Epoch Times**) ☐ **Use my credit card / debit card**

Card # ______________

We use your credit card solely, and securely, for your subscription. We do not share it with any third parties. The subscription will auto-renew with credit card payment.

Expiration ______ (M M Y Y) Card CVV# ______ ZIP ______

Name on Card ______________ Signature ______________

By signing this subscription form, I affirm that I have read, understood and agreed to the terms and conditions at **ReadEpoch.com/terms** I also affirm all info above is complete and accurate.

We'd appreciate it if you'd pass this magazine along to your friends and family after you finish reading it. You can also request FREE magazines for your friends by filling out the form at ***ReadEpochInsight.com/FreeCopyRequest***

of billions of dollars in subsidies, wind and solar energy have utterly failed to meet peoples' need for reliable fuel and haven't succeeded in reducing carbon emissions. Rather, these technologies have only succeeded in exporting emissions to China, Africa, and South America, where components of wind turbines, solar panels, and batteries are mined, refined, and manufactured.

"The free market would not fail to provide the resources that people want," Michael Rectenwald, political author and former New York University professor, told The Epoch Times. "This is all about trying to change what people want and actually make unavailable what people need."

Despite a recent decline in gasoline prices, the cost of fuel for Americans remains elevated and likely to increase. Natural gas prices were up by more than 30 percent in July compared to July 2021 and rose again in August to the highest level since 2008. Americans, who are already struggling to pay their bills, will likely see much higher heating costs this winter.

### Farming and Food Supply

The spike in energy prices has had a ripple effect through the entire global economy, from manufacturing to transportation, but U.S. farmers have been hit particularly hard by the high cost of fossil fuel derivatives, such as diesel and fertilizers.

Fertilizer prices hit record levels in 2021, and while U.S. President Joe Biden has blamed this on Russia, most of the price increases occurred before Russia invaded Ukraine. In January, prior to the invasion, ammonia-based fertilizer prices had already escalated to almost $1,500 per ton, up from less than $600 per ton one year prior. The price increased slightly to $1,636 per ton after the invasion, before returning to pre-invasion levels of $1,469, as of July 15.

The cost of diesel fuel to run tractors and transport vehicles rose from $2.68 per gallon in January 2021 to a high of $5.75 per gallon in June, decreasing slightly to $5 per gallon in August. This doubling of input costs for farmers has pushed

**People shop** for fresh produce and food at a farmer's market in Homewood, Ala., on June 29, 2021.

> "We do not have a government spending triggered by war—we have a government spending triggered by transfer payments."
>
> ***Arthur Laffer,*** *economist*

FROM L: ELIJAH NOUVELAGE/AFP VIA GETTY IMAGES, MARIO TAMA/GETTY IMAGES





many to the brink; while those who can pass on costs to consumers may survive, those who can't will likely go out of business. Many farmers, hoping the price hikes are temporary, coped by not fertilizing their fields, which reduces yields and depletes the soil of nutrients.

Americans see the results at the grocery store. According to the Bureau of Labor Statistics, as of July, the prices of bread, cereal, and dairy products are up by 15 percent from a year ago, meat is up by 11 percent, fruits and vegetables are up by 9 percent, beverages are up by nearly 14 percent, and "other food" items are up by nearly 16 percent.

Added to this is the SEC's "green accounting" mandate, which requires all listed companies to report the emissions of their suppliers and customers. This will likely mean that even smaller family farmers will have to account for their emissions to comply with this mandate.

A report by Shelby Myers, an agricultural economist, states: "The onerous reporting requirements is not only an issue in regard to disclosing private data and having to find ways to comply with burdensome reporting, it could also disqualify small, family-owned farms from doing business with companies that procure the products grown on that farm. This could lead to more consolidation in agriculture."

Climate-change policy for farmers has been more draconian outside the United States. At a time when the World Food Programme deemed 2022 as "the year of unprecedented hunger," the Netherlands government announced a plan for a 30 percent reduction in livestock in order to achieve "an unavoidable transition" to emissions reduction. Intensive livestock farming there has produced ammonia and nitrous oxide, a greenhouse gas. Nitrogen fertilizers must also be cut.

In August, Canadian Prime Minister Justin Trudeau announced his plan to reduce fertilizer and farming emissions by 30 percent. And Sri Lanka, after banning chemical fertilizers in favor of organic farming in 2021, now faces severe food shortages, as crop yields plummeted.

Preparing his countrymen for the future that his economic policies will bring, French President Emmanuel Macron said in August: "What we are currently living through is a kind of major tipping point or a great upheaval. ... We are living the end of what could have seemed an era of abundance ... the end of the abundance of products of technologies that seemed always available."

### When Industrial Policy Fails

One of the ironies of government policy is that when intervention inevitably causes a crisis, administrators declare that more intervention is necessary to fix it. On Aug. 29, French Prime Minister Élisabeth Borne told companies to draft energy savings plans in preparation for government rationing of gas and electricity. Germany is also making plans to ration energy, with bureaucrats gearing up to decide how much will go to keep industry operating and how much to heat homes.

In June, Biden sent a letter to oil company executives accusing them of price gouging and profiteering "at a time of war." In May, Democrats in Congress passed legislation that would allow Biden to declare an energy emergency and clamp down on oil companies that he believes are raising prices too high.

The extent of government control over our economy today means that how and when we emerge from this recession will depend on the whims of politicians and administrators.

"We have an inflationary world, with the Fed issuing all sorts of monetary liabilities," Laffer said. "We have a low-output world, with a lot of money chasing few goods, with fewer workers, which leads to even higher prices. Now, what happens in the future depends on policies."

Yardeni said, "The good news is that there is still a private sector with lots of entrepreneurs that have been able to succeed, notwithstanding the meddling of government."

Ultimately, Rectenwald said: "This kind of interventionism and top-down system will fail. They're going to gut the middle class; the middle class is being gutted as we speak. The question is, how long will it persist until it finally collapses?" ■

**130%**

**U.S. FEDERAL** debt has skyrocketed to 130 percent of gross domestic product, up from 100 percent pre-pandemic and 60 percent in 2001.

**$16.2 TRILLION**

**AS OF JUNE 30,** Americans' household debt hit a record $16.2 trillion, according to the Federal Reserve.

**An oil pumpjack** operates near Ventura, Calif., on Aug. 5.

INFLATION

# COST-OF-LIVING CRISIS HITS US HOUSEHOLDS

## Amid rising costs, Americans expect a high debt burden through 2023

BY ANDREW MORAN

ECONOMISTS HAVE PASTED MANY LABELS on today's economic landscape: recession, stagflation, or an economy that's transitioning to slower growth.

Whatever the professionals and public policymakers call the U.S. economy, the data and consumer surveys show that households are enduring a cost-of-living crisis. Everything is piling up for consumers coast to coast, from soaring food prices to rising utility bills to increasing shelter costs.

Although the White House claims that the country isn't facing an economic downturn, it feels like a recession for millions of households nationwide.

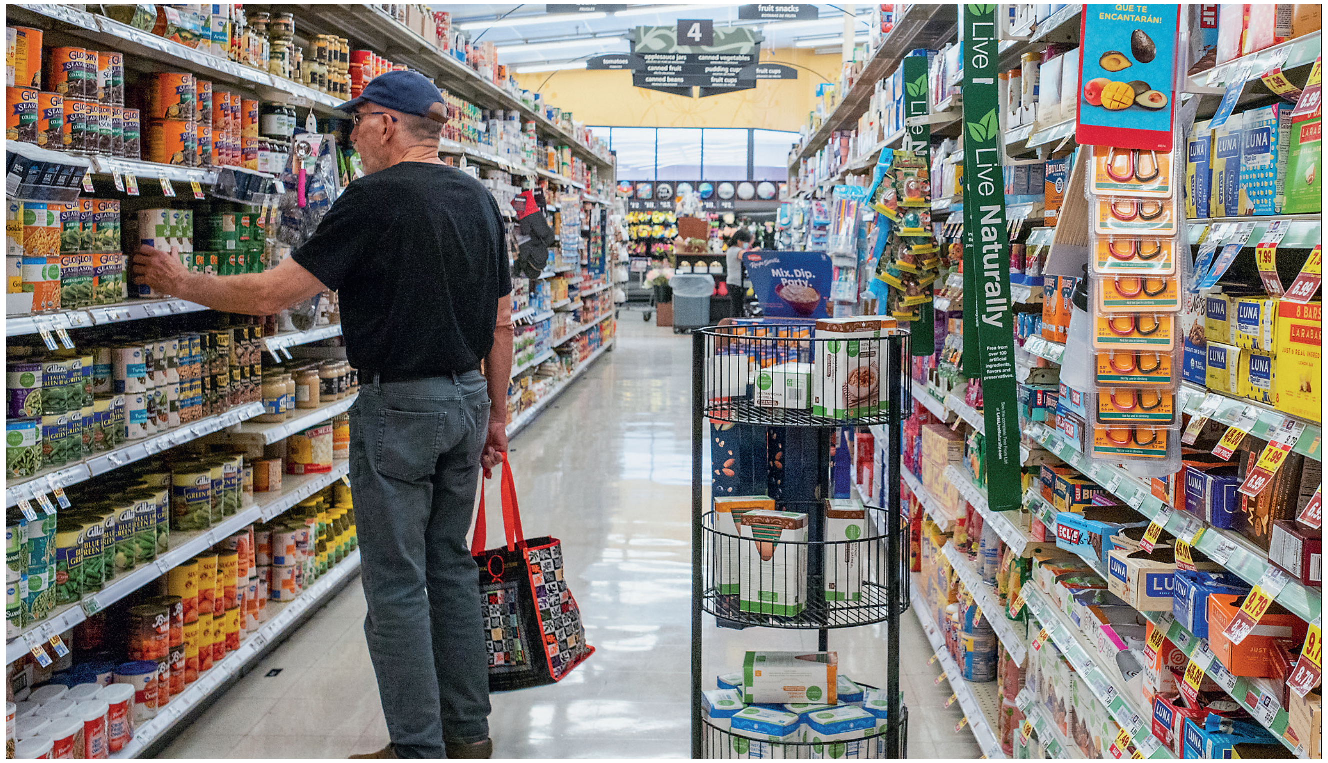
The American people have made it clear that they're financially struggling.

**61%**

**OF AMERICANS WERE** living paycheck to paycheck in June, up from 55 percent a year ago, a survey shows.


**A sign shows** the price of russet potatoes at a supermarket in Montebello, Calif., on Aug. 23.

PHOTO BY FREDERIC J. BROWN/AFP VIA GETTY IMAGES



**A customer** shops in a Kroger grocery store in Houston on July 15. Seventy-one percent of U.S. households are preparing to cut back on nonessential spending, a report says.

### Inflation Is Still Main Worry

Inflation and being able to pay for food and groceries continue to be top concerns for U.S. households, according to Primerica's second quarter 2022 Middle-Income Financial Security Monitor report. Sixty-one percent anticipate the economy will be worse off over the next year, and 71 percent are preparing to cut back on nonessential spending.

Millions of Americans are living paycheck to paycheck, too.

According to a new LendingClub survey, 61 percent of Americans were living paycheck to paycheck in June, up from 55 percent a year ago. Thirteen percent reported spending more than they earned in the past six months.

"What a difference a year makes. Last summer we were all worried about how quickly the economy would recover. Now, as inflation continues its upward swing, consumers are finding it more difficult to manage spending and are eating into their savings as financial pressures mount," Anuj Nayar, LendingClub's financial health officer, said in a statement.

Electricity costs have become so outrageous that 20 million households can't afford to pay their monthly utility bills. Increasing power costs have led to a collective electric bill of about $16 billion in June, double the $8 billion from December 2019.

Despite rampant wage growth over the past 12 months, real average weekly earnings growth (inflation-adjusted) declined by 3.6 percent.

The Federal Reserve Bank of New York's July Survey of Consumer Expectations revealed that 38 percent of households anticipate that their financial situation will be worse off over the next year.

### Using Debt to Cope

This bearish sentiment on their finances and the broader economy has a growing number of Americans anticipating going into debt for the rest of the year and heading into 2023 amid elevated living costs.

According to a recent LendingTree poll, 43 percent of U.S. consumers expect to take on new debt over the next six months. They aren't using credit cards or lines of credit on frivolous items. The survey found that most consumers are using credit for necessities, including shelter (30 percent), unexpected emergencies (26 percent), and health care expenses (25 percent).

Chris Nddie, co-founder and CEO of digital commerce information firm ClothingRIC, has also noticed more people turning to buy now, pay later (BNPL) schemes to purchase even basic items.

"Services like Klarna and AfterPay are allowing people to buy everything from groceries to electronic items on debt," Nddie told The Epoch Times. "This isn't an ideal scenario, because piling up debt to fund your purchases is never a good option."

Many shoppers are utilizing BNPL, especially during the busy and costly back-to-school shopping season. New TransUnion research found that more than one-third (37 percent) of consumers have already taken out or plan to take out BNPL loans to pay for back-to-school purchases.

Families are also adjusting their spending behaviors, as 55 percent are expecting to spend more on school supplies, from apparel to electronics.

FROM L: BRANDON BELL/GETTY IMAGES, HAPPY STOCK PHOTO/SHUTTERSTOCK, MARTIN BERGSMA/SHUTTERSTOCK, TOASTED PICTURES/SHUTTERSTOCK





**Percentage of People Borrowing for Basic Needs**

30% Shelter

26% Unexpected Emergencies

25% Health Care Expenses

"Families are especially hard hit by inflation, and back-to-school shopping represents a significant cost on top of everyday expenses," Cecilia Seiden, vice president of TransUnion's retail business, said in a statement. "The ability to spread those payments out over time, interest-free, is a very attractive option to parents and students who are already stretched thin financially."

But while BNPL plans are ubiquitous during this time of the year, a new report suggests that inflation and recession risks mean the credit instrument isn't going anywhere.

A new report from Morning Consult found that consumers are expecting goods and services to cost more, so they're turning to BNPL methods "to pay for some of them."

"The consistency with which U.S. consumers have used BNPL to fund their purchases throughout 2022 indicates that the payment form may be helping to keep their price sensitivity and substitutions at bay, and should be viewed as an indicator of the staying power of BNPL," the report states.

### Consumers Are Changing Their Buying Habits

Consumer demand trends have been altered in multiple sectors of the economy, from housing to gasoline.

According to industry leaders, the real estate market has slipped into a recession.

In July, new home sales plunged 12.6 percent to an annualized rate of 511,000 units, Census Bureau data show. This represented the sharpest decline since February 2021 and the lowest reading in more than six years. Existing home sales also tumbled 5.9 percent, to 4.81 million units.

New housing construction activity has fallen amid rising interest rates. In July, housing starts and building permits dropped 9.6 percent and 1.3 percent, respectively.

Although gasoline prices have fallen below $4 per gallon, motorists haven't been lured back to the pump. The current Energy Information Administration seasonal four-week rolling average consumption rate is the same as it was in 2020, as demand hovers at about 9 million barrels per day.

A July survey by AAA showed that 64 percent of Americans adapted their driving or lifestyle habits because of surging fuel prices. Some of the changes included driving less, combining errands, and reducing shopping or dining out.

Consumers are exploring multiple avenues to diminish the inflation pain.

A U.S. News & World Report Inflation Shopping Habits Survey conducted in late July showed that 58 percent of Americans are searching for coupons at least once a week. Nearly half (44 percent) of consumers are using apps and online tools to save money. The high cost of living has already affected consumers' holiday shopping plans, with 52 percent planning to spend less on gifts this year compared to last year.

More Americans are finding basic food staples more expensive, households are trimming their nonessential spending, and shoppers are turning to generic brand labels to save money.

U.S. retailers may need to brace for a transformed shopper heading into the typically busy fourth quarter. Walmart and Target have reported bloated inventories due to sliding demand, forcing these retail giants to slash prices, cancel billions of dollars in orders, and slash the number of shipping containers.

In July, business and retail inventories climbed 1.4 percent and 1.5 percent, respectively. Retail sales were flat at zero percent.

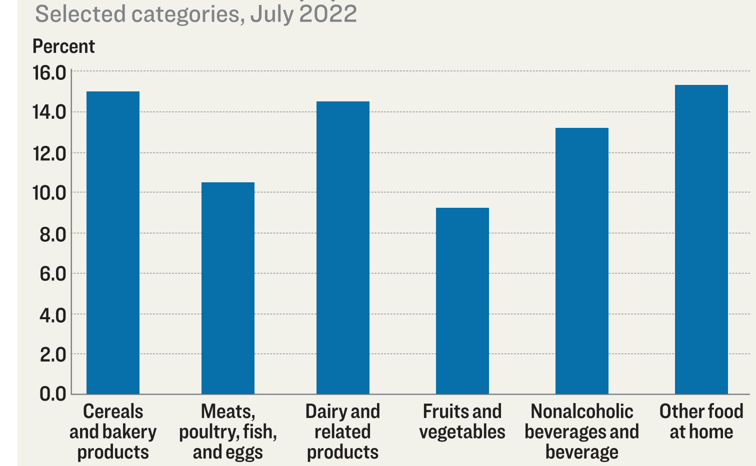
The state of the consumer may deteriorate heading into the new year. More debt, less savings, and subzero wage growth are all factors that may weigh on Americans in 2023. Could unemployment be the next domino to fall? ■

**64%**

**OF U.S. HOUSEHOLDS** anticipate the economy will be worse off over the next year, and 71 percent are preparing to cut back on nonessential spending, a report says.

**Annual Inflation (%)**
Selected categories, July 2022

SOURCE: U.S. BUREAU OF LABOR STATISTICS



LABOR MARKET

# WHAT HAPPENED TO THE GREAT AMERICAN WORKER?

*Blue-collar industries still desperate to hire as college graduates face layoffs*

**By Kevin Stocklin**

**Workers** place pipe into the ground on an oil drilling rig set up in the Permian Basin oil field in Midland, Texas, on March 12.

As the recession sets in, the U.S. labor market appears to have a split personality.

Industries such as oil and gas remain desperate for workers, while many college graduates may soon find themselves collecting unemployment. At the same time, the post-pandemic period has seen record numbers of able-bodied workers dropping out of the labor pool altogether, coupled with declining productivity among those who stayed in it.

Anthony Gallegos, CEO of Independence Contract Drilling, is among those struggling to find enough employees. He says the labor shortage is an impediment for the entire oil and gas industry.

"Labor, in my opinion, will ultimately be the throttle on the United States' ability to respond to the call on U.S. conventional [energy] resources," Gallegos told The Epoch Times. "If you're 18 or older and you can pass a drug test and pass a physical, we will hire you, we will train you, and we'll pay you really good money."

> "If you tax people who work and you pay people who don't work, you're going to get less work."
>
> **Arthur Laffer,** economist

The starting salary for his employees is about $70,000 while working half the year because shifts are two weeks on and two weeks off—but the work is hard.

"In this business, it's long days; you're working away from home," he said. "In the drilling business, you're out in the environment most of the day, so you feel the 100-degree West Texas heat, you feel the cold nights, you feel the rain when it rains."

Independence Contract Drilling has added about 400 people in the past two years as the oil and gas industry recovers from COVID-19 pandemic

> **“Labor, in my opinion, will ultimately be the throttle on the United States’ ability to respond to the call on U.S. conventional [energy] resources.”**
>
> **Anthony Gallegos,** CEO, Independence Contract Drilling

lockdowns.

“We have a couple of job fairs a month,” visiting small towns around the country, according to Gallegos.

“We have hiring events, and we promote on social media because that’s where a lot of these younger people get their information,” he said.

Despite generous pay and benefits, keeping workers is just as hard as finding them, once they realize the physical requirements of the job. And in many cases, “not only do they lack basic work skills, like what a crescent wrench is and a pipe wrench and how to use a hammer, they also lack basic life skills.”

“We have to teach a lot of people how to wash clothes and cook food and this kind of stuff,” Gallegos said.

Ed Yardeni, president of Yardeni Research, told The Epoch Times: “Increasingly, businesses are going to recognize that the [labor] shortages are chronic, that they’re structural, that they’re not going to attract more workers by increasing wages. Increasingly, companies are going to have to spend more on technology and capital equipment to increase the productivity of workers.”

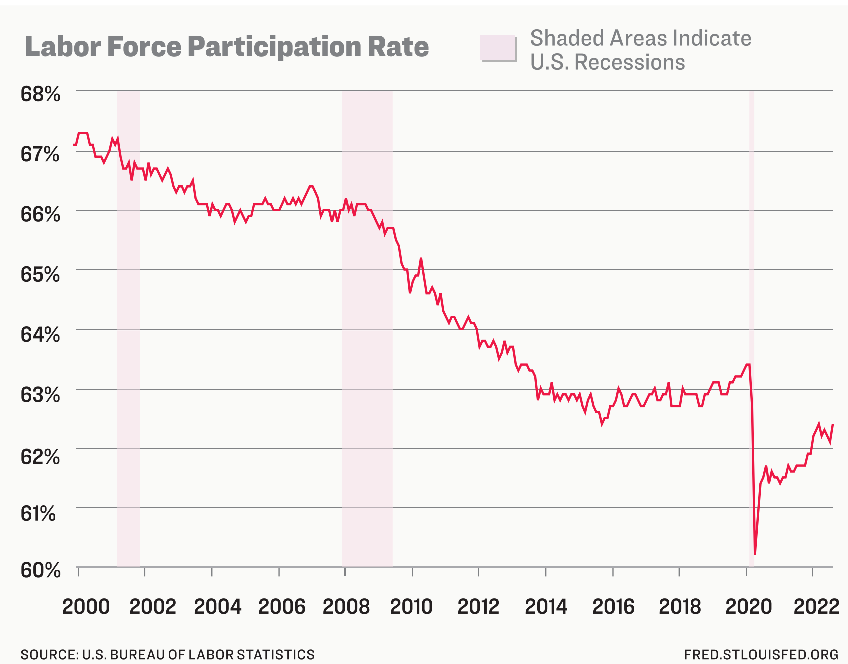
Part of the labor shortage is demographics, with the last baby boomers shifting into retirement. But part of it also is that younger Americans might just be different.

### Quiet Quitting

One of the latest trends among 20- and 30-somethings is “quiet quitting,” in which people post images on TikTok of themselves at work, but not working. Quiet quitting has taken on a broader meaning of doing the absolute minimum on the job so as to not get fired.

The Bureau of Labor Statistics (BLS) reported that U.S. labor productivity is falling. For the second quarter of 2022, the report states that “the 2.5-percent decline in labor productivity from the same quarter a year ago is the largest decline in this series, which begins in the first quarter of 1948.”

“I get the impression that there’s a cultural diminution in worker ambition,





**Pedestrians walk** past a Now Hiring sign in Arlington, Va., on March 16.

STEFANI REYNOLDS/AFP VIA GETTY IMAGES

which is maybe what you would expect after lockdowns,” said Jeffrey Tucker, president of the Brownstone Institute and an Epoch Times contributor. “But the idea that working hard and getting ahead is sort of baked into the American ideal is no longer really with us. And that’s also a consequence of inflation, too. You have your purchasing power declining at a very rapid rate where wages can’t possibly keep up. We’ve seen just a complete collapse in real wages in this country with no sign of recovery.

“Congress spent some $6 trillion in just sheer transfer payments. If you’re filling people’s bank accounts with money they never asked for, that’s completely unrelated to need, that does kind of confuse the normal signaling devices we have in our society, which is that you work hard to get paid and then you live better.”

Economist Arthur Laffer explains it through what he calls the “transfer theorem.”

“Whenever you redistribute income, you always reduce total income,” Laffer told The Epoch Times. “Whenever you take from someone who has a little bit more, you reduce that person’s incentive to produce and that person will produce a little less. When you give to someone who has a little bit less, you provide that person with an alternative source of income other than working, and that person too will produce a little bit less. If you tax people who work and you pay people who don’t work, you’re going to get less work.”

As they say in economics, what you subsidize, you get more of.

“You’ve had a huge drop in the percentage of people in the labor force,” he said, noting that the U.S. labor participation rate—those who are working or seeking work as a percentage of the civilian population—fell sharply, from 67 percent in 2000 to 62 percent today. “You can explain half a percent or a percent as demographics, but this is really people choosing not to work.”

Economists talk about the 1 million missing workers who have dropped out of the economy since the COVID-19 lockdowns, but Laffer said that if you consider the growth in the overall population and the availability of jobs, the gap could be as high as 6 million missing workers.

### 2 Different Labor Markets

However, the demand for labor may be peaking, at least for college graduates. Inflation has made Americans significantly poorer, and companies are feeling the pinch as people cut back on spending. Companies that have announced layoffs include JPMorgan Chase, Wells Fargo, Netflix, Peloton, Wayfair, Robinhood, Shopify, 7-Eleven, Vimeo, Tesla, Rivian, Ford, Microsoft, Re-Max, and Better.

“It’s wrong to think of the labor markets as just some sort of homogenous aggregate,” Tucker said. “Where you have the most intense labor shortage right now is in the physical world [including truck drivers, farm workers, and pilots]. There’s a surplus in the Zoom class, the managerial, six-figure jobs. And as the margins of these large corporations with huge back offices continue to get squeezed, they’re going to be looking around for places to cut. Everyone has already noticed a huge surplus of managers and HR professionals, and those are the ones that are going to go.”

Jori Houck, spokesperson for the Association for Career and Technical Education (ACTE), told The Epoch Times that graduates coming out of tech schools, community colleges, and science, technology, engineering, and math (STEM) programs are still getting job offers, with prospects to out-earn liberal arts graduates.

“The earnings potential for associate degree holders in fields like engineering, health care, and those building and skilled trade occupations, they are looking at an average over $2.8 million more as median lifetime earnings than workers with those liberal arts bachelor degrees,” Houck said. “I have seen another statistic that associate’s degree holders were earning up to $10,000 more annually than bachelor’s degree holders in those same engineering and health care fields.”

“These jobs are out there, and they’re available now. And you don’t need to spend four years at an institution. I think we’re now seeing students and parents question what the value of a four-year degree really is. And so our challenge has been, how do we overcome the stigma of CTE just being trade school? It hasn’t really been trade school for several decades.”

Houck said CTE programs often include apprenticeships and “work based-learning, where our students are working a nine-to-five job, getting them out there and aware of the realities of the working world” before they graduate. Popular tracks for CTE students today include transportation logistics, construction and building trades, precision manufacturing, computer information, culinary services, technology, and the sciences.

“I think for so long we’ve sent the signal in this country that unless you have a college degree, you’re nobody, and that’s simply not true,” Gallegos said. “There are plenty of trades and crafts where a person can be respected in the community, make really good money, and provide for his or her family.” ■

CONSUMER SPENDING

# THE SEVERITY OF A RECESSION DEPENDS ON CONSUMERS

***US RETAILERS** are already noticing changes in consumer spending habits*

BY FAN YU


**A man walks** past the New York Stock Exchange on May 12.

PHOTO BY SPENCER PLATT/GETTY IMAGES

**Special Report** Recession

NEWS ANALYSIS

Consumer spending drives two-thirds of the U.S. economy. But the resolve of American consumers will be put to the test.

The stock market, tugged by fears of high-interest rates, has gyrated most of the year. Year-over-year inflation has risen to heights not seen in more than 40 years. The bottom is threatening to fall out of home prices. As for jobs? Headline numbers remain strong, but layoff announcements are piling up, and many companies have instituted hiring freezes.

Official gross domestic product numbers declined in the second quarter, pushing the U.S. economy into a technical recession. While economists and politicians argue over the semantics of what defines a recession, such arguments would quickly be rendered moot if American consumers were to decide to materially tighten their purse strings.

Experts at Goldman Sachs agree. During an August webinar, for example, Goldman economists believe, for now, that consumers overall are in good shape.

"They are coming into the current downturn with good balance sheets," Goldman's Richard Ramsden said in the webinar.

But sentiment could change if job losses mount, causing credit conditions to deteriorate such as the defaulting of loans.

The job market is indeed the wild card. If Americans remain employed, given the largely healthy balance sheets and home equity, consumers can keep spending at levels that will allow most sectors to ride out a recession.

The numbers show a mixed bag of results so far. Official unemployment rate is down to 3.7 percent, though the labor participation rate remains low at 62.4 percent. While job gains are still quite high (August added 315,000 jobs, for example), companies have announced massive layoffs and instituted hiring freezes.

Consulting firm PricewaterhouseCoopers found that 50 percent of the companies it surveyed in August anticipated a net reduction in employee count, while 52 percent said they would implement hiring freezes, and 44 percent said they had rescinded job offers. Anecdotally, companies in the technology sector have announced the most layoffs.

Wages and income are another critical variable. Economists have found that lower-income workers have experienced more wage gains than their higher-income counterparts. But none of the gains could keep up with uncomfortably high inflation—which sat at 8.5 percent in July—taking a dent out of real wages.

In some ways, it's a Catch-22: If consumers lose their jobs and wages, they can't spend money to prop up the economy. When that happens, businesses will cut budgets and lay off workers, creating a self-fulfilling downward spiral that exacerbates this cycle.

The Federal Reserve has signaled that it's committed to raising and keeping interest rates high enough to drive down inflation, even at the expense of the U.S. economy. Federal Reserve Chair Jerome Powell, at the bank's annual late-August meetings in Jackson Hole, Wyoming, said that the Fed's "forceful" actions may "cause some pain" to the economy.

The Fed believes that combating inflation—which hurts Main Street consumers in their day-to-day activities—is potentially more important than appeasing the stock market and the real estate market, or lowering borrowing rates for corporations and individuals.


**Job seekers** talk with a recruiter during a job fair outside the Chase Center in San Francisco on June 3.

JUSTIN SULLIVAN/GETTY IMAGES

### Retailers Already Feeling the Impact

Retail companies are at the forefront of this discussion. The retail sector employs 15.8 million workers as of August, one of the nation's biggest employment sources. But retail is also very susceptible to economic trends.

"If we've learned anything from previous recessions, it's that they expose existing weaknesses, accelerate emerging trends, and force organizations to make structural changes," consulting firm Deloitte said in a recent research report.

"This is particularly true in retail. During the Great Recession of 2008–2009, e-commerce grew, and brick-and-mortar retail declined. As the economic recovery took hold, that trend continued while off-price, discount, and emerging players succeeded."

Retail sales in July were flat. The Census Bureau doesn't adjust for inflation, so in real terms, sales are likely down significantly.

And the stock market has punished retail companies. The sector declined at nearly twice the rate of the broader market during this year's downturn. The S&P Retail Index is down about 32 percent year to date, compared to the broader S&P 500 Index, which is down more than 18 percent.

On the ground, retail firms are noticing changes in consumer spending habits.

"The softening trend was more significant in customer segments with the lowest income profile," Nordstrom CEO Erik Nordstrom said during the company's second-quarter earnings call with Wall Street analysts.

Nordstrom noted that its stores had problems moving clearance inventory, leading to even bigger price cuts than anticipated.

Walmart, the retail giant that serves as a bellwether for consumer spending, saw its second-quarter earnings beat estimates, but the company noted that its stores were getting a lift from higher-income shoppers who normally don't shop at Walmart. Dollar Tree and General Dollar, which both announced earnings on Aug. 25, saw revenue increases in the last quarter, owing to penny-pinching consumers.

> **"The softening trend was more significant in customer segments with the lowest income profile."**
>
> *Erik Nordstrom, CEO, Nordstrom*

### Storm Clouds on the Horizon

In his weekly column, Barron's magazine's Jack Hough in August wrote—only half jokingly—that he regretted buying a "twin pack of 40-ounce ranch dressing jugs" from a warehouse store because he had left a coupon at home that would have given him another $3 off.

These are anecdotal evidence, but storm clouds are on the horizon.

The Commerce Department, for example, stated on Aug. 26 that personal income, after taxes, rose in July by only 0.2 percent, a lower gain than in June. Consumer spending in July rose 0.1 percent, the lowest growth since it booked a decline in December 2021, and down sharply from a 1 percent gain in June.

The moderating—but far from terrible—economic data have economists divided. Some believe the U.S. economy is in good shape, pointing to the low unemployment rate, higher consumer spending, and growing wages. But others believe the real pain has yet to come.

As pandemic stimulus check funds run dry and borrowing costs remain prohibitively high, Americans will feel increasingly challenged going forward. Cautious consumers could turn even more risk averse by the end of the year, just in time for the all-important holiday shopping season.

The board has been set. How the next few months unfold could determine the trajectory of the U.S. economy for years to come. ■

**32%**

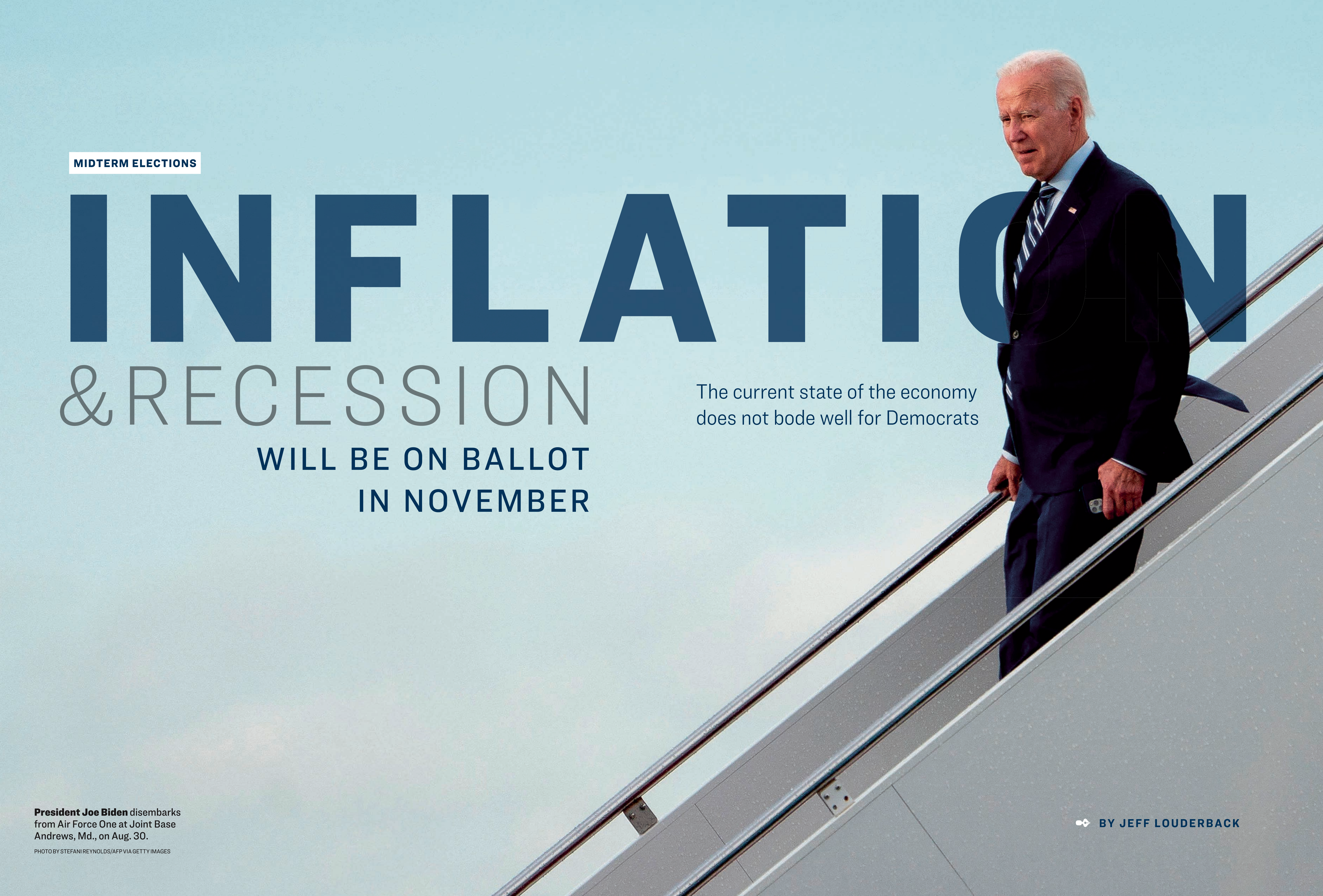
**THE S&P RETAIL** Index is down around 32 percent year to date, compared to the broader S&P 500 Index, which is down more than 18 percent.

MIDTERM ELECTIONS

# INFLATION &RECESSION WILL BE ON BALLOT IN NOVEMBER

The current state of the economy does not bode well for Democrats

BY JEFF LOUDERBACK



**President Joe Biden** disembarks from Air Force One at Joint Base Andrews, Md., on Aug. 30.

PHOTO BY STEFANI REYNOLDS/AFP VIA GETTY IMAGES

**Special Report** Recession

NEWS ANALYSIS

FROM THE ROE V. WADE REVERSAL and the Jan. 6, 2021, breach of the U.S. Capitol to the FBI's search of former President Donald Trump's Mar-a-Lago residence and President Joe Biden's busy August, a long list of topics are on the minds of Americans.

The economy remains the No. 1 issue for voters as midterm elections approach, many political strategists believe.

Pundits and officials from both parties are sharing their opinions about whether the economy's current condition will affect the November general election as Republicans strive to regain control of the House and the Senate.

While speaking to a crowd of donors in a Maryland suburb last week, Biden launched his mission to get Democratic candidates elected in November.

He touted that the economy is "heading in the right direction" and said Republicans are stripping Americans of reproductive rights and voting rights while bowing to extremists and the toxic influence of Trump.

"What we're seeing now is either the beginning or the death knell of an extreme MAGA philosophy," Biden said. "It's not just Trump. It's the entire philosophy that undermines the—I'm going to say something—it's like semi-fascism."

Historical trends show that the party that occupies the White House loses seats in midterm elections.

"Republicans don't need a wave to win back the House and Senate," Nathan Gonzales, publisher of nonpartisan political handicapper Inside Elections, wrote on Twitter.

## Red Wave?

Recently, Democrat Pat Ryan defeated favored Republican Marcus Molinaro in a special election to fill a vacant seat in New York's 19th Congressional District.

The upstate New York district voted for Barack Obama in 2012, Trump in 2016, and Biden in 2020, making it a bellwether district.

"Republicans can say goodbye to their 'red wave' because voters are clearly coming out in force to elect a pro-choice majority to Congress this November," Rep. Sean Patrick Maloney (D-N.Y.), chairman of the Democratic Congressional Campaign Committee, said in a statement.

David Carlucci, a former New York state senator who's a Democratic political strategist, agrees with Maloney, using Ryan's victory as an example.

"The predicted Republican tsunami will turn out to be a ripple," Carlucci told The Epoch Times. "Republicans have strayed so far to the right in their primaries that they now face a long journey to make it back to the center, and that is a challenge because Trump continues to be front and center in headlines for controversial reasons."

Dave Wasserman, a reporter at Cook Political Report, had a different opinion, saying that the New York 19th Congressional District results don't reflect November's expected voter turnout.

More voters will head to the polls on Nov. 8 than the amount that did in New York in the special election, he pointed out, which could determine whether Ryan will remain in the seat long term, as he's running for reelection.

"The caution flag on Dem overperformance? These have all been low-turnout specials decided by a fraction of November's likely electorate," Wasserman wrote on Twitter.

## The Economy Matters

Current economic numbers aren't favorable for Democrats.

The economy plunged into a recession—according to its textbook definition—after the country's gross domestic product (GDP) declined for a second straight quarter, from April to June.

Inflation reached a 40-year high of 9.1 percent in June, before dipping to 8.5 percent in July, according to the Consumer Price Index.


**People shop** at a grocery store in New York on May 31.

SAMIRA BOUAOU/THE EPOCH TIMES

A Monmouth University survey released in early July revealed that 63 percent of the respondents say inflation, gas prices, the economy, or everyday bills and groceries is their family's biggest concern.

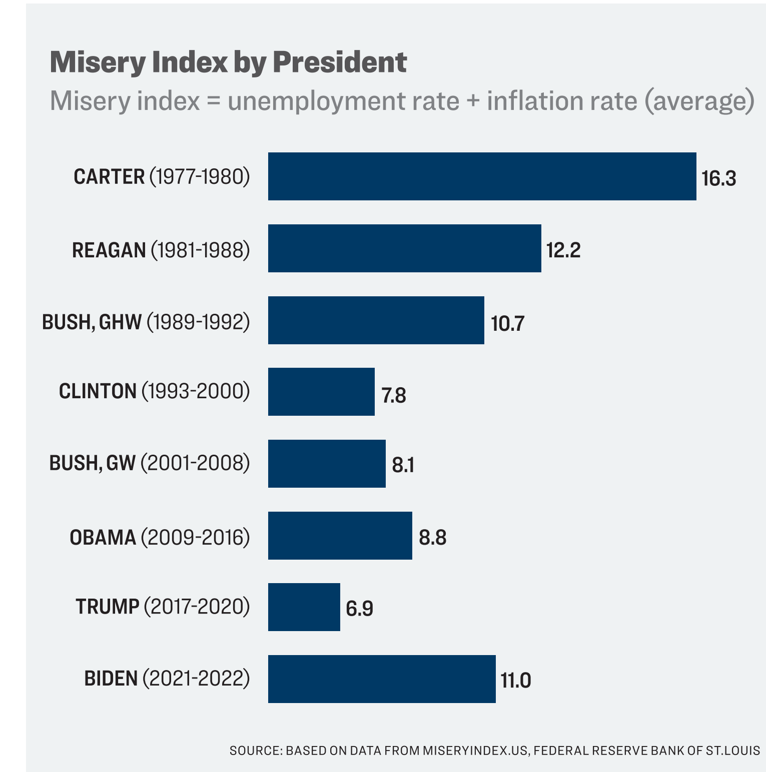
Abortion was the top issue for just 5 percent of those surveyed, followed by 3 percent for guns and gun ownership, health care costs, and job security and unemployment.

According to an NBC News poll conducted between Aug. 12 and Aug. 16, a majority of Americans believe that the economy is already in a recession and that Biden's recently signed Inflation Reduction Act will do little or nothing to reduce inflation.

The NBC News poll was completed during and after the period when the FBI searched Trump's Mar-a-Lago residence and after the passage of the Inflation Reduction Act and a Bureau of Labor Statistics report showing that 528,000 jobs were created in July.

The same survey shows that 42 percent of registered voters approve of Biden's performance, while 55 percent don't approve. The president had the same job approval rating in May.

A late July study from Bloomberg Economics forecasts ballot outcomes through the Misery Index, which is calculated by adding the inflation and unemployment rates, and projects it forward through Nov. 8.




Democrats can expect to lose 30 to 40 seats in the House and a few in the Senate, the study indicates.

Inside Elections stated that it's likely that Democrats lose 12 to 30 seats in the House.

The Misery Index rose to 12.6 percent in June. Bloomberg Economics projects that the index will be 12 percent in October. That rivals the aftermath of the Great Recession of 2008–09, when unemployment climbed to 10 percent and Democrats were dealt with what then-President Obama described as a "shellacking" in the midterms.

"The economy always matters. People vote with pocketbooks," Wes Farno, an Ohio-based Republican political strategist, told The Epoch Times. "We continue to see ramifications of Biden's policies, including high gas prices and out-of-control inflation. It will have an impact.

"Democrats are pointing out that gas prices are down from the high, but they are nowhere near as low as they were when America was energy independent. The economy always affects the results of an election."

Carlucci said Biden's recent signing of the Inflation Reduction Act, his executive order to forgive student loans for many Americans, and the inflation rate decreasing from 9.1 percent in June to 8.5 percent in July are signs that the president "is on a roll ➻

at the right time."

"Whether we oppose or support Biden's policies, people are saying, 'Look, the guy is doing something,'" Carlucci said. "The president is using the few tools at his disposal to fight inflation and help make sure the economy is moving in the right direction."

"Republicans have fear because Biden is delivering results, and they have a long journey in the general election because the party is more to the right than where most Americans are. Far-right beliefs like denying the 2020 presidential election was legitimate and not condemning Jan. 6 are causing problems for Republicans. They want to run solely on the economy, and Democrats are doing what they can to right the economy."

### Biden's Inflation Fight

The Inflation Reduction Act is designed to address a variety of issues, including climate change, adding 87,000 IRS agents, and allowing Medicare to negotiate with drugmakers on prescription prices.

Yet one problem it doesn't solve is actually reducing inflation in the short term.

The Penn Wharton Budget Model, an applied research organization composed of economists and data scientists at the University of Pennsylvania who analyze public policies and project their economic and fiscal impacts, stated in an August report that the impact of the Inflation Reduction Act on inflation "is statistically indistinguishable from zero."

The legislation will decrease annual inflation by 0.1 percentage points over the next five years, according to the study.

That reduction starts "once major deficit-reducing provisions of the legislation are fully implemented, but the act would have no measurable impact on inflation after 2028."

"All these point estimates are not statistically different from zero, indicating a low level of confidence that the legislation would have a measurable impact on inflation," the report reads.

The nonpartisan Congressional Budget Office (CBO) stated in August that the legislation would have a "negligible" impact on inflation in 2022 and 2023. The CBO reported that it expects the measure to help lower inflation in future years.

Many Democratic candidates are avoiding Biden during his official visits to their states. In Ohio, Rep. Tim Ryan (D-Ohio) is running for retiring Republican Sen. Rob Portman's seat against Trump-endorsed J.D. Vance.

Although congressional voting records show that Ryan, a 10-term representative, has voted with Biden 100 percent of the time, he hasn't joined the president during his visits to Ohio this year. However,

**Students walk** to class at Rice University in Houston on Aug. 29. Biden's student loan relief plan forgives as much as $10,000 in debt for borrowers who earn less than $150,000 per year and up to $20,000 for Pell Grant recipients.

ALL PHOTOS BY BRANDON BELL/GETTY IMAGES





## Democrats can expect to lose 30 to 40 seats in the House and a few in the Senate, a study forecasting ballot outcomes through the Misery Index indicates.

Ryan did recently announce that he'll appear with Biden at a Sept. 9 groundbreaking ceremony for Intel's sprawling computer-chip manufacturing complex in suburban Columbus.

### Student Debt Relief

Biden recently announced his student loan forgiveness plan that forgives as much as $10,000 in debt for individual federal loan borrowers who earn less than $150,000 per year and up to $20,000 for Pell Grant recipients.

A poll by the progressive think tank and polling firm Data for Progress announced that 45 percent of voters in Arizona, Georgia, Pennsylvania, and Wisconsin would be "somewhat more likely" or "much more likely" to vote if Biden erased a minimum of $10,000 in student loans.

A throng of Democratic candidates, including Ryan, spoke out against the decision.

"As someone who's paying off my own family's student loans, I know the costs of higher education are too high," he said in a statement. "And while there's no doubt that a college education should be about opening opportunities, waiving debt for those already on a trajectory to financial security sends the wrong message to the millions of Ohioans without a degree working just as hard to make ends meet."

Ryan encouraged an "across-the-board tax cut" for "working- and middle-class families," medical debt cancellation, and opportunities for borrowers to refinance their student loans, among other ideas.

Sen. Catherine Cortez Masto (D-Nev.), who's involved in a contentious general election against Trump-endorsed former Nevada Attorney General Adam Laxalt, said in a statement that she doesn't approve of Biden's executive action and that "we should be focusing on passing my legislation to expand Pell Grants for lower-income students, target loan forgiveness to those in need, and actually make college more affordable for working families."

Christopher Briggs is a Washington-based Republican political strategist and public affairs counsel for the Independent Institute, a conservative think tank. He believes that the student loan forgiveness plan, the Inflation Reduction Act, inflation, and the skyrocketing cost of living will benefit Republicans—at least in the House.

"The economy is in a terrible freefall. I don't think many people are fooled by Biden's actions," Briggs told The Epoch Times. "I think Republicans will take back the House, but the Senate is more difficult because it is a statewide election, and there is a divided electorate in each state. The Roe v. Wade reversal has energized the left, and that issue will have a larger impact in Senate races."

An analysis published by the Penn Wharton Budget Model about the loan forgiveness plan indicates that it will cost about $300 billion for taxpayers and have the most impact on those in the top 60 percent of income distribution.

"First, I think it probably does help the president with some of his progressive base," Mark Caleb Smith, director of the center for political studies at Cedarville University in Ohio, told a Dayton, Ohio, media outlet.

"On the other hand, I think that it probably does make it harder for Democrats to appeal to white voters. Especially those without a college degree. That's really been the battleground group over the last couple of elections between Republicans and Democrats. I think the president's decision probably made that a lot tougher for Democrats in the fall."

The Commerce Department will publish its third-quarter GDP data on Oct. 27, less than two weeks before the Nov. 8 general election. Most economists define a recession as two consecutive quarters of negative GDP growth.

But if there were a third straight quarter of decline, it could spell doom for Democrats in the House and the Senate, National Republican Campaign Committee spokesman Mike Berg believes, noting that "you can draw a straight line from the inflation crisis caused by the Democrats' American Rescue Plan to this recession." ■

**12%**

**BLOOMBERG**
Economics projects that the Misery Index will hit 12 percent in October.

**A person pumps** gas at a Shell station in Houston on April 1.


ECONOMIC DISTRESS

# ELEVATED MISERY INDEX SUGGESTS A RECESSION

BY ANDREW MORAN

**The higher the index, the greater the misery felt by everyday people**

**A woman makes** melted cheese sandwiches with her granddaughter after being laid off from her job, in Miami on March 26, 2020.

PHOTO BY JOE RAEDLE/GETTY IMAGES

THE MISERY INDEX—A FORMULA THAT combines the annual inflation and unemployment rates—has been elevated since April 2021. The decades-old index aims to measure the level of economic distress felt by average citizens due to joblessness and the rising cost of living.

It could be an effective gauge to determine economic conditions during a recession. The higher the index, the greater the misery felt by everyday people.

In July, the misery index was 12.0 (8.5 percent consumer price index and 3.5 percent unemployment rate). This is down from 12.6 in June. The index has remained in double-digit territory since April 2021.

What's more is that the current misery index is close to where it was during the financial crisis of 2008 to 2009, when it peaked at 12.7.

The index, however, has varied widely in prior recessions.

During the recession in the mid-1970s, for example, the misery index was 19.29 (1974), and 19.85 (1975). It also soared to an all-time high of 21.92 during the 1980 recession. When the U.S. economy slipped into a recession in 1982, the misery index was at 16.85.

In the brief eight-month economic downturn in 1990 and 1991, the misery index was slightly above 12.00. But the subsequent recession in 2001 didn't produce a misery index above 10.0.

### A Brief History of the Misery Index

The original misery index, which is calculated by adding the unemployment rate to the inflation rate, gained popularity in the 1970s with the emergence of stagflation, an economic state characterized by weak economic growth, high unemployment, and increasing prices.

It was developed by economist Arthur Okun, who served as the chairman of the Council of Economic Advisers between 1968 and 1969 under President Lyndon Johnson.

The misery index is regarded as a useful but imperfect indicator. There are various scenarios in which it may not accurately depict economic distress. Nevertheless, it's used to compare the economic performance of U.S. presidents.

During Jimmy Carter's presidency (1977–1981), the misery index hit 21.93, which was partially responsible for his 1980 election defeat. The index declined substantially during Ronald Reagan's presidency and continued to fall under the Bush and Clinton administrations.

During George W. Bush's presidency, however, the misery index rose again. It continued its upward trend, under President Barack Obama, peaking at 12.8 in 2011. The index later fell reaching its lowest point of 5 in 2015. It stayed low for most of Trump's term. The index was 6.9 on average during the Trump administration, despite a sharp increase in unemployment caused by the lockdowns during the pandemic that sent the misery index to 15 in April 2020.

### Modified Index

Over the years, economists have modified the index several times.

In 1999, for example, Harvard economist Robert Barro came up with the Barro Misery Index and added two additional components: the change in interest rates and the gross domestic product (GDP) growth rate.

Years later, Steven Hanke, a celebrated professor of applied economics at Johns Hopkins University, updated the index and created Hanke's Annual Misery Index. This represents the sum of inflation, joblessness, and bank-lending interest rates minus the percentage change in real GDP per capita. He also applied it to the economies of other countries, constructing the world table of misery index scores.

"The human condition lies on a vast spectrum between 'miserable' and 'happy,'" Hanke wrote in April 2021. "In the economic sphere, misery tends to flow from high inflation, steep borrowing costs, and unemployment. The surefire way to mitigate that misery is through economic growth. All else being equal, happiness tends to blossom when growth is strong, inflation and interest rates are low, and jobs are plentiful."

In 2021, Cuba topped the list of misery, followed by Venezuela, Sudan, Lebanon, and Zimbabwe.

**40%**

**OF U.S. HOUSEHOLDS** expect their financial situation to deteriorate over the next year, a survey shows.


**Gas prices** displayed at a station in Los Angeles on March 18.

CHRIS DELMAS/AFP VIA GETTY IMAGES

### The Fate of Gloomy Consumers

A new poll from Gallup found that most Americans cite inflation and the economy as their top concerns.

As Mises Institute economist Ryan McMaken noted, the misery index trend follows closely the University of Michigan's consumer sentiment index, which is hovering near an all-time low.

"Consumer sentiment has plummeted alongside the increasing misery index, and this has often been the case in recent decades," he reported. "Of course, economists and White House spokesmen could always just come back and claim that consumer sentiment is 'wrong' and that people don't understand how good things are. It's worth noting that politicians, central bankers, and economists have done exactly that during months preceding previous recession."

So far, consumers' economic worries haven't weighed on their consumption patterns. Personal spending has edged up every month in the first half of this year, although the general increase in consumption has been driven by higher prices, from gasoline to housing to health care.

Nevertheless, market experts warn that this could change in the second half of the year, now that the personal savings rate has collapsed to just above 5 percent and consumer credit growth has surged. The trends suggest that pandemic-era savings might be close to exhaustion. The Federal Reserve Bank of New York's Survey of Consumer Expectations shows that about 40 percent of households expect their financial situation to deteriorate over the next year. ■

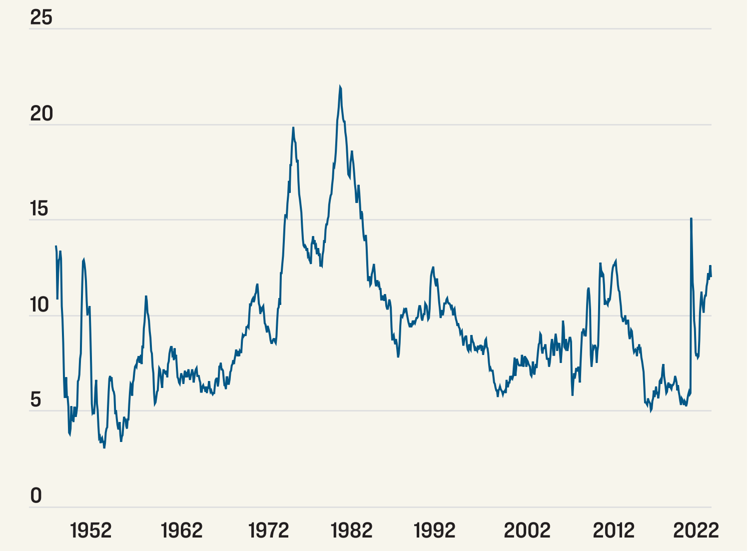
*Emel Akan contributed to this report.*

**"All else being equal, happiness tends to blossom when growth is strong, inflation and interest rates are low, and jobs are plentiful."**

***Steven Hanke,** professor, Johns Hopkins University*

**Misery Index**

Unemployment Rate + Consumer Price Index (%+% change)




SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS, U.S. BUREAU OF LABOR STATISTICS

REAL ESTATE

# Housing Market Is 'Already in Recession'

## High interest rates and costs blamed for the building slowdown

*By Mary Prenon*

RECESSION HAS BEEN THE BUZZ-word in the real estate industry ever since mortgage interest rates started to climb toward 6 percent.

The latest report from the National Association of Realtors (NAR) indicates that existing home sales across the United States have been shrinking for the past six months. Sales dropped 26 percent, from 6.5 million units in January to 4.8 million in July. This is the lowest pace of sales since 2015, excluding the months during the pandemic shutdown.

In the report, NAR Chief Economist Lawrence Yun says that we're seeing a housing recession "in terms of declining home sales and home building."

"However, it's not a recession in home prices," he adds, as inventory remains low and costs continue to rise, with almost 40 percent of homes still receiving the full list price.

According to NAR, the median existing home price for all housing types in July came in at $403,800, up 10.8 percent from July 2021. The report also notes that "this marks 125 consecutive months of year-over-year increases, the longest-running streak on record."

Jessica Lautz, vice president of demographics and behavioral insights at NAR, told The Epoch Times that while housing sales are down, it's still a seller's market, and the real estate economy has no telltale signs of a recession like the one in 2008.

"First of all," Lautz said, "there are much tight-

**New homes** under construction at a housing development in Novato, Calif., on March 23.

PHOTO BY JUSTIN SULLIVAN/GETTY IMAGES


**A home** is offered for sale in Chicago on Jan. 20.

SCOTT OLSON/GETTY IMAGES

er lending standards now. We're not seeing balloon loans or subprime lending. There's also been an 'unbuilding' of homes in the United States for the past 15 years, and we're short by about 5.5 million homes. Plus, you have to consider the new wave of millennials and other young adults currently seeking households."

So, should potential homebuyers and sellers worry about what's coming around the corner? Lautz says to be cautious, but also optimistic.

"We have seen a rise in mortgage interest rates, but there's still some competition out there in the marketplace," she said. "Things are beginning to stabilize. On average, we're down from five offers on a home to three."

However, first-time homebuyers may continue to be the most affected market.

"The current prices at the gas pump, grocery store, and other inflated goods will definitely have an impact on first-time homebuyers, making it harder for them to save money for a down payment," Lautz said.

Sales in the single-family home sector dipped to a seasonally adjusted annual rate of 4.31 million in July, down 25 percent year to date. Despite the national decline in single-family home sales, all regions of the country still experienced a rise in median prices. The West led the pack at $614,900, and the Midwest offered the most affordable options at $293,300.

Lautz noted that, nationally, housing inventory is at its lowest since 1999. Part of the problem could be the sharp decline in single-family home construction. The National Association of Home Builders (NAHB) reported that overall housing starts dropped 9.6 percent, to a rate of 1.45 million units in July.

### Recession in Home Construction

NAHB Chief Economist Robert Dietz echoes Lautz's views about a possible full-blown housing recession.

"While we are seeing a recession in terms of new home construction—which has been falling for the last five months—we're not going to see the housing crisis of the Great Recession in 2008," he told The Epoch Times. "Back then, there were substantial home price declines and millions of foreclosures. We're just not seeing that now."

Higher interest rates and escalating costs for lumber and construction materials are being blamed as part of the reason for the building slowdown in the single-family sector.

"That's a symptom of the broader inflation issue, plus the disruption of supply chain as a result of COVID," Dietz said.

The NAHB estimates the United States is falling short by more than a million homes, including single family, condominiums, and apartments. Year to date ending in June, single-family permits dropped in all four regions, with the Northeast reporting the sharpest decline of 11.5 percent. The South posted a small decline of just 0.8 percent. Over the past year, just 11 states experienced growth in single-family permits issued, with New Mexico recording the highest growth rate at 39 percent.

On the bright side, the markets leading the way for single-family home building include the Texas cities of Houston, Dallas, and Austin, as well as Phoenix and Atlanta.

"These areas have a larger inbound population, with a lot of younger homebuyers looking for more affordable options," Dietz said.

He also noted that multi-family construction remains strong, as the demand for rental housing stays high. Currently, the number of multi-family units under construction is up almost 25 percent year over year. The New York-New Jersey area is still the top building market for apartments, followed closely by Dallas, Austin, Houston, and Seattle. In addition, construction of single-family built-for-rent homes surged during the second quarter of 2022, as housing affordability declined due to higher mortgage interest rates.

Looking ahead to 2023, Dietz believes that we could see more stability during the second half of next year.

"Hopefully we'll be returning to a growth trend by 2024," he said. "You have to remember that housing is often the first sector to decline, but it's the first to rebound."

### Housing Market Already in Recession

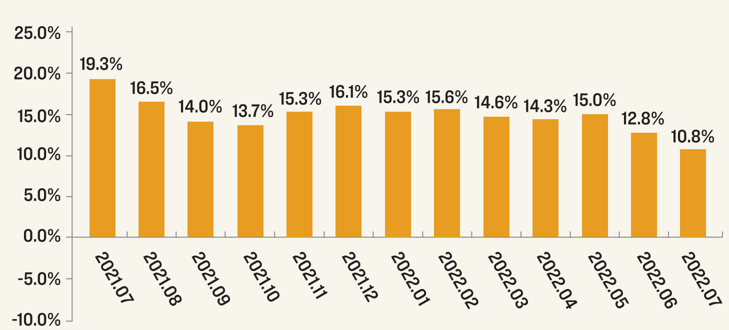
A recent report from Scott Anderson, chief economist at Bank of the West, indicates that the housing market has already entered into a recession amid declining demand for mortgages, unsustainable property price growth, and deteriorating affordability.

Citing a sharp plunge in existing home sales, Anderson believes the "housing market outlook continues to darken."

"We are forecasting existing home sales to plunge 15.8 percent and 14.9 percent respectively 2022 and 2023—the largest home sales decline since 2007," Anderson writes in the report. "The main causes of the steep drop is the worst housing affordability since 2006. Also contributing to the sharp slowdown is the uncertainty looming over the economic outlook."

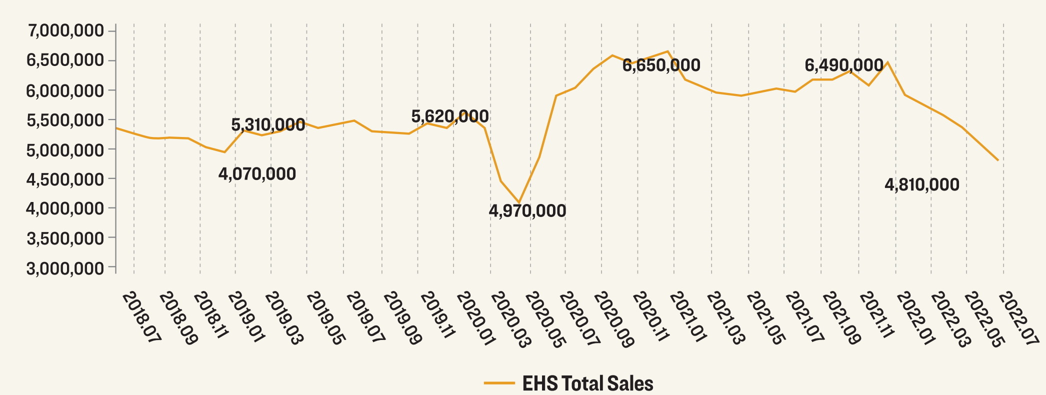
In addition, Anderson's report comments that ➺

**Existing Home Sales Median Price**
Percent Change Year-Over-Year




SOURCE: NATIONAL ASSOCIATION OF REALTORS

**Total Existing Home Sales**
Seasonally Adjusted Annual Rate




**"On average, we're down from five offers on a home to three."**

*Jessica Lautz,*
*vice president of demographics and behavioral insights, NAR*

**Homes under** construction at the Lennar Bridgeway home development in Newark, Calif., on Dec. 15, 2021.

**“[There’s] been an ‘unbuilding’ of homes in the United States for the past 15 years, and we’re short by about 5.5 million homes.”**

***Jessica Lautz,*** *vice president of demographics and behavioral insights, NAR*

housing inventory shortage is no longer a problem and that new home inventories have increased to 10.9 months currently, from just six months in February.

Anderson expects that the dramatic drop in home sales over the next two years will push down home prices. Many metropolitan area markets will witness a 5 to 10 percent drop in home prices by 2024, and some may see 10 to 15 percent, he projects.

### Some Realtors Remain Upbeat

Despite gloomy forecasts from economists, some local realtors in the nation’s most popular markets see things differently.

Andrea Crouch, president of Phoenix Realtors and owner of The Crouch Group, EXP Realty, says the Phoenix area is definitely still a “hot” market, even with the recent slowdowns in terms of listings and days on the market. With the median single-family home price of $450,000, prices have started to drop a bit, but only by about 5 percent.

“I think we’re starting to see a more balanced market here, and we don’t see that as a negative,” she told The Epoch Times. “It had been complete chaos for a while, and now buyers can actually have more than five minutes to think.”

Similar to the rest of the nation, rising interest rates have played a part in the normalizing of the Phoenix market.

“We tell buyers now that their purchase may be their forever home, but not their forever loan,” Crouch said. “They can always refinance when the rates go down.”

While Phoenix is listed as one of the top new housing construction areas in the country, Crouch notes that it has slowed down from previous years, with a lot fewer “spec” homes.

“They’re building, but they’re waiting until the buyer is ready to purchase,” she said.

Most of the influx to the area are people migrating from California, Montana, and Washington state. Many are remote employees with the flexibility to live and work wherever they want.

Looking ahead to the fall market, Crouch expects a “normal” season.

“You have to realize that about 70 percent of current realtors have not experienced a ‘normal’ market in a long time,” she said.

Antje Gehrken, president of the Chicago Association of Realtors and president and managing broker of A.R.E. Partners, acknowledges that the housing market has been getting a bit cooler, but that’s just compared to the past two years.

“The market during the pandemic was an anomaly, so you have to look back to 2019 in pre-pandemic times to make a comparison,” she told The Epoch Times. “You have to compare apples to apples.”

Inventory is still lower than normal in the Chicago area, and while some home prices have been sliding, Gehrken notes that if a home is priced correctly, it can still demand multiple offers and sell for more than the asking price.

“I think people have been a little reluctant to sell over the past couple of years because of the worry that they wouldn’t be able to find a new place,” she said.

With the current median sales price of $344,500 for a single-family home in the greater Chicago area and $355,000 for condos, local real estate professionals are hoping for a good fall market.

“There’s been a slight uptick in inventory, which can be seasonal, and in the winter, we always see less activity,” she said.

One trend that Gehrken has seen lately is the migration of homebuyers to nearby Indiana, which offers an easy commute to Chicago and more affordable home prices.

Like her West Coast counterpart, Gehrken doesn’t see a real estate recession coming in the near future.

“The market is definitely stabilizing, and as realtors, we’re used to that, and we have to plan for that,” she said. ■

**26%**

**U.S. HOME SALES** dropped 26 percent over the past six months, reaching the lowest pace of sales since 2015, excluding the months during the pandemic shutdown, a report shows.

**Workers move** a finished floor joist for homes at Wasatch Truss in Spanish Fork, Utah, on May 12, 2021.

CLOCKWISE FROM TOP L: JUSTIN SULLIVAN/GETTY IMAGES, GEORGE FREY/GETTY IMAGES, COURTESY OF NATIONAL ASSOCIATION OF REALTORS


COMPANIES

# Inflation, Recession Fears *Slow Business Activity*

Customers cut back spending because of rising prices and interest rates

*By Andrew Moran*

**The Los Angeles** Flower District marketplace, after the county allowed retail establishments to reopen, in downtown Los Angeles on May 8, 2020.

PHOTO BY AGUSTIN PAULLIER/AFP VIA GETTY IMAGES

**Special Report** Recession


**A shop owner** updates inventory at her business in Houston on Aug. 16. The third-quarter CNBC/SurveyMonkey Small Business Index found that 77 percent of small-business owners anticipate inflation to continue.

BRANDON BELL/GETTY IMAGES

Inflation and the risk of a recession are the top concerns for U.S. companies in multiple sectors. These worries are beginning to weigh on overall operations, resulting in a slowdown in business activity and declining sentiment, according to numerous indices.

The National Federation of Independent Business (NFIB) Optimism Index highlighted in July that 37 percent of small-business owners reported that inflation was their most important problem, the highest it has been since 1979. Moreover, the monthly survey revealed that most owners are raising their average selling prices, and the net percent of owners anticipating real sales to be higher worsened.

"The uncertainty in the small business sector is climbing again as owners continue to manage historic inflation, labor shortages, and supply chain disruptions," NFIB Chief Economist Bill Dunkelberg said in a statement. "As we move into the second half of 2022, owners will continue to manage their businesses into a very uncertain future."

This coincided with the August IBD/TIPP Economic Optimism Index, which slipped to an 11-year low of 38.1 as consumers continue to be pessimistic about the economy as inflation erases wage gains. This could spell bad news for business conditions.

Meanwhile, the third-quarter CNBC/SurveyMonkey Small Business Index found that 77 percent of small-business owners anticipate inflation to continue to rise, and 57 percent believe the recession has already started.

In this economy, it's all about planning for the worst-case scenario and hoping for the best, says Mike Davis, founding partner of Olive Tree Ridge, a multi-strategy asset management firm.

"If I plan for the worst, that's when I'm going to be having the greatest set of days coming up in the future because I can only be pleasantly surprised," Davis told The Epoch Times, adding that no matter how this economy is labeled, businesses still need to navigate through the information, storm clouds, and evolving consumer trends.

Federal Reserve officials haven't shared the private sector's pessimism, asserting that the institution can get inflation under control and potentially achieve a soft landing for the U.S. economy. At the same time, Fed Chair Jerome Powell's confidence has ostensibly diminished, as he warned in his recent Jackson Hole Economic Symposium speech that there will be "some pain" ahead in the economy.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses," he stated in prepared remarks. "These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

Is this pain that Powell mentioned already being felt in the private sector?

### Health of Private Sector

In July, industrial production growth eased to 3.9 percent year-over-year, the worst pace since January. Manufacturing output also dipped to an annualized pace of 3.2 percent, down from 3.6 percent in the previous month.

The broad array of purchasing managers indexes (PMIs), which provide insight into the general direction of manufacturing and service sectors in the economy, has weakened.

The S&P Global Flash U.S. Manufacturing PMI fell to 51.3 in August, the lowest factory growth in two years—anything above 50 indicates expansion. Output slumped amid weaker demand, labor shortages, and raw material ➻

**37%**

**OF U.S. SMALL-**business owners reported that inflation was their most important problem in July, the highest percentage since 1979, according to NFIB.

**Special Report** Recession

scarcity. Comparable trends were noticeable in the other S&P Global PMI readings: The Composite Output PMI dropped to 44.6, while the Services Business Activity PMI tumbled to 43.7.

Economists explained that higher interest rates and elevated inflation dampened customer demand. In order to bolster new sales, companies' prices have been edging higher at the softest level in 17 months.

"August flash PMI data signalled further disconcerting signs for the health of the US private sector," Sian Jones, senior economist at S&P Global Market Intelligence, wrote in the Aug. 23 report. "Demand conditions were dampened again, sparked by the impact of interest rate hikes and strong inflationary pressures on customer spending, which weighed on activity. Gathering clouds spread across the private sector as services new orders returned to contractionary territory, mirroring the subdued demand conditions seen at their manufacturing counterparts."

In July, Chris Williamson, a chief business economist at S&P Global Market Intelligence, noted in a comprehensive analysis of the state of worldwide manufacturing that business confidence "remained worryingly subdued" in the United States.

"The US #economy is contracting at a rate not seen since the global financial crisis in 2009 (excluding the initial pandemic lockdown), as the flash #PMI covering output of manufacturing and services fell sharply in July," he wrote on Twitter.

That said, the Institute for Supply Management's (ISM) manufacturing and non-manufacturing PMI prints were mixed.

The July manufacturing PMI eased to a better-than-expected 52.8, while the non-manufacturing PMI inched higher to 56.9. Both indexes highlight rising employment levels, easing price pressures, and sliding new orders.

"Availability issues with overland trucking, a restricted labor pool, various material shortages and inflation continue to be impediments for the services sector," Anthony Nieves, chair of ISM's Services Business Survey Committee, said in a statement.

Still, the private-sector PMIs have been hovering at pandemic levels.

In addition, the various regional Fed bank data have been discouraging for the national economy.

The Dallas Fed Manufacturing and Services Indexes plummeted to negative 22.6 and negative 10.9, respectively. In the Dallas Fed Survey, one respondent in the machinery manufacturing business is beginning to see activity subside.

KAMIL KRZACZYNSKI/REUTERS

**An employee** works on an assembly line at startup Rivian Automotive's electric vehicle factory in Normal, Ill., on April 11.

"We are starting to see weakness in incoming orders," the person told the regional central bank. "We are preparing for a further slowdown but hoping for the best."

This year, labor productivity has turned into a critical issue for the private economy. According to the Bureau of Labor Statistics, nonfarm labor productivity declined 7.4 percent in the first quarter and 4.1 percent in the second quarter.

"This has more than reversed the temporary productivity jump we saw earlier on in the pandemic, when the economy was frantically trying to keep going despite a massive loss of workers," CNBC host Kelly Evans said.

### Small Businesses Face Challenges

In today's economy, companies are facing a broad array of challenges making it harder to maintain operations or bottom lines.

According to Patrick Stern, co-founder of Uncle Tim's Cocktails, which sells bottled cocktails, transportation is a major challenge.

"Combined with the impacts of inflation, this ends up impacting our cost of goods," Stern told The Epoch Times. The startup plans to raise prices heading into the busy holiday season.

According to Caitlyn Parish, CEO and founder of low-cost bridesmaid dress seller Cicinia, there has yet to be a significant decline in sales, but market conditions have become harder.

"It's hard to maintain the same profits, quality of our products, and customer service with the rising cost of everything," she told The Epoch Times.

Still, looking ahead to 2023, one of the firm's top concerns includes keeping staffing levels intact.

"I have always had a very small core team focused on maximum business efficiency so I couldn't lay off my employees if I wanted to. They are essential to our business success and I'd like to think that we would do everything to keep it that way in the future as well," she said.

> "It's hard to maintain the same profits, quality of our products, and customer service with the rising cost of everything."
>
> **Caitlyn Parish,**
> CEO and founder, Cicinia

Inflation continues to be a chief worry for Rhett Stubbendeck, CEO of insurance company LeverageRx.

"My business has to pay more for rent and electricity bills. This is reducing the profits, making less money available for reinvesting into business operations," he told The Epoch Times.

Should demand subside and the business stop generating enough profits, it would be difficult to cover its operating expenses, he noted.

### What Happens in 2023?

A second-quarter CNBC CFO Council survey found that 68 percent of CFOs anticipate a recession in the first half of 2023. None of the chief financial officers surveyed believe the U.S. economy will avert an economic downturn, with inflation continuing to be companies' primary external threat to their business operations.

How businesses respond to economic conditions will be interesting, Davis notes. He believes that businesses tend to have short-term memories, so they might become desensitized to the pain they felt from higher gasoline prices and labor costs.

As a result, private firms might try to spend a little bit more if they find their balance sheets can afford it and cost pressures diminish.

Ultimately, Davis says, it would come down to business owners making more informed decisions by reading beyond the headlines.

"You have to read the article, double-click into it, triple-click into it, and then form your own opinion," he said. ■

**The Federal Reserve** in Washington on Aug. 22, 2018.

PHOTO BY REUTERS/CHRIS WATTIE//FILE PHOTO

BEAR MARKETS

# PAUL VOLCKER *and* 1982

*Is today's market situation similar to what investors saw in August 1982?*

*By* LANCE ROBERTS

NEWS ANALYSIS

JEROME POWELL ISN'T PAUL Volcker, and this isn't 1982. As of late, market analysts are stumbling all over themselves, trying to outdo each other on the "why this time is different" related to the Federal Reserve's ongoing inflation fight.

One of the more interesting comparisons comes from the always uber-bullish Tom Lee of Fundstrat.

He argues that the market setup is similar to what investors experienced in August 1982. Then, a strong rally in equity markets took place as the Fed began to pivot away from its inflation fight. In the summer of 1982, the U.S. economy was in recession, and then-Fed Chair Volcker hadn't yet signaled whether the Fed would ease up in its campaign to slow inflation. In October of that year, Volcker signaled the Fed could temper efforts to slow inflation.

"The forces are there that would push the economy toward recovery. I would think that the policy objective should be to sustain that recovery."

Two months before the pivot, markets sniffed out the Fed's plans. Over the next four months, the losses from the 22-month bear market that saw the S&P 500 Index fall by 27 percent were reversed.

When it comes to financial markets, Sir John Templeton once said:

"The four most dangerous words in investing are 'this time is different.'"

While that is a true statement, particularly when it comes to excuses as to why bull markets can continue indefinitely, there are differences in historical comparisons. When an analyst cherry-picks a random point in market history to base his or her investment thesis, one should take the idea with a heavy dose of salt. The reason is that "this time is different." Every period is

BETTMAN/GETTY IMAGE

**President Ronald** Reagan meets with Paul Volcker (R), chairman of the Federal Reserve Board, in the Oval Office on July 16, 1981.

**Special Report** Recession

**What was most notable is the Fed's inflation fight didn't start in 1980, but persisted through the entirety of the 1960s and 1970s.**

different, due to the differences in the makeup of the economy, markets, consumption, production, debt, and a litany of other domestic and global factors.

To say 2022 is like 1982 is a dangerous statement, particularly when 1982 is taken entirely out of the context of what preceded it.

But, as the radio broadcaster Paul Harvey used to say, in a moment, you'll know "... the rest of the story."

### The Road to 1982

The road to 1982 didn't start in 1980. The buildup of inflation was in the works long before the Arab oil embargo in 1979. Economic growth, wages, and savings rates catalyzed "demand push" inflation. In other words, as economic growth increased, economic demand led to higher prices and wages.

What is notable about that period is that it was the culmination of events following World War II.

Postwar, America became the "last man standing." France, England, Russia, Germany, Poland, Japan, and other nations were devastated, with little ability to produce for themselves. Here, America found its most substantial run of economic growth as the "boys of war" returned home to start rebuilding a war-ravaged globe.

But that was just the start of it.

In the late 1950s, the United States stepped into the abyss as humankind took its first steps into space. The space race, which lasted nearly two decades, led to leaps in innovation and technology that paved the wave for the future of America.

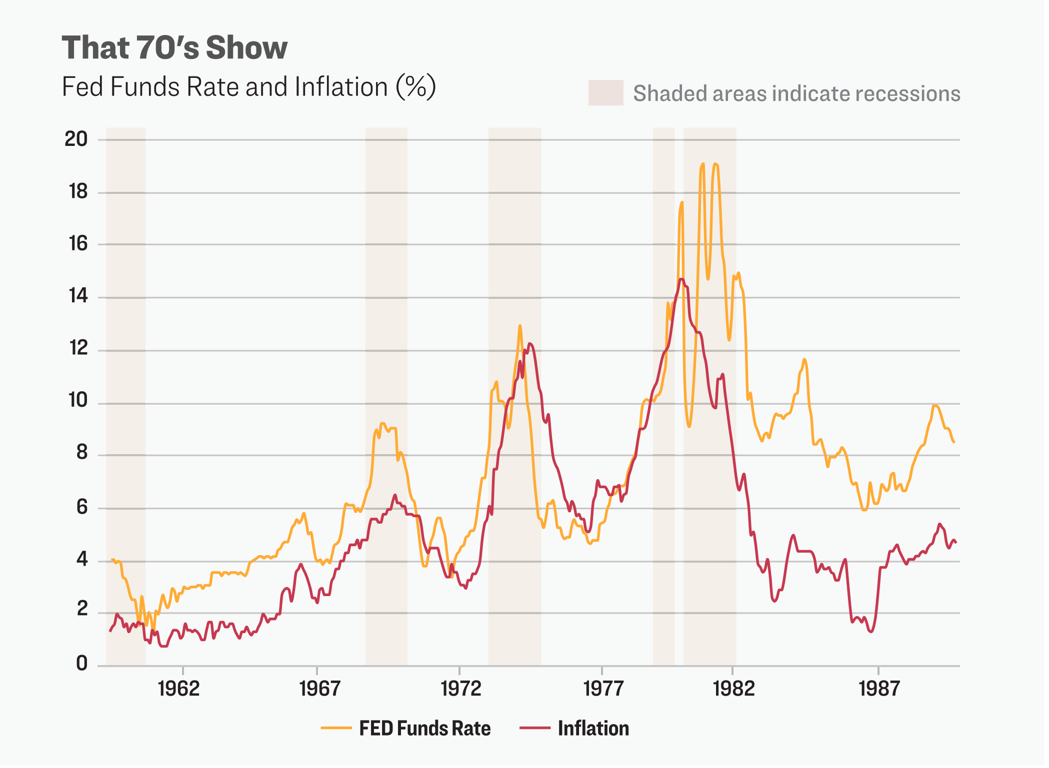
These advances, combined with the industrial and manufacturing backdrop, fostered high levels of economic growth, increased savings rates, and capital investment, which supported higher interest rates.

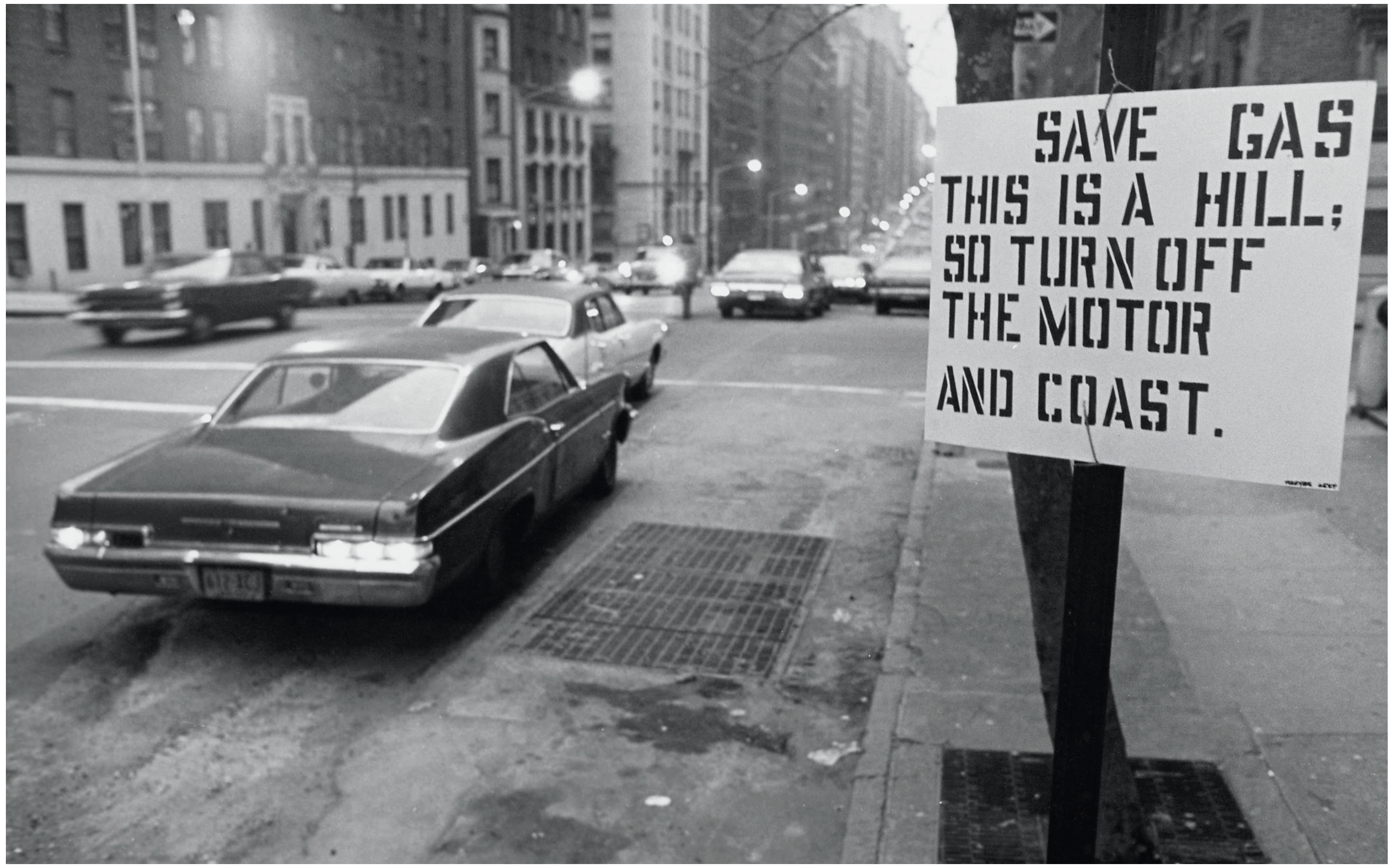
Furthermore, the government ran no deficit, and household debt to net worth was about 60 percent. So, while inflation was increasing and interest rates rose in tandem, the average household could sustain its living standard.

What was most notable is the Fed's inflation fight didn't start in 1980, but persisted through the entirety of the 1960s and 1970s. As shown, as economic growth expanded, increasing wages and savings, the entire period was marked by inflation surges. Repeatedly, the Fed took action to slow inflationary pressures, which resulted in repeated market and economic downturns.

### Valuations Mattered

The road to 1982 wasn't a smooth one, but notably, while Fundstrat's Lee suggests a Fed pivot would incite a similar market response, there is some additional history worth reviewing for important context. The 1960s and 1970s weren't kind to investors. As noted, the Federal Reserve steadily fought the repeated bouts of inflation. The resulting market volatility pounded investors with recurring bear markets and economic recessions.




**A sign urges** drivers to save fuel, during the oil crisis of 1973–1974 in the United States.

ARCHIVE PHOTOS/GETTY IMAGES

While many market observers focus on the 1974 bear market, most don't realize there were three preceding bear markets. On an inflation-adjusted basis, real returns for investors over the entire period were poor; by the time 1982 arrived, valuations had fallen from 23 times earnings to 7 times.

Unfortunately, despite the correction in 2022, valuations remain well elevated above historical bull market peaks.

Given the high valuation levels, inflation, and an aggressive Fed emulating Volcker, it's unlikely markets will repeat 1982.

### The 1974 Analog

There are many differences between the Volcker era and today, and none for the better. With the federal government running a deep deficit, with debt exceeding $30 trillion, consumer debt at record levels, and economic growth rates fragile, the ability of consumers to withstand higher rates of inflation and interest rates is limited. As noted previously, the gap between income and savings to sustain the standard of living is at record levels.

The current financial difficulties make weathering an aggressive Fed more difficult for households. A sustained bull market is challenging to anticipate, as households comprise most of the economic activity. Such is what ultimately translates into corporate earnings.

That view was confirmed by Powell's recent Jackson Hole Summit speech.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses. These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

Furthermore, even if the Fed does "pause," such is far different than cutting rates to zero and restarting quantitative easing. Those actions would occur given an increase in financial instability, suggesting much lower asset prices in the process.

Given the current market dynamics, it is worth looking back at the 1973–74 period. That was when the Fed was last aggressively fighting high inflation levels.

It may be no coincidence that market behavior is similar.

While this time is not the same as the previous, there also are vast differences between today and 1982. While current Fed Chair Jerome Powell is at present emulating Paul Volcker, there's a significant probability the outcome could be vastly different. ■

INVESTMENT

# How to Invest During a Recession

## Defensive stocks and inflation-protected bonds have regained popularity

*By Andrew Moran*

THE U.S. ECONOMY FELL INTO A technical recession following back-to-back quarters of negative gross domestic product (GDP) growth in the first half of 2022, as rampant and broad-based price inflation affected businesses and consumers.

As economists and market analysts look ahead to 2023, they agree that the country will begin to experience the real pain of an economic downturn. While experts can debate the size and scope of an economic contraction, how can households and investors shield themselves from the storm clouds? That's what many people would like to understand.

### Defensive Stocks

First, which sectors should be on an investor's radar?

This past spring, Goldman Sachs released its recession manual to help prepare clients for a downturn. The document noted that in the five recessions since 1981, the top four sectors have been consumer staples, energy, health care, and utilities.

Meanwhile, higher interest rates have made high-yield savings accounts, money market funds, and certificates of deposit (CDs) more attractive. However, with the real interest rate (inflation-adjusted) still negative, it might not be enough to protect the net worth of families.

This is where dividend investing comes into play, as it can generate passive income.

A dividend is the distribution of a company's earnings to shareholders that is paid out monthly or quarterly. For example, PepsiCo's annual dividend yield is 2.66 percent, meaning it pays investors $1.15 per share every three months.

There are several types of dividend stocks in the U.S. stock market, including dividend "aristocrats" and dividend "kings." The former are businesses that have raised their dividend payouts for a minimum of 25 straight years (e.g., ExxonMobil, Target Corp., Walmart). The latter are companies that have increased their dividends for at least 50 years (e.g., 3M, Coca-Cola, Procter & Gamble).

"Dividend growth stocks tend to be of higher quality than those of the broader market in terms of earnings quality and leverage," S&P Global analysts wrote in a paper. "Quite simply, when a company is reliably able to boost its dividend for years or even decades, this may suggest it has a certain amount of financial strength and discipline."

### Inflation Bonds

In today's inflationary environment, one of the most popular investment tools has been inflation-protected bonds, or I-bonds.

Investors can open a Treasury Direct account to purchase them. Interest on I-bonds is calculated by combining a fixed rate with an inflation rate based on changes in the Consumer Price Index. I-bonds became attractive when they started delivering a yield of 9.62 percent in May.

When investors factor in volatility and uncertainty, it becomes "a no-brainer," according to Mel Lindauer, founder and former president of the John C. Bogle Center for Financial Literacy.

One disadvantage of I-bonds is that investors can purchase only a maximum of $10,000 a year. That's because they are primarily intended for small savers and investors.

Large investors prefer Treasury inflation-protected securities (TIPS), which also include an element of inflation protection. Investors face no constraints when purchasing TIPS.

TIPS, unlike I-bonds, may be subject to short-term financial loss because their market value may fluctuate before maturity, according to Lindauer.

There also are funds that invest primarily in bonds that adjust their principal values in line with the rate of inflation, such as Fidelity's Inflation-Protected Bond Index Fund (FIPDX) or Vanguard's Inflation-Protected Securities Fund Investor Shares (VIPSX).

### Is the US Dollar Still King?

The U.S. Dollar Index (DXY), which measures the greenback against a basket of currencies, has been on a tear in 2022, rallying about 14 percent, to ⇝

**9.62%**

**I-BONDS STARTED** delivering a 9.62 percent interest rate in May.


**The New York** Stock Exchange on Sept. 7, 2017.

PHOTO BY SAMIRA BOUAOU/THE EPOCH TIMES

around 109.00.

The greenback's strength has been buoyed by rising demand for conventional safe-haven assets. Global investors have been fleeing to the dollar in response to the Federal Reserve's tightening campaign, volatility in the equities arena, and weakness in other major currencies, such as the euro, yen, or British pound.

Is it too late for investors to dive into currency investing, or is there more room for growth? Market experts anticipate an elevated U.S. dollar for some time, particularly if the global economy slips into a recession and the Fed becomes more aggressive.

There are several dollar-related funds, with the most popular vehicle being the Invesco DB US Dollar Index Bullish Fund (UUP).

### Does Gold Still Glitter?

Gold has been the premier safe-haven asset during times of chaos. But why has the yellow metal tumbled about 6 percent, to less than $1,800 per ounce, in an inflationary climate and slowing economy?

There have been two main reasons: a surging U.S. dollar and rising Treasury yields.

A stronger dollar is bearish for dollar-denominated commodities (such as gold) because it makes them more expensive for foreign investors to purchase. In addition, gold typically is sensitive in a rising-rate economy because it lifts the opportunity cost of holding non-yielding bullion.

But the precious metal could be resurrected should the Federal Reserve change course and cut rates in response to a sharp economic downturn.

### ETFs for Recessions

Since the beginning of the coronavirus pandemic, exchange-traded funds (ETFs) have exploded in popularity for both passive and active investors. They have been around for more than three decades, but ETF demand has spiked amid tax advantages, lower costs, and thematic investing. On an international scale, the value of assets managed by ETFs is more than $10 trillion.

While there is an ETF for nearly everything in the global economy, are there any ETFs that could weather a recession storm? Market experts typically recommend ETFs that specialize in dividend-appreciation companies, consumer staples, food, and low volatility.

Some of the most popular ETFs that invest in these areas include Vanguard Dividend Appreciation Index Fund ETF Shares (VIG), iShares U.S. Consumer Staples ETF (IYK), First Trust Nasdaq Food & Beverage ETF (FTXG), and Invesco S&P 500 Low Volatility ETF (SPLV).

### Updating Investment Strategies

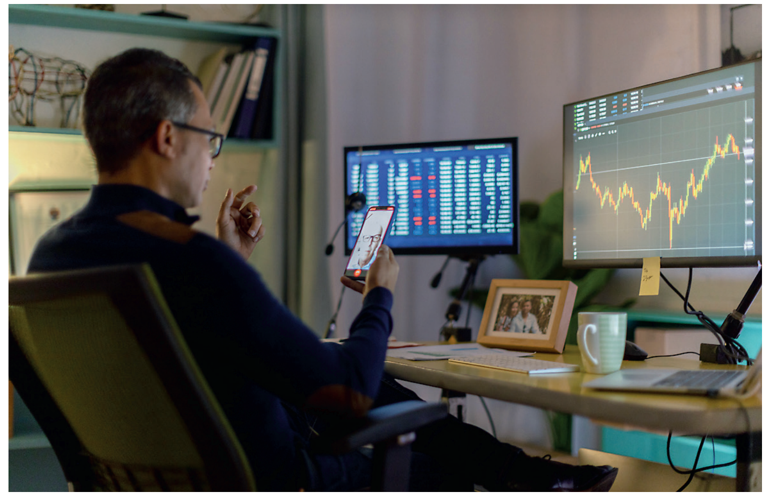
Investment experts contend that one of the best methods to employ is to update trading styles.

A common investing tactic is dollar-cost averaging. This is when investors regularly purchase shares of stocks or ETFs in about the same amounts, usually each month. By engaging in this practice, retail investors can avoid buying at all-time highs, prevent themselves from trying to time the market, and eventually lower the average share price.

Another simple measure is diversification.

During the 2020–2021 market euphoria phase, for example, investors poured into tech stocks, such as Alphabet (Google) or Netflix. This might have worked in an easy-money environment, but a tightening climate requires diversification. So, an updated portfolio during a recession could include exposure to real estate investment trusts, commodities, index funds, emerging markets, and bonds.

At the same time, it's crucial not to over-extend a portfolio, becoming almost unmanageable for average investors.



**A currency** trader on a video call from his home office.

THIS PAGE: ALISTAIR BERG/GETTY IMAGES

**A stronger dollar is bearish for dollar-denominated commodities like gold because it makes it more expensive for foreign investors to purchase.**

In addition, many seasoned and novice traders make either one of two mistakes: trying to time a bottom or panic selling. Both are risky bets, especially for long-term investors, since they might lose out on enormous gains. Market strategists assert that recessions and bear markets are the best periods to build positions to achieve long-term goals.

"Historically, there are way more positive years in the investment markets than there are negative years," financial adviser Tyler Ozanne told Bankrate, a personal finance company. "In a recession, and a corresponding negative market environment, it is good to remember that better investment days are probably ahead." ■





# The Week


**A security officer** guards the entrance of the U.S. District Courthouse for the Southern District of Florida during a hearing to determine if the affidavit used by the FBI as justification for its search of Trump's Mar-a-Lago estate should be unsealed, in West Palm Beach, Fla., on Aug. 18.

PHOTO BY CHANDAN KHANNA/AFP VIA GETTY IMAGES

## Judge Grants Trump Motion for Special Master to Review Records Seized by FBI

**A U.S. JUDGE HAS AGREED** to insert a special master into the review process for records seized from former President Donald Trump's Florida home.

U.S. District Judge Aileen Cannon ordered the appointment of a special master to review the seized property for items and documents that may be covered by attorney-client or executive privilege.

FBI agents seized records, notes, and other items from Trump's Mar-a-Lago resort in Palm Beach, Florida, on Aug. 8.

Cannon said she was swayed to side with Trump in part because the U.S. government's filter team, which was supposed to identify all potentially privileged items, failed to do so.

*“The ‘environmental’ movement has become more of a political movement than an environmental movement.”*

**Patrick Moore,** co-founder, Greenpeace

## 25.6%

**Tax revenue in** Texas grew by a record 25.6 percent for the 2022 fiscal year through August, according to the latest data released by the state comptroller of public accounts.

**“Despite the fact that we spend $800 billion of taxpayer money [at the Department of Defense], what you really see is about 90 percent waste”**

**Nicolas Chaillan,** former chief software officer, Air Force

## 10 YEARS

The Biden administration has announced that **technology companies that receive funds from the $280 billion CHIPS and Science Act will be barred** from building advanced facilities in China for a period of 10 years.

## $164,000 IN PROFITS

**Sen. Richard Burr (R-N.C.)** made more than $164,000 from well-timed trades that were executed after receiving briefings on COVID-19 before the pandemic was declared, according to an unsealed search warrant affidavit.

## 94%

of people who developed symptoms after they got a Pfizer/BioNTech or Moderna mRNA injection had blood with an **“aggregation of erythrocytes and the presence of particles of various shapes and sizes of unclear origin”** one month after inoculation, a study shows.

**$95,000 Settlement** — A teacher in Kansas has received a $95,000 settlement after she was suspended by her former employer for refusing to use a student’s preferred name and pronoun.

THIS PAGE FROM TOP: COURTESY OF PATRICK MOORE, JARED CUMMINGS/CONSERVATIVE PARTNERSHIP INSTITUTE; RIGHT PAGE FROM TOP: HANDOUT/BUNDESWEHR VIA GETTY IMAGES, MICHAEL LOCCISANO/GETTY IMAGES



The Week in Short **US**

Evacuees from Kabul, Afghanistan, inside a military aircraft at Tashkent Airport in Tashkent, Uzbekistan, on Aug. 22, 2021.

NATIONAL SECURITY

## Homeland Security May Have Allowed Dangerous, Unvetted Afghans Into US: IG

**THE DEPARTMENT OF HOMELAND** Security (DHS) failed to fully vet some of the nearly 80,000 Afghan citizens who were brought to the United States as part of the evacuation of Afghanistan that began in August 2021, potentially allowing individuals who pose a national security risk into the country, according to a government report.

The DHS’s Office of Inspector General conducted an audit to determine the extent to which the department “screened, vetted, and inspected” the evacuees.

The audit found that of the 88,977 evacuee records inspected, 417 didn’t have first names, 242 lacked last names, and 11,110 had their date of birth recorded as Jan. 1.

CLINTON

## Hillary Clinton Confirms She’ll Never Run for President Again

**FORMER SECRETARY OF STATE** and presidential candidate Hillary Clinton said she won’t be running for president in 2024 or ever again.

When asked by a CBS News reporter whether she would run for president again, Clinton stated, “No, no.”

“But I’m going to do everything I can to make sure that we have a president who respects our democracy and the rule of law and upholds our institutions,” the longtime Democrat and wife of former President Bill Clinton continued, while criticizing former President Donald Trump, who defeated her in 2016.

Hillary Clinton at The Manhattan Center in New York on July 8.

JUDICIARY

## Chief of Staff to Chief Justice John Roberts to Resign

**A LONGTIME COUNSELOR** to Chief Justice John Roberts announced that he is leaving his post at the end of the month.

Jeffrey P. Minear will retire as of Sept. 30 after serving as Roberts’s chief of staff since 2006. Minear previously worked for the U.S. solicitor general’s office, where he argued 56 cases before the Supreme Court. Roberts, as chief justice, is head of the federal judiciary as well as presiding officer of the Supreme Court.

Minear’s successor has yet to be named.

DRUGS

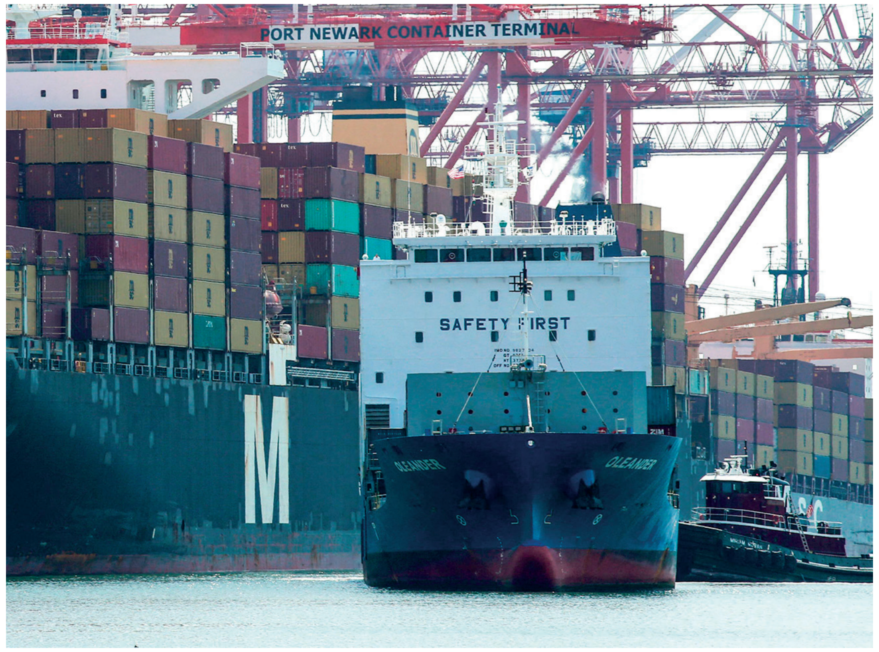
## Heroin Overdose Deaths Halved as Fentanyl Deaths Tripled Over 5 Years

**FENTANYL HAS DISPLACED** heroin as the leading cause of overdose deaths in the United States. Not only have overdoses involving fentanyl skyrocketed over the past years, but those involving heroin have actually dropped by about half, according to estimates by the Centers for Disease Control and Prevention.

There were nearly 110,000 drug overdose deaths in the 12 months ending March 2022. More than 73,000 of those involved synthetic opioids such as fentanyl. That’s up from less than 41,000 two years ago and about 23,000 five years ago.

Overdoses involving heroin, on the other hand, dropped from more than 16,000 five years ago to some 8,000 in the 12 months ending March. The last time heroin-involved overdoses exceeded those from fentanyl was in 2016.

# The Week in Short **World**




Cargo ships are docked at the Port Newark Container Terminal in Newark, N.J., on July 21.

WORLD

## Ocean Shipping Rates Tumble by More Than Half in 2022

**OCEAN SHIPPING RATES** on the major ocean trade routes have tumbled more than half from the beginning of the year, according to The Wall Street Journal.

The start of the fourth quarter is typically the industry's peak season, but many importers have already shipped their holiday goods earlier in the year, while rising inflation rates reflect a decline in consumer demand.

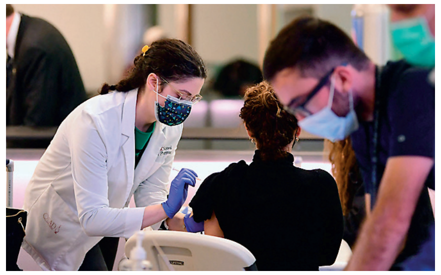
The Freightos Baltic Index, which measures the cost to ship a container overseas, is now at $5,286, down from $9,293 in January.

COVID-19

## Scientists Find 2 COVID-19 Antibodies That Could Make Vaccine Boosters Unnecessary

**SCIENTISTS IN ISRAEL** say they may have found antibodies that can fight all known COVID-19 strains, eliminating the need for vaccine booster shots.

The new study found that two antibodies, TAU-1109 and TAU-2310, bind to the SARS-CoV-2 virus's spike protein "in a different area from the region where most of the antibodies were concentrated until now," said lead researcher Natalia Freund of Tel Aviv University.



A woman receives a dose of a COVID-19 vaccine at Los Angeles International Airport on Dec. 22, 2021.

According to the study's findings, these antibodies are "actually very effective" in suppressing the Omicron and Delta variants, she said.

AUSTRALIA

## Australia's Annual Coal Export Exceeds $100 Billion for 1st Time

**AUSTRALIA HAS RECORDED** its 13th consecutive account surplus in the June quarter on the back of a continued commodity boom, with the trade surplus hitting a record high $43.1 billion (US$29 billion).

Global supply constraints increased demand for Australian mining and agricultural commodities, driving up the exports of goods and services by 14.7 percent.

Demand for Australian coal exploded following the Russian invasion of Ukraine as European countries sought to diversify energy sources.

A bucket-wheel dumping soil and sand removed from another area of a mine in Newcastle, Australia, on Nov. 5, 2021.

UK

## Queen Elizabeth II: Monarch Who Ruled Over UK for 70 Years Dies at Age 96

**QUEEN ELIZABETH II** has died, aged 96. She was the longest-serving monarch in British history, with a reign of 70 years and 214 days.

She was also head of state to 15 prime ministers.

The Prince of Wales is now king, having acceded to the throne immediately on the death of his mother.

THIS PAGE FROM TOP: KENA BETANCUR/AFP VIA GETTY IMAGES, SAEED KHAN/AFP VIA GETTY IMAGES, FREDERIC J. BROWN/AFP VIA GETTY IMAGES





# Perspectives


**Paramedics help** a man who is overdosing, in the Drexel neighborhood of Dayton, Ohio, on Aug. 3, 2017.

PHOTO BY BENJAMIN CHASTEEN/THE EPOCH TIMES

**SOUL SPEECH**

Biden preaches saving the nation's soul while the economy implodes. 60

**AMERICAN WAR ON DRUGS 2.0**

There were over 107,000 fatal overdoses in 2021, with 66 percent tied to fentanyl. 61

**WASHINGTON'S FLAWED NEW LAW—PART 3**

Health care rules do little for inflation but have ill effects. 62

INSIDE

**THOMAS MCARDLE was a White House speechwriter for President George W. Bush and writes for IssuesInsights.com.**

# Thomas McArdle

## Soul Speech

*Biden preaches saving the nation's soul while the economy implodes*

President Joe Biden went on a hyperpartisan, demagogic rampage on Sept. 1, standing before an eerily red-lit Independence Hall in Philadelphia, with U.S. Marines at attention exploited as political props.

The speech, attacking Donald Trump and "MAGA Republicans" as a threat to "the very foundations of our republic," was touted in advance by the White House as a sober reflection on America's soul. But the soul of the country throughout U.S. history has had everything to do with private industry—and this speech sought to distract from the dour economic conditions during Biden's tenure and that of his party's narrow majorities in both houses of Congress.

Alexis de Tocqueville, the French government emissary who famously visited a young United States in the first half of the 19th century, emphasized the personal importance of capitalism to the American populace.

"I know of no country, indeed, where the love of money has taken stronger hold on the affections of men, and where the profounder contempt is expressed for the theory of the permanent equality of property," he would write in 1835. Pursuing economic self-interest has made Americans "a multitude of citizens who are disciplined, temperate, moderate, prudent, and self-controlled."

With inflation remaining near 40-year highs and recession only beginning its onslaught, the president told us that what is soul-destroying for America isn't such economic devastation; not sky-high crime; not a wide-open border. Rather, it's the more than 74 million Trump voters who tried to go "backwards to an America where there is no right to choose, no right to privacy, no right to contraception, no right to marry who you love."

In other words, America's soul is all about legalized abortion all the way to nine months, as described in the 1973 Roe companion case, Doe v. Bolton: "the medical judgment may be exercised in the light of all factors physical, emotional, psychological, familial, and the woman's age."

**As Tocqueville recognized nearly two centuries ago, economic freedom is what you find when you peer within America's soul.**

America's collective soul apparently demands accepting that the 14th Amendment's protection against a state depriving "any person of life, liberty, or property, without due process of law" somehow extends to "intimate choices that define personal identity and beliefs" and that this, in turn, "compels the conclusion that same-sex couples may exercise the right to marry," as the Obergefell decision ruled. And it all originates from the absurd "penumbras, formed by emanations" that were the foundation of the 1965 Griswold ruling discovering a constitutional right to contraception hidden between the lines.

Some fine day, the Supreme Court—these nine unelected oracles of transcendent wisdom we've placed in lifetime power over us to solve our most difficult problems—will discover that Americans' "right to marry who you love" applies if you're in love with two people, be they of the same or different sex?

Will they discover "the right to marry who you love" extends to 50-something males who "love" adolescents or pre-teens? It may sound like a ludicrous question, but so did same-sex marriage before the Dutch legalized it in 2001. And considering the record of newest Justice Ketanji Brown Jackson, perhaps it will be she who writes the opinion.

Biden used the word "democracy" 31 times in a speech running under 25 minutes. But what is democratic is what the "MAGA Republicans" he claims hold "a dagger to the throat of our democracy" stand for: allowing the people's elected and accountable representatives to decide the difficult issues that have only become issues in the past few decades.

The American people have full power to amend our Constitution to make abortion, artificial contraception, same-sex marriage, and anything else a federal right. And if the amendment process—requiring three-quarters of the legislatures of the states—is too difficult, they can amend the Constitution to make the process easier.

In 1920, the Constitution was amended to give women the vote. Since then, there have been no amendments addressing social changes, despite the sexual and technological revolutions of the past few decades. Democratic Party politicians prefer it that way because having the Supreme Court do their bidding means more radical changes in the law, and not having to defend voting this way or that to their constituents.

As Tocqueville recognized nearly two centuries ago, economic freedom is what you find when you peer within America's soul. At a time of economic distress unseen since the mess left by Jimmy Carter, both employers and employees would be better served if our Constitution were working as intended by its framers—and if the president weren't slandering the tens of millions of Americans who voted against him to distract from his inflationary spending sprees, just because they don't share Democrats' undemocratic views.



**ANDERS CORR is a principal at Corr Analytics Inc., publisher of the Journal of Political Risk. He is an expert in political science and government.**

# Anders Corr

## American War on Drugs 2.0

*Over 107,000 fatal overdoses in 2021; 66 percent tied to fentanyl*

On Aug. 27, U.S. Customs and Border Protection (CBP) officers in El Paso, Texas, caught a 14-year-old child walking across the border with 0.52 pounds of fentanyl concealed around his waist. Given that only a few grains of the drug are enough to kill, that one child had what it takes to end more than 117,000 lives.

Fentanyl is a synthetic opioid produced in illegal underground labs in China, Mexico, and elsewhere, including sometimes in the United States and Canada. But most of the precursor chemicals come from China.

Just 2 milligrams of fentanyl, according to the Drug Enforcement Agency (DEA), is enough to kill a new user unaccustomed to opiates. Due to inexact mixing in illegal labs, fentanyl pills range widely in dosage. The DEA has found some pills with over twice the lethal dose.

In April, authorities in the Oakland, California area busted a fentanyl manufacturing lab with 92.5 pounds of fentanyl, much of it in rainbow colors meant to hook children. That one bust alone bagged enough to kill 21 million people. Authorities in Oregon, West Virginia, and Washington also recently made big hauls.

The total extent of American deaths from overdose is shocking: more than 107,000 in 2021 alone. And 66 percent of overdose deaths were from synthetic opioids such as fentanyl.

Who was responsible for protecting these Americans, other than President Joe Biden? But Biden is silent.

A Canadian bust in June found precursor chemicals to make more than 700 pounds of fentanyl, "enough to kill every single person in Canada four times over," according to CTV News.

In British Columbia, Canada, 83 percent of the 722 overdose deaths between January and April involved fentanyl.

Fentanyl isn't only a disaster but an existential catastrophe waiting to happen.

Yet, governments in the United States and Canada are failing their citizens. China and Mexico—where much of the fentanyl originates—are also unhelpful.

The precursor chemicals for fentanyl come primarily from China, where Beijing is resistant to tougher controls.

"The U.S. has itself to blame for the root cause of fentanyl abuse in the country," China's embassy in the United States explained in a statement quoted by The Wall Street Journal.

**The precursor chemicals for fentanyl come primarily from China, where Beijing is resistant to tougher controls.**

"The Mexican president has said he is focused on what he calls the economic roots of Mexico's lawlessness and violence, rather than dismantling the cartels."

That's an excuse to do nothing, or worse—a demand for economic aid in exchange for sparing U.S. lives.

In early August, Beijing suspended cooperation with the United States on narcotics issues, including fentanyl smuggling, in retaliation for U.S. House Speaker Nancy Pelosi's visit to Taiwan.

The Chinese Communist Party (CCP) is, in effect, killing Americans with fentanyl to try to force us to stop supporting Taiwan's democracy. The CCP is weaponizing fentanyl in what should be considered a reverse opium war.

Overdose deaths are up after a year and a half of the Biden administration, which has been ineffective at publicly raising the issue with Beijing, much less forcing change.

"Despite China banning fentanyl and similar variants in 2019, it remains a primary source of illicit fentanyl and fentanyl-related substances trafficked into the U.S.," according to Nikkei Asia in early August.

Given the number of U.S. deaths, Beijing's weaponizing of lethal drugs to support its Taiwan ambitions could be considered an act of war. But the Biden administration fails to protect Americans because it uses words, not action.

"At a time when illicit fentanyl continues to claim a life every five minutes, it's unacceptable that the PRC [People's Republic of China] is withholding cooperation that would help to bring to justice individuals who traffic these illicit drugs and who engage in this global criminal enterprise," Rahul Gupta, director of the White House Office of National Drug Control Policy, said in a statement.

"China has played and must play a key role in helping disrupt the illicit flow of drugs like fentanyl and their precursor chemicals," he added, indicating that the U.S. government would keep pushing for international action.

The Biden administration thus attempts to fob off responsibility for 107,000 overdose deaths to the abstraction on which it campaigned—the "international action" that isn't forthcoming.

We needed tougher protections years ago—before those Americans died. The Trump administration used tariffs to force China to ban fentanyl in 2019. Still, Biden is now considering unilateral tariff reductions, against the advice of his own U.S. trade representative, Katherine Tai.

Instead of reducing tariffs, we need to sanction China and Mexico. Double the DEA's budget. Close the Mexican border until that government cooperates. Reshore all production of precursor chemicals to increase controls. Declare another war on drugs that will find, capture, and imprison—with felonies and life sentences—all manufacturers, distributors, and dealers of deadly illegal fentanyl, including those we capture abroad.

Whatever it takes, we must show a seriousness of purpose that gives voice to our dead with more than words.

**MILTON EZRATI** is chief economist for Vested, a contributing editor at The National Interest, and author of "Thirty Tomorrows" and "Bite-Sized Investing."

# Milton Ezrati

## Washington's Flawed New Law—Part 3

*Health care rules do little for inflation but have ill effects*

THIS ARTICLE IS THE last of a three-part series on the new Inflation Reduction Act (IRA), which takes up the proposed new health care rules in which the government lodges its inflation reduction claims. The first part of this series examined the law's lavish spending on green initiatives. The second part assessed its dubious revenue claims.

Here, the discussion points out the harm the health care parts of the bill might cause, explaining, in part, why two independent analyses—one by the prestigious Penn-Wharton Budget Model and the other by the nonpartisan Congressional Budget Office (CBO)—concluded that the law would do little to reduce the rate of inflation.

In one way, the health care parts of this law feed inflation by adding to the flow of money from Washington into the economy. The IRA, for example, will limit out-of-pocket costs for Medicare patients to $2,000 and eliminate the 5 percent coinsurance that Medicare prescription drug enrollees must currently pay. Furthermore, it will hold Medicare drug premium increases to a maximum of 6 percent a year and add a cost-sharing provision for insulin products. The law also extends American Care Act (ACA) premium subsidies instituted in the 2021 American Rescue Plan Act. These keep the premiums to, at most, 8.5 percent of a participant's income. Since none of this changes costs, the law will simply shift the payment to the taxpayer.

The planned ACA premium subsidy goes well beyond those in need. It will include people with incomes many times above the poverty line. According to the CBO's analysis, subsidies could go to families of four with an annual income of more than $300,000, and to single 64-year-olds with an annual income of $164,000.

Medicare gets the right, through this law, to negotiate drug prices and hold drug price increases to no more than the overall inflation rate. The negotiation might make sense, but a rigid limit at the overall inflation rate penalizes drugs that are genuinely costly to produce and invites drug companies to raise the prices of other drugs faster than they otherwise would. At the very least, the rigid rule on future price hikes will invite companies to set higher launch prices. That hardly serves the public or holds down inflation. A more flexible approach would better serve the needs of both consumers and producers.

**In one way, the health care parts of this law feed inflation by adding to the flow of money from Washington into the economy.**

Most unsettling is the arbitrary power it grants. It leaves it entirely at the discretion of the secretary of Health and Human Services (HHS) to select which drugs to bring under negotiation. Furthermore, it precludes any judicial or administrative avenue to dispute the secretary's decision. If a company objects to the price set by HHS or refuses to negotiate, that firm could face an excise tax of 95 percent of the sales of the drug in question. Effectively, the secretary dictates drug prices and has the power to stop the sale of any drug.

There's much to object to here. No one should have the power granted here to the HHS secretary. Even if he or she were a saint, the language in the bill invites error. It identifies as likely targets drugs on which Medicare spends the most. But outlays could as easily reflect high use—say, because the drug offers a particularly effective therapy—as a high price. Driving down the price of such drugs would effectively punish the maker for producing something especially favored by the medical community. That serves nobody.

Most concerning is how these rules will discourage drug companies from developing new, useful drugs. Although there is no way to countenance price gouging, the rules must allow producers the potential for gain, or they will refuse to go through the expensive process of developing drugs and winning their approval. Without such potential, the nation will miss out on the kinds of pharmaceutical efforts that, in the past, have improved and extended lives in the United States and elsewhere. There are surely compromises that can secure this welcome flow of drugs and, at the same time, protect the public from abuse. The arbitrary power and rigid metrics of this law fail on both scores.

This third part of the series joins the others to explain how flawed this law is, whatever its intentions. True, it will no more ruin the economy than save the planet. Much remains uncertain. The law of unintended consequences always holds sway, especially where large pieces of legislation are concerned. There are, however, three clear effects: Taxes will rise; health care will not get cheaper, but the cost will shift to taxpayers; and the federal bureaucracy will increase, as will Washington's control over what the economy produces and how it does so.



**ANDREW MORAN** has been writing about business, economics, and finance for more than a decade. He is the author of "The War on Cash."

# Andrew Moran

## Fed Chair Buries 'Soft Landing' Hopes

*Powell's hawkish Jackson Hole speech disappointed investors*

FEDERAL RESERVE CHAIR Jerome Powell had a message for the U.S. economy and the financial markets: Prepare for "some pain" ahead, and higher inflation-busting interest rates are here to stay.

Powell recently delivered his much-anticipated Jackson Hole Economic Symposium speech, and his hawkish remarks disappointed investors.

When the Fed started its tightening cycle in March, the head of the central bank routinely said the institution could navigate the economy to a soft landing rather than a hard crash. In this environment, inflation is defeated, the labor market remains relatively intact, and economic growth persists.

But now, he's changed his tune.

"While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses," Powell said in his prepared remarks. "These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain."

According to KPMG Chief Economist Diane Swonk, Powell essentially buried the idea of a soft landing. Instead, his new objective is ostensibly steering the post-pandemic nation to a more realistic "growth recession," a term coined in 1972 that describes a situation of tepid growth and rising unemployment. With his statement, he's signaling the Fed grinding the economy to a halt to rein in four-decade high inflation, according to Swonk.

"It's a bit like dripping water torture," she told Bloomberg. "It is a torturous process, but less torturous and less painful than an abrupt recession."

MANDEL NGAN/AFP VIA GETTY IMAGES

Institutional investors and retail traders are hitting the sell button as the leading benchmark indexes have recorded immense losses. This would weigh on the growth rate of gross domestic product, which has already contracted for two straight quarters.

**If joblessness rises, it creates a domino effect as consumers begin to trim their spending behaviors.**

What about the stock market?

### Get Ready for Higher for Longer

Institutional investors and retail traders are hitting the sell button as the leading benchmark indexes have recorded immense losses. Since Powell left the podium, the Dow Jones Industrial Average has lost about 5 percent, the S&P 500 Index tumbled by more than 4 percent, and the Nasdaq Composite Index declined by close to 5 percent.

Although investors had initially believed that the Fed might hint that it would ease its tightening efforts in response to slowing inflation growth and weakening economic metrics, investors are bracing for "higher for longer" interest rates, according to John Lynch, CIO at Comerica Wealth Management.

"Jerome Powell's message was clear, and investors must respect the history of previous tightening cycles—monetary officials have historically viewed policy as restrictive only after the fed funds rate exceeded that of the annual growth rate of consumer inflation," Lynch wrote in a note.

Despite the dot-plot inside June's Summary of Economic Projections showing a median year-end fed funds rate of 3.4 percent, there's now growing anticipation among investors that the institution will raise the benchmark rate to between 3.75 percent and 4 percent by the end of 2022.

These expectations were fueled after Loretta Mester, president of the Federal Reserve Bank of Cleveland, told the Dayton Area Chamber of Commerce on Aug. 31 that the central bank will need to increase rates to more than 4 percent by early next year and keep them there to successfully combat inflation.

"My current view is that it will be necessary to move the fed funds rate up to somewhat above 4 percent by early next year and hold it there," she said. "I do not anticipate the Fed cutting the fed funds rate target next year."

New York Fed Bank President John Williams told The Wall Street Journal on Aug. 30 that officials must get the policy rate "somewhat above" 3.5 percent and leave it there until the end of next year.

"Based on what I'm seeing in the inflation data, and what I'm seeing in the economy, it's going to take some time aof rates downward," Williams said.

All eyes will be on the policy meeting of the Federal Open Market Committee (FOMC) on Sept. 20 and Sept. 21. According to the CME FedWatch Tool, the market is mostly penciling in a 75 basis-point rate increase. The current target range is 2.25–2.50 percent for the federal funds rate.

**DANIEL LACALLE** is chief economist at hedge fund Tressis and author of "Freedom or Equality," "Escape from the Central Bank Trap," and "Life in the Financial Markets."

# Daniel Lacalle

## Powell's Double Challenge

*The Fed may be overconfident in the economy and market liquidity*

THE HAWKISH TONE OF Federal Reserve Chairman Jerome Powell on Aug. 26 was unequivocal.

His most important sentence, in my view, was the following: "With inflation running far above 2 percent and the labor market extremely tight, estimates of longer-run neutral are not a place to stop or pause."

What does this mean? The Fed will do what it takes to cut inflation if the labor market remains strong. These strong messages sent ripple effects through markets. Stocks and risky assets fell in unison, and the relative strength of the U.S. dollar created another widespread depreciation of weaker currencies.

The Fed knows that inflation is fundamentally a monetary phenomenon and that the central bank must correct the mistake made in 2020 by dramatically increasing the money supply and sending rates to even lower territory.

However, the Federal Reserve may be too complacent about the strength of the economy and dangerously optimistic about liquidity in markets.

It's impossible to create a monetary tsunami by slashing rates and pumping trillions of newly printed dollars into the economy and expect it to correct with a small splash of water in the face. It's worse; it's impossible to create a soft landing with an overheated engine.

The first challenge that Powell faces is that rate increases aren't even enough to address inflation. Higher rates reduce the growth in new money creation but do nothing to avoid all the excessive currency issuance coming from fiscal policy. While Powell may rein in the rate of inflation, the United States and European administrations are still consuming trillions of newly created currencies via deficit spending.

The latest anti-inflation plan precisely shows this: It's an anti-inflation program that will be financed with

EVA HAMBACH/AFP VIA GETTY IMAGES

**The Fed knows that inflation is fundamentally a monetary phenomenon and that they must correct the mistake made in 2020.**

debt and newly created currency. Fascinating. It's even more fascinating to read that the recently announced student loan forgiveness program will be "fully financed" by deficit reduction. How can something be "fully funded" by a "deficit reduction" that easily means a $0.5 trillion U.S. deficit anyway? Are we insane?

Powell's second challenge is liquidity. While money supply globally remains stable, the depreciation of key currencies against the U.S. dollar is creating two negative flows: faster destruction of purchasing power of currencies and outflows of capital from global economies and into the U.S. dollar.

Within this second challenge comes another problem: central banks that can't be hawkish enough, and even when they are, the vacuum effect of the U.S. dollar continues. This is caused by years of excessive and careless money creation.

Liquidity limits to bank lending are already evident in an economy that still needs 2 trillion U.S. dollars in reverse repo programs. Reuters stated that "the trillions of dollars in overnight cash tucked away daily at the Federal Reserve could turn into a major headache for banks that could squeeze their balance sheets and impair their ability to lend."

The Fed should be aware that massive reverse repo programs aren't a sign of an adequate function of markets but are instead a warning sign of a lack of confidence that can create a credit crunch in what continues to be a sea of liquidity.

Can you imagine? Vanishing liquidity for the credit system because of previous excess liquidity created by years of money printing.

Powell and the Fed may also be too complacent about the global and U.S. economy. The manufacturing purchasing manager's index (PMI), both in the United States and in the European Union, shows weakness. Furthermore, the global manufacturing PMI has been falling since March and is close to contraction.

The Organization for Economic Co-operation and Development's leading indicator of economic activity has also been in contraction for three months in the European Union and the United States.

Powell can't perform miracles. There's no way that rate increases alone will solve the inflation problem if governments continue to spend new currency as if nothing has changed.

The current path of normalization means that the burden of tightening will be fully paid by families and small businesses while government size continues to expand in the economy, and that means less growth, more taxes, and probably more persistent inflation for longer.



**FAN YU** is an expert in finance and economics and has contributed analyses on China's economy since 2015.

# Fan Yu

## China's Economic Disaster and Markets

*US multinationals will be affected by China's growing economic woes*

CHINA'S ECONOMY IS in shambles.

While it's unlikely to affect Chinese Communist Party leader Xi Jinping's bid for another term as the regime boss, the world's No. 2 economy will have an impact on the rest of the world if it crashes and burns.

China's real estate sector—the importance of which can't be understated in driving the country's economic ascension over the past two decades—is broken. Many property developers have defaulted. Consumers are pushing back, refusing to pay their mortgages on unfinished housing units, and even holding protests in dozens of cities across the country.

Meanwhile, domestic growth is sputtering as the nation continues to enact on-again and off-again CCP virus-related lockdowns. As of the end of August, lockdowns continue to impact Hebei Province, which is just outside of Beijing, and mass testing is continuing in Tianjin. While China has been able to manage its economic output amid lockdowns—using closed-loop systems—its domestic economy and consumer spending levels have been hurt.

Unemployment rates are worrisome as well. The unemployment rate among Chinese urban youths has reached an astounding 20 percent, while more new graduates are expected to enter the workforce this fall. Chinese technology companies have traditionally been a source of jobs, but last year's state-led clampdown on tech has left many firms without the capital to expand headcount.

China's economic woes will affect U.S. and Western multinational companies, especially companies with a large retail presence in China. One example is Starbucks, which has thousands of outlets in China and maintains more than one-third market share in the world's most

JADE GAO/AFP VIA GETTY IMAGES

**The unemployment rate among Chinese urban youths has reached an astounding 20 percent, while more new graduates are expected to seek employment this fall.**

populous country. Starbucks reported a 40 percent drop in China sales in the second quarter.

Another company negatively affected is Nike. The shoe and apparel maker has a major retail presence in China, and its second-quarter earnings fell by 55 percent.

Both firms blamed COVID-related lockdowns for their sales and earnings declines.

Other retail giants, including Adidas, and luxury companies, such as Richemont and Burberry, also reported sales declines in China.

Global commodities are facing dual pressures of a strong U.S. dollar and weakening China demand. China over the past decade has been one of the key importers of global commodities such as iron ore, copper, oil, and liquid natural gas (LNG).

Chinese imports of iron ore in July were up by 3.1 percent, although during the first seven months of 2022 total imports were down by 3.4 percent compared to last year. China's imports of LNG declined by 15.4 percent in July, and down by 20.3 percent in the year-to-date period through July. China's lower LNG demand hasn't affected the LNG market as demand from Europe—cut off from Russian gas—has kept LNG prices sky high.

While China continues to import crude oil from Russia, the country's overall level of oil imports has decreased because of the domestic economic slowdown. West Texas Intermediate crude closed August down for the third month in a row, the longest such decline in two years.

The U.S. Federal Reserve announced a "higher for longer" interest rate policy at its annual retreat in August in order to tackle inflation. Fed Chairman Jerome Powell vowed to do whatever it takes to rein in inflation, saying that it may cause "some pain" for investors.

China and the United States have been diverging in their respective monetary policy. In August, the People's Bank of China cut 1-year benchmark rates by 5 basis points and the five-year benchmark lending rate by 15 basis points to stimulate credit demand and support its ailing real estate market. Those cuts came as a surprise, on the backs of worse-than-expected July consumer spending and borrowing figures.

The Fed's continued hawkish tone should strengthen the U.S. dollar relative to other currencies. As for China's central bank, it now has less room to lower domestic interest rates.

In late August, Chinese state banks were selling the dollar in an effort to prop up its yuan currency, according to several currency traders who spoke with Bloomberg on condition of anonymity.

In the interim, expect the dollar to continue to climb against the yuan.

**JEFF MINICK** lives and writes in Front Royal, Va. He is the author of two novels, "Amanda Bell" and "Dust on Their Wings," and two works of nonfiction, "Learning as I Go" and "Movies Make the Man."

# Jeff Minick

## Organize and Prioritize Tasks

*Hectic lives can be overwhelming, so relax and keep moving*

On a recent getaway with my children and grandkids, I asked my oldest son what was on his mind these days.

"Fall," he said. "Summer's over, and school is cranking up."

For many of us, the arrival of autumn signals little more than a change in season. The temperature cools, the days grow crisper, and the leaves change color. Break out the sweaters, and it's no big deal.

For others, however, fall holds different connotations. Schools reopen their doors, and teachers and students head back to the classroom. Some high school seniors scramble to fill out college applications. Parents find themselves ferrying children to school, soccer, and ballet while helping their fifth grader in the evenings with her math lessons, or reading yet another email from the principal's office regarding schedules.

"Summertime, and the livin' is easy," goes the old show tune, but the arrival of September means the vacation is over. Time for lots of folks, young and old, to buckle down into a more rigorous routine.

Whether you're a teacher, parent, or student, here are some tips I've gleaned from different sources that should make this shift easier.

Prioritize. My son and his wife have seven children, six of them adopted. With the exception of a daughter who attends public school, they are educating their children through a blend of homeschooling and various co-ops, which means lots of scheduling and drive times. "This year," my daughter-in-law tells me, "I'm making education my No. 1 priority. I'll still do the other stuff—take care of the house, cook, get the kids to medical appointments, and so on—but first on the list is their education."

**Sometimes the race seems like a sprint, but that's mostly an illusion.**

Beat the deadlines. Is that essay on "To Kill a Mockingbird" due on Thursday? Don't wait until Wednesday night to begin. Does the fourth grader face a multiplication test on Monday? Spend the previous week reciting the times tables with him several times a day.

A special note to high school seniors: Submit your college applications well before the deadline. When you get them out only a few days before they are due, often in January, you're convicting yourself of sloth or indicating a disinterest in that particular school.

Don't sweat the small stuff. That's the title of a book by Richard Carlson, and there's a reason why it has remained in print and popular for 25 years. Keep those words handy, and you can reduce stress while attaining greater peace of mind. In the back-to-school hustle, it's easy to let simple mistakes and obligations—my daughter forgot her lunch, my son lost his lit book, I need to get Carly to the dentist after school, but I have to pick up Daniel at day care by 4 o'clock—snowball into discouragement.

Most of the glitches in life are small stuff. Acknowledge that, brush them away, and keep moving forward.

Take frequent breaks. The leisurely pace of summer may be over, but you still need time to catch your breath and recharge your batteries. If you arrive at soccer practice a few minutes before pickup, put your phone aside, close your eyes, and take a quick snooze or meditate on the good things in your life.

Be a long-distance runner. Sometimes the race seems like a sprint, but that's mostly an illusion. Live in the moment, but never forget that the real finish line isn't flopping into bed exhausted at the end of the day. It's what you accomplish over weeks, months, and years.

"Keep calm and carry on" is a hackneyed bit of advice these days.

But it's still true.



THOUGHT LEADERS

# Confronting China

*The CCP is acting as a transnational criminal organization: Rep. Scott Perry*

**"We need to see the CCP for what it is, to quit regarding them as a strategic competitor," says Rep. Scott Perry (R-Pa.), a member of the House Foreign Affairs Committee. "They see America as their enemy, and treat us as such. It's time we started responding to that stance."**

In a recent episode of EpochTV's "American Thought Leaders," host Jan Jekielek sat down with Perry to discuss House Speaker Nancy Pelosi's recent trip to Taiwan, the Chinese threats to shoot down her plane, how Beijing is exploiting America's weaknesses, and what holding the Chinese regime to account would actually look like.

**JAN JEKIELEK:** The speaker of the House, Nancy Pelosi, met with officials in Taiwan, which brought strong reactions from the Chinese regime. What's your take?

**REP. SCOTT PERRY:** I'm happy that America is representing itself in Taiwan and meeting with the leadership. It's important that we let the rest of the world know that we stand shoulder to shoulder with free people, people who reject totalitarian leadership around the world.

A member of security stands guard at the entrance of the Forbidden City in Beijing on May 1.

**MR. JEKIELEK:** Chinese state media suggested that the speaker's plane might be shot down. What do you make of this?

**MR. PERRY:** It's a wake-up call to anybody thinking the status quo is permanent, with the United States being the global leader. Americans should recognize that the Chinese Communist Party [CCP] made the calculation that there was no downside to threatening to shoot down the speaker of the House. Essentially, it was an act of war.

We need to see the CCP for what it is, to quit regarding them as a strategic competitor. They see America as their enemy and treat us as such. It's time we started responding to that stance.

**MR. JEKIELEK:** You've talked about "the flaccid response" to China's threats of war in general.

**MR. PERRY:** Our response to China has been mixed. Even in the administration, we see different viewpoints that are confusing to Americans and that our adversaries take advantage of, especially the Chinese. We don't offer support for Taiwan's independence, yet we send our speaker of the House there. We disagree with the CCP's goals, but we don't do anything meaningful regarding the theft of intellectual property, the disregard for international trade agreements, and the disregard for U.S. law. We ignore a host of things, from propaganda to spy operations.

We don't want a war with China, but we have to acknowledge that our policy and rhetoric have failed. We have to understand our circumstances as well. We no longer have the largest navy on the planet. We can no longer project power against the CCP.

**MR. JEKIELEK:** How do you safely change the status quo?

**MR. PERRY:** In any relationship, if you accept poor treatment from people, they're going to keep giving you poor treatment. If you then decide, "I'm done with this," but you've always allowed them to treat you poorly, there's going to be a reaction. You have to recognize and understand that.

We need to take some small but definitive steps to say: "We don't appreciate the way you've been treating us. So, we're moving in a different direction now." Then we'll see how they respond. It's important we do that as soon as possible, because as time goes on, we'll have fewer and fewer options.

We need a coherent strategy. We've all got to be on the same page on this thing. Unfortunately, there's been a lack of leadership at the top during this administration, but also to a certain extent in my own party. President Trump was taking the correct steps, but people within his administration were undermining him. That cannot be allowed to happen.

**MR. JEKIELEK:** What congressional bills regarding China would actually be beneficial to America?

**MR. PERRY:** There is a whole host of bills, from moderate to in-your-face. For instance, we could classify the CCP as a transnational criminal organization. That might seem extreme to people. But if you look at the evidence, everything they do qualifies them for that classification. So, how about this? We just don't allow the Thrift Savings Plan. Every service member in uniform is required to pay into these plans that invest in unaudited Chinese companies, and in many cases, these plans are funding the very enemy our service members are training to fight.

There's a lot of money floating around. I understand there's a lot at stake, but the sovereignty of our country and freedom are at stake, too. We need to ascribe a value to that freedom so that people can understand what is truly important here.

**MR. JEKIELEK:** Is it money that makes the difference?

**MR. PERRY:** Absolutely. It's front and center in some instances. I hate to pick on the NBA, but they certainly deserve criticism. I get that the NBA's market in China is huge. But while they criticize the United States for its shortcomings, they're absolutely unwilling to criticize the CCP. Meanwhile, there are concentration camps in East Turkistan, the social credit system, and the lack of freedom now in Hong Kong.

As members of Congress, we need to ask: What are we doing for the citizens in our country? I'm a representative from Pennsylvania. I grew up there, and every town had its own industry. Those jobs, skills, and industries are gone, most of them overseas. We started a course correction during the last administration, but that's already been wiped out. We've got to start again and get both sides on board. ➾

"Unfortunately, there's been a lack of leadership at the top during this administration."

Rep. Scott Perry

FROM L: NOEL CELIS/AFP VIA GETTY IMAGES, YORK DU/THE EPOCH TIMES

> “It’s important that we let the rest of the world know that we stand shoulder to shoulder with free people, people who reject totalitarian leadership around the world.”

**MR. JEKIELEK:** Let’s look at the solar panel industry in China as an example. It’s subsidized by the government to the point of almost cornering the market, and this isn’t the only industry where this has been done. Do people realize this?

**MR. PERRY:** People like me scream it from the mountaintops whenever we have the opportunity—85 percent outsourcing of things like battery technology, battery critical components, solar panels, or slave labor-associated products—and you’re playing a part whenever you purchase these things or advocate for this situation. This really hit home with pharmaceuticals, for instance, at a certain point during COVID.

**MR. JEKIELEK:** You’re saying China makes a significant portion of the medicines sold in America.

**MR. PERRY:** We can’t get antibiotics in this country when we’re this dependent on China. That’s one of the reasons we have to be careful how we deal with the Chinese. And look at all these restrictions on what the left calls rare earth minerals. They’re not rare. They’re under our feet here in America, but because of restrictions, we can’t get to them.

**MR. JEKIELEK:** Let’s jump back to this bill that would label the Chinese Communist Party a transnational criminal organization. It would be a huge move politically, but it’s something you’ve been serious about.

**MR. PERRY:** The Party is acting as a transnational criminal organization to the detriment of our country and our economy. Even if we just had a hearing on the bill, it would send a signal. But we in Congress don’t even discuss the fact that the Chinese Communist Party gets away with all this stuff. We have to influence the behavior of the CCP, but the important part of this conversation is to alert Americans that this is happening. They need to understand the separation between the Chinese people and the Party that oppresses them, and that the CCP wants to steal from us and replace us as a world leader.

And this is happening with the help of Big Tech. They see themselves as global companies founded and operated from the United States of America, but they’re working with the CCP to oppress the Chinese people. Why is that acceptable? Why is the forced organ harvesting of the Falun Gong acceptable? Why isn’t the media covering it? As you know, I make it one of my priorities. But we need the Congress and the president to stand together on this.

**MR. JEKIELEK:** I’ve reported on forced organ harvesting since 2006. It’s very difficult for people to grasp.

**MR. PERRY:** They can’t imagine this would happen in the 21st century, but every single sign points to it. We have to be careful here because the Chinese Communist Party doesn’t allow these kinds of investigations in their country. But there’s no waiting list for an organ transplant in China, yet in developed nations, there are long waiting lists. Investigations have confirmed, as far as they can that live organ harvesting happens in China.

**MR. JEKIELEK:** In a very concrete way, what can be done immediately to shift this entire situation?

**MR. PERRY:** The rhetoric is important. Public actions, like the one by the speaker, are important. Probably the best thing to do is to look at the perils the United States faces in a world where China is the global leader—whether it’s in pharmaceuticals, technology, or finance. We need to identify our challenges, prioritize our solutions, and then get to work on those solutions. ■

*This interview has been edited for clarity and brevity.*

Tourists look on as a Chinese military helicopter flies past Pingtan island, one of mainland China’s closest point from Taiwan, on Aug. 4, ahead of massive military drills around Taiwan following U.S. House Speaker Nancy Pelosi’s visit to the country.

THIS PAGE: HECTOR RETAMAL/AFP VIA GETTY IMAGES





# Unwind


**Along with** being a World Heritage Site, the magical old city of Sienna is car-free, home to the world’s oldest bank, and host to a traditional medieval horse race, offering many reasons to visit.

PHOTO BY ALBERTO PIZZOLI/AFP VIA GETTY IMAGES

## A Modern Medieval Wonderland 74

# A LOVELY ENCINO ABODE

*Providing the best of city life in a family-friendly area, this home is ideal for large families and entertaining*

*By Phil Butler*

**The home's generous living** and entertaining spaces reflect comfort, style, and exquisite design. Many have fireplaces and easy access to the lush lawn area.

SET INSIDE THE PRESTIGIOUS RANCHO Estates private community in a very desirable, family-friendly area, this remarkable contemporary Mediterranean home provides uncompromising privacy in the middle of bustling, amenity-laden Encino.

Listed for $4,999,000, the tasteful and spacious residence offers an impressive blend of luxury and comfort to maximize family life while also serving as an ideal venue for entertaining. This property is worth considering by those who desire a high degree of privacy while living in the heart of things.

This beautiful home, located behind high-security gates, features spacious living and common areas that exude a sense of grandiosity without being overly pretentious. All aspects of the very welcoming residence prove it was designed to deliver stylish livability. The three-story home has 6 bedrooms, 7 full baths, plus one half-bath. On the main level, there are three en suite bedrooms. Downstairs, the large master suite is amply appointed with its own fireplace, a luxurious bath/spa, and truly cavernous closet space.

The open-air amenities include an oasis-like heated pool, a separate spa, a fire pit for evening entertaining, multiple lounging areas, and a half-court basketball court, all in a setting of lush, manicured grounds with mature trees. The property will keep residents and their guests happily entertained, day or night.

Rancho Estates is less than an hour's drive to Los Angeles, and about a 10-minute drive from Braemar Country Club; it's even closer to El Caballero Country Club. The area boasts a wealth of activities and parks of every description, such as the Balboa Sports Complex, Los Encinos State Historic Park, and many others. With its Southern California location, there are a dizzying array of shopping, dining, and entertainment activities within very close proximity of the property.

***Phil Butler is a publisher, editor, author, and analyst who is a widely cited expert on subjects ranging from digital and social media to travel technology.***

**17647 BELINDA STREET**
**ENCINO, CALIFORNIA**
**$4,999,000**

- 6 BEDROOMS
- 8 BATHS
- 8,134 SQUARE FEET
- 0.49 ACRES

**AGENT**
JADE MILLS ESTATES
STEPHANIE ZEBIK,
MANAGING DIRECTOR
310-285-7508

ALL PHOTOS BY JADE MILLS

**(Above)** Magnificent high-beamed ceilings make a remarkable impression. The home's interiors are accented throughout with curvilinear openings, expansive wall space, and beautiful hardwood floors. **(Top Right)** The well-equipped kitchen features professional-grade appliances and ample food preparation areas. The butler's kitchen has extra prep space and appliances for accommodating large gatherings. **(Right)** The master bedroom features its own fireplace, an exquisite bath, spacious closets, and large picture window views. The adjacent room is well-suited for use as a home gym or office.

**The Siena Cathedral** (Duomo di Siena) was completed in 1263.

PHOTO BY SABINO PARENTE/SHUTTERSTOCK

# Medieval Moments

*Siena's historic squares and biannual horse race transport visitors back in time*

***By Tim Johnson***

TWICE A YEAR, THE PIAZZA DEL Campo in Tuscany thunders.

Normally a picturesque place and rather serene, the square is lined with tables where al fresco dinners end and diners tarry with their last drops of espresso or limoncello. The irregular, shell-shaped, sloping oval of the square spreads out under medieval buttresses and Torre del Mangia, a clock tower that, when completed in 1348, was one of the tallest non-church towers in Italy. Stepping out from the labyrinth of lanes leading up to it—11 separate, shaded streets feed into the square—feels like taking a trip back to the Middle Ages.

But during the Palio di Siena, which takes place twice every year in July and August, everything gets loud. Ten bareback riders, each one decked out in the colors of their "contrade," or city district, hoof it hard aboard the best horses in the region, racing toward victory on soil laid around the perimeter for the occasion. It's a wild spectacle, perhaps most memorably depicted in the James Bond film "Quantum of Solace."

The opening scenes of the movie cut between the torrid action of the equine race and a breathless chase as Bond does everything he can to get away from the bad guys. After streaming a few minutes of the film while standing on the square—a slightly surreal moment—I sat down for dinner nearby. Chatting with the owner of the restaurant, I believed for a moment that I'd stumbled across one of the brave riders. He spoke firsthand about the race. It turned out that this wasn't the case; something I'd see, unmistakably, in the photos he showed me after I'd polished off my pasta.

In many ways, Siena is the perfect Tuscan town. Not overrun with tourists like Florence, it's a popular destination for day-trippers from larger cities nearby. But once the tour buses leave, you have the whole place to yourself—and the 55,000 locals living in this small city, of course.


**Siena is** an hour's drive from Florence.



The Piazza del Campo is one of Europe's most perfectly preserved medieval squares. Fan-shaped, it was paved in red brick in 1349. Eight lines of travertine divide it into sections; a total of nine wedges represent the Noveschi (also called the Nine, or the IX), who governed Siena during its peak in the 13th and 14th centuries. The Republic of Siena flourished under the Noveschi, who brought political and economic stability and completed major public works, including much of the city walls and the grand cathedral. They ruled until the Black Death reached Siena and contributed to a popular uprising and change in government in 1355.

Two hundred years later, in 1555, the Republic of Siena officially ceased to exist when its forces lost to Florence, its rival, and was replaced with Florentine rule.

But the Nine left behind a strong legacy that's still apparent even on a casual stroll. Traveling with family, we stayed at a former monastery just inside the city walls. Hanging out in the courtyard, we grazed on Italian meats and cheeses.

We spent our days just roaming, passing through Piazza del Campo several times, popping into little shops along the way.

We spent a solid half day touring the Duomo di Siena. Consecrated in 1215 and completed in 1348, this grand cathedral is a UNESCO World Heritage Site and is distinctively zebra-striped; the black-and-white pattern is the traditional symbol of the city, appearing also on its coat of arms. The finest craftsmen of the age worked on the place, including Bernini and Donatello.

And we learned more about the Palio di Siena. First run in 1633, centuries of tradition surround this event. There's a great deal of time and energy spent on the lead-up: lottery drawings to pick the horses (which are blessed in official religious ceremonies), a pageant held just beforehand, processions, open-air dinners—not to mention the endless speculation on winners and losers by the locals. But the race itself takes only between a minute and 90 seconds to complete, with chaotic sounds, relentless fury, and riders often thrown to the ground.

Sometimes, spectators even jump into the fray. That's what Marcello, the restaurant owner, did.

After we finished our meal at a sidewalk table, he led us inside the restaurant and pointed out a couple of photos on the wall. In both, he was in the foreground. Arms outstretched, he was clearly running like a madman. The horses, just a pace or two behind him, looking like they may, in a moment, step on his heels (or worse). Pure ecstasy—or, maybe, total fear—on his face.

Not something I would recommend, but certainly a good story to tell. Distinctively Siena. We headed back to the Piazza del Campo for one last look at the Torre del Mangia all lit up, with just a few diners left at the outdoor tables around the square, finishing up their limoncello. ■

***Tim Johnson is based in Toronto. He has visited 140 countries across all seven continents.***

Between
**1 minute to 90 seconds:**
The duration of the Palio di Siena race

## If You Go

**Fly:** The closest international airport is in Florence (FLR).

**Stay:** Situated on a quiet side street within the old city, the Chiostro del Carmine has charm to spare. While rooms can be a bit small and stuffy, some look out on the surrounding hillsides. The courtyard is lovely. And there's a certain pleasure inherent in sleeping in a medieval convent.

**Take Note:** Book well ahead of time if you're visiting during the Palio di Siena, which takes place every year on the same dates: July 2 and Aug. 16.

ALBERTO PIZZOLI/AFP VIA GETTY IMAGES, FOKKE BAARSSEN/SHUTTERSTOCK, ROSSHELEN/SHUTTERSTOCK

**Italian jockey Giovanni Atzeni** (C), riding Zio Frac for the Drago district, celebrates after winning the Palio di Siena on July 2.

**Begun in the Romanesque style,** the Siena Cathedral became a prime example of Italian Gothic.

**A common destination** for daytrippers, Siena becomes a great place to explore once they leave.

# KEEP YOUR CAR LOOKING NEW

## Going over every inch of your car to make it perfect can be fun and preserve its value

**BY BILL LINDSEY**

**It's great driving** a new car, so let's explore how to enjoy that feeling for many years.

IF YOUR CAR IS YOUR PRIDE and joy, you may find that you enjoy spending time cleaning and protecting it. There's a Zen aspect, too; it can be a bit meditative going over every inch of the car. Doing it yourself also ensures that it's done right, using the best materials and supplies. Set aside two hours early in the morning or mid-afternoon to avoid the hottest times of the day.

The question of how often to detail depends upon how frequently the car gets dirty and/or how obsessive you are about its appearance. At a minimum, plan to wash it monthly and detail it at least once per year, preferably twice; you can't over-detail it.

As with all tasks, having the right tools makes it easier. The basics include two wash mitts; one for painted surfaces, the other for the wheels, tires, and fender lips; a soft brush to clean the wheels; two wash buckets; a vacuum cleaner with crevice attachments; and paper towels, glass cleaner, and a spray-on conditioner for leather seats, the dashboard, and door panels.

**START BY CLEANING** the interior, removing the floor mats to be hosed clean and allowed to dry in the sun. Then, use a very lightly moistened wash mitt to wipe down door handles, door sills, the dashboard, seats, seatbelts, and the console to remove dust and grit. Use glass cleaner on the inside of the windshield, the rearview mirror, and all windows. Vacuum the floor and seats, as well as all crevices.

**There's a Zen aspect, too. It can be a bit meditative going over every inch of the car.**

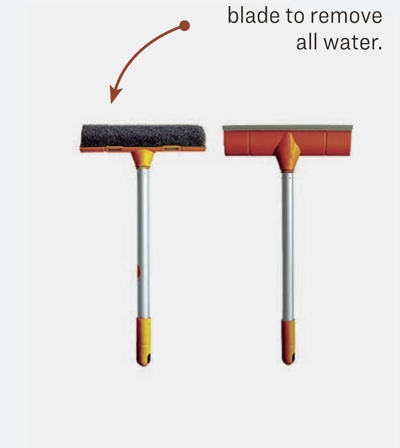
Next, apply a conditioner to the leather seats, dashboard, and door panels; then, give the interior a finishing touch of a spritz of an air freshener. Check the car trunk and the cargo area of SUVs to see if they need to be vacuumed; while you're in there, this is a good time to check the spare tire's air pressure.

Next comes the exterior. Which soap to use? Any on-sale car wash is fine, but boat wash tends to be a bit more concentrated, making it more cost-effective, and it's perfectly safe for any exterior car surface. Washes labeled "wash and wax" aren't a viable alternative to applying a wax or polish. The same can be said for spray-on polishes or waxes; few things that are "fast and easy" deliver long-lasting results.

Of the two wash mitts, use one to clean painted and glass surfaces, and the other to clean tires, wheels, and wheel wells. Fill one bucket with soapy water, and the other with just water to rinse off the soapy mitt and remove dirt that could scratch the paint. Work in small areas, rinsing often to prevent the soapy residue from drying. Clean the tires, wheels, and wheel wells after you've washed the rest of the vehicle. Don't ➾

**Wash the car** in small sections, rinsing immediately to help prevent soapy residue from drying and forming streaks.

**For perfectly clean,** streak-free windshields and windows, use a squeegee with a wiper blade to remove all water.



**Use two sets** of washing and drying tools: one for only painted and glass surfaces, the other only for wheels and tires.

**When washing** your vehicle, use the two-bucket method: one for sudsy water and the other filled with water to rinse the sponge or wash mitt after every use to keep them free of paint-scratching grit.

LEFT PAGE: ADRIAN DASCAL/UNSPLASH; RIGHT PAGE FROM TOP: ETAP/SHUTTERSTOCK, MIKE FLIPPO/SHUTTERSTOCK, M-PRODUCTION/SHUTTERSTOCK, ANDREY EREMIN/SHUTTERSTOCK

**A thorough vacuuming** of the entire interior reduces wear on fabric and leather surfaces and may even eliminate odors.

use a brush to clean painted surfaces; no matter how soft it may be, it can create tiny scratches or swirl marks. Towel-dry the car to avoid water spots.

**IF YOU WANT** to take detailing to the next level, consider using a foam cannon. Attached to a pressure washer, this system applies a thick, clinging foam that, as it slides down the vehicle, pulls dirt and grime with it. In addition to being fun to use, it allows for true touch-free cleaning. After the vehicle is foamed, use the pressure washer, at a low setting, to rinse it clean.

With the exterior clean, now it's time to protect it—raising the question of which polish or wax to use. Carnauba wax is a traditional treatment for painted surfaces, applied by hand or with a machine and then buffed off. These waxes last about three to four months, possibly less in very hot climates.

To determine when it's time to apply polish or wax, drip some water onto the surface; if the drops are quarter-sized or larger, get busy. A polish can be either pure protection or a "cleaner wax," designed to remove very light oxidation. Look for a polish containing Teflon that provides high shine and is resistant to dirt and grime.

Another alternative is a ceramic treatment. This provides high shine and excellent resistance to dirt and grime, but it tends to be expensive when applied by a professional. You can apply a ceramic finish yourself—there are many how-to instructional videos available to show you the procedure—but regardless of who applies it, do some research beforehand to determine what limitations it has, which cleaners can be used on it, and how often it needs to be removed and reapplied (the average lifespan is between two and five years). Work in small areas, allowing the finish to dry to a haze before buffing it off.

Now, go and enjoy some car-cleaning fun! ■


**A freshly detailed** car is more fun to drive and may even seem to have a bit more pep.

LIFESTYLE

## FOAMY FUN

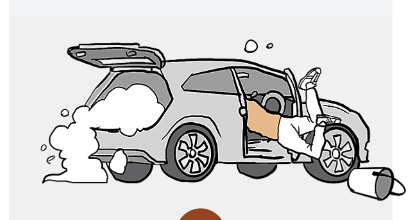
*Don't skip the details*

### 1 Beat the Heat

Work under an awning or portable car tent, taking frequent hydration breaks, to protect you and your car from becoming overheated. A cool car is easier to wash and wax.

### 2 Wax On, Wax Off

Learn the difference between wax, polish, and ceramic finishes to determine which is best for you. Don't use spray-on polishes or waxes in place of traditional efforts; their extremely short-term results make them a waste of time.



### 3 It's a Date

Plan to do a full detailing of the car at least once per year, but wash and vacuum it monthly.

THIS PAGE FROM TOP: BOGDANHODA/SHUTTERSTOCK, SEVERIN DEMCHUK/UNSPLASH





# AMAZING TECH: A COLLECTION OF TALENTED GLASSES

*We live in a golden age of technology, as evidenced by these glasses that allow you to 'see' 5 virtual monitors, check on your health, or take 3D photos*

***By Bill Lindsey***

*Capture It in 3D*

**SNAP SPECTACLES 3**

**$380**

Unlike most smart glasses, which incorporate one onboard camera, these have two. As a result, they create 3D images and video. The 4GB flash storage holds 100 videos or 1,200 images; the integral battery allows up to 70 videos per charge. Four microphones add a lush soundtrack to the videos.

*Fully Connected*

**ENGO EYEWEAR**

**$397**

Athletes, whether professional or weekend warriors, measure performance by monitoring bodily activity. This is something easier said than done while running—unless you use this system, engineered for active people. Wearers can track real-time heart rate, speed, distance covered, and more. The glasses also provide excellent protection from ultraviolet rays and debris.

*A Private, Virtual Workstation*

**LENOVO THINKREALITY A3 SMART GLASSES**

**$1,499.99**

Imagine sitting on your couch at home, "seeing" a full array of up to five virtual, big-screen monitors in front of you. That's the idea of this system, which allows you to create a virtual workspace in which you can position the monitors for optimal viewing. Even better, these glasses accept prescription lenses.

*Upgrade Your Glasses*

**VUFINE+ WEARABLE DISPLAY**

**$199**

This system is a brilliant choice for those who wear glasses. Simply clipped onto your prescription eyewear or favorite sunglasses, it allows you to watch videos, operate a drone, or "see" a second monitor, all via what your eye interprets as a four-inch high-definition screen located 12 inches from your face.

*Right in Front of You*

**VUZIX BLADE UPGRADED SMART GLASSES**

**$999.99**

These glasses might be a bit on the clunky side, but they're beautiful in use. Imagine working on a complex project such as rewiring a piece of electronics. Normally, you'd need to look away to refer to a manual or instructional video, but with these, it's virtually in front of you.

COURTESY OF SNAP SPECTACLES, ENGO, LENOVO, VUFINE, VUZIX

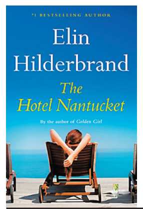
# Epoch Booklist

**Are there books you'd recommend?**
We'd love to hear from you. Let us know at features@epochtimes.com

## RECOMMENDED READING

***This week, we feature a charming farce set in a small Italian town,*** *and a biography of a remarkable oilman who protected the environment.*

### FICTION

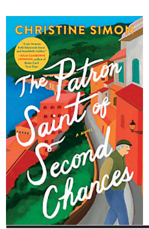



**'The Hotel Nantucket'**
*By Elin Hilderbrand*

#### A Suite Summertime Sizzler

Part mystery, part romance, and all fun, this novel follows Lizbet Keaton, who lands a job as the general manager of the lavishly restored Hotel Nantucket. She's desperate to please the wealthy London owner and counts on her charismatic staff to help her succeed.

LITTLE, BROWN AND COMPANY, 2022, 416 PAGES



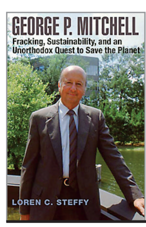

**'The Patron Saint of Second Chances'**
*By Christine Simon*

#### An Endearing Farce

Prometto, Italy, population 212, has 60 days to come up with 70,000 euros to repair its water system or the state will close down the town. In this wild ride of a story, Signor Speranza, self-appointed mayor and vacuum repair man, hides this looming crisis while trying to solve the town's insolvency. He falls into a plan of making a movie featuring a young and famous star and finds himself facing one disaster after another. This book is a wonderful, charming comedy and a great escape from our present troubles.

ATRIA BOOKS, 2022, 304 PAGES

### BIOGRAPHY



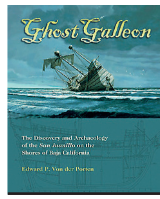

**'George P. Mitchell'**
*By Loren C. Steffy*

#### He Was About More Than Fracking

Galveston, Texas-native George P. Mitchell is the man most responsible for making the United States energy independent and a net-energy exporter by 2019. This biography shows that Mitchell did more than commercialize fracking. The oilman planned his business in terms of decades, making a fortune by balancing environmental concerns with drilling and by developing real estate while leaving existing trees in his Woodlands community. This is the story of a complex, altruistic, and exceptional American.

TEXAS A&M UNIVERSITY PRESS, 2019, 376 PAGES

### ARCHEOLOGY



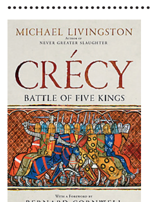

**'Ghost Galleon'**
*By Edward Von der Porten*

#### A Treasure Trove of History Found

In 1997, Edward Von der Porten, a noted marine archaeologist, learned that a wreck of a Manila galleon might be off California's coast. This led to the hunt for and discovery of the wreck. Von der Porten describes the two-decade effort to extract the secrets of the wrecked galleon, including its identity. It's a marvelous tale for those fascinated by old ships or by stories of modern-day explorers working to uncover history.

TEXAS A&M UNIVERSITY PRESS, 2019, 248 PAGES

### HISTORY



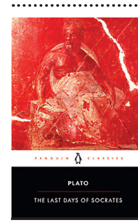

**'Crécy'**
*By Michael Livingston*

#### A Great Battle Restructured

The Battle of Crécy in 1346 is one of the most famous battles of the medieval era. This pivotal clash between the English and French began the Hundred Years War. Historians have written extensively on the battle, but Livingston argues that most historians have it wrong. "Crécy" will change the way you view the battle and its players.

OSPREY PUBLISHING, 2022, 304 PAGES

### CLASSICS



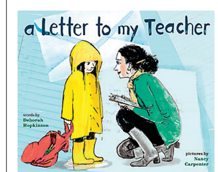

**'The Last Days of Socrates'**
*By Plato*

#### Plato's 4 Dialogues

In "Euthyphro," we meet Socrates considering questions of piety. In the next dialogue, "Apology," he refutes charges of impiety and defends his life as a philosopher, contending that "the unexamined life is not worth living." In "Crito," Socrates explains his refusal to flee from his native city, and "Phaedo" gives us his thoughts on the meaning of death and immortality. Hugh Tredennick's translation and Harold Tarrant's revisions make this an important, accessible version of Plato's account of Socrates's trial and death.

PENGUIN CLASSICS, 2003, 304 PAGES

### FOR KIDS

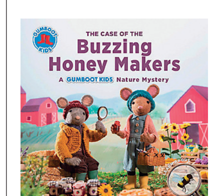



**'A Letter to My Teacher'**
*By Deborah Hopkinson*

#### A Thank You to a Teacher

A second-grader with a streak of mischief-making and poor reading skills comes to appreciate her teacher's talents and gifts. A sweet story of learning and gratitude beautifully enriched by Nancy Carpenter's illustrations. This book is for ages 4 to 8.

SCHWARTZ & WADE, 2017, 40 PAGES




**'The Case of the Buzzing Honey Makers'**
*By Eric Hogan and Tara Hungerford*

#### An Adorable Series for Curious Minds

Scout and Daisy discover the origin of honey as they journey from a farmers market to the nearby woods. Part of the sweet Gumboot Kids series featuring meticulously detailed illustrations and educational explorations of nature.

FIREFLY BOOKS, 2020, 32 PAGES



**Ian Kane**
is a U.S. Army veteran, filmmaker, and author.
He enjoys the great outdoors and volunteering.

# Epoch Watchlist

## MOVIE REVIEWS

***This week, we look at an outstanding adventure*** *undertaken by British officers, and a drama about secrets buried in a small Texas town's past.*

### NEW RELEASE

#### 'About Fate' (2022)

Just when both their hopes for a wedding seem to be souring, a series of fateful events bring Griffin Reed (Thomas Mann) and Margot Hayes (Emma Roberts) together on New Year's Eve. Soon, romantic stirrings begin to develop between them, but there are those who don't want to see that happen.

Despite the rapid-fire valley girl dialects (which permeate so many movies these days), this briskly paced rom-com is generally fun and engaging. It has some heartwarming moments and charming scenes that play out among its characters.

ROMANTIC | COMEDY

**Release Date:** Sept. 9, 2022
**Directors:** Marius Vaysberg
**Starring:** Emma Roberts, Thomas Mann, Madelaine Petsch
**Running Time:** 1 hour, 40 minutes
**MPAA Rating:** R
**Where to Watch:** Theaters

★★★☆☆

### AN OUTSTANDING SEMI-HISTORICAL WESTERN

#### 'Lone Star' (1952)

Cattle baron Devereaux Burke (Clark Gable) is hired by President Andrew Jackson (Lionel Barrymore) to convince Sam Houston (Moroni Olsen) to bring Texas into the union. But Burke's challenges are many.

This outstanding Western carries a good message about being principled. It also features a steamy love story and well-drawn characters brought to life by its brilliant cast.

WESTERN

**Release Date:** Feb. 8, 1952
**Director:** Vincent Sherman
**Starring:** Clark Gable, Ava Gardner, Broderick Crawford
**Running Time:** 1 hour, 34 minutes
**Not Rated**
**Where to Watch:** Vudu, Amazon, DirecTV

★★★★½

### INDIE PICK

#### 'Lone Star' (1996)

When Sheriff Sam Deeds (Chris Cooper) finds a skull in the desert near a small border town, he starts unraveling the murder of Sheriff Charlie Wade (Kris Kristofferson) four decades earlier. Deeds's investigations begin to reveal town secrets revolving around his father (Matthew McConaughey) that might be best left buried in the past.

Featuring fantastic performances by its outstanding cast—particularly Cooper—this indie Western is a whodunit with a realistic vibe that will keep you transfixed through to its kicker of an ending.

DRAMA | MYSTERY | WESTERN

**Release Date:** June 21, 1996
**Director:** John Sayles
**Starring:** Chris Cooper, Elizabeth Peña, Matthew McConaughey
**Running Time:** 2 hours, 15 minutes
**MPAA Rating:** R
**Where to Watch:** Apple TV, Vudu, DirecTV

★★★★☆

### A WONDERFUL ADVENTURE WITH CAPTIVATING LOCALES

#### 'The Man Who Would Be King' (1975)

Based on Rudyard Kipling's tale, this rousing adventure romp follows friends Peachy Carnehan (Michael Caine) and Danny Dravot (Sean Connery), who are British officers stationed in India. Having boundless ambitions, they head off to the remote land of Kafiristan and plan to live as kings.

With sublime portrayals by its shining stars Caine and Connery (the two have great chemistry), along with its great script and direction by John Huston, it's one of the most brilliant adventure films of all time.

ADVENTURE | HISTORY | WAR

**Release Date:** Dec. 17, 1975
**Director:** John Huston
**Starring:** Sean Connery, Michael Caine, Christopher Plummer
**Run Time:** 2 hours, 9 minutes
**MPAA Rating:** PG
**Where to Watch:** Redbox, DirecTV, HBO Max

★★★★★

# IPANEMA, A BELOVED BRAZILIAN GEM IN NEW YORK, MAKES A GLAMOROUS RETURN TO THE CITY

*Continuing their father's legacy, Carlos and Victor Pedro are carrying the 40-year-old restaurant into the future with an elevated menu, luxe surrounds, and a new cafe—but the same family spirit*

***By Crystal Shi***

CARLOS AND VICTOR Pedro grew up in Ipanema—not the famed Rio de Janeiro beach, but their father's Brazilian-Portuguese restaurant, which was named after those sun-drenched shores, in the heart of New York's Little Brazil.

The lively spot had been a staple since 1979, when Alfredo Pedro, who immigrated from Portugal when he was 13, quit his job as an IBM engineer to buy the restaurant.

In running the place, Alfredo said, "I always had a philosophy of being a family." That applied to his own family but also to his staff—he had the same chef and manager for 30 years—and customers, who would go there as kids and then return years later with their own.

The COVID -19 pandemic lockdown brought Ipanema's 40-plus-year run to an end—until the next generation stepped up to revive it. Carlos and Victor took over, and in May, they opened the resurrected restaurant 10 blocks from the original.

### A Fresh Look

While the original Ipanema was more of a "casual homestyle, no-frills" place, like most Brazilian or Portuguese spots in the city, according to Carlos, he and Victor wanted to update it.

"This should be elevated and put on a pedestal and respected," Carlos said.

They brought on Brazilian-born executive chef Giancarlo Junyent; chef de cuisine Andre Lev Pavlik, who previously worked together under Tom Colicchio; and pastry chef Alejandra Nicolon, from Per Se and Eleven Madison Park.

"We wanted to show where our culture can go," Junyent said about designing the restaurant's menu.

The classics are still there, but refined, such as the bitoque, a Portuguese-style strip steak with an egg, steak Diane sauce, and potato gratin in place of rice and fries. The feijoada, Brazil's famed black bean and pork stew, stays true to tradition, but a handmade black ceramic serving vessel adds sophistication. Everything is made in-house, from the bacalhau to the acerola sorbet.

The restaurant interior exudes glamour and warmth—all softly lit wood, lush greenery, white marble, and velvet banquettes. It has an 80-seat main dining room, a private area where family heirlooms are displayed on bookshelves, and an upstairs cocktail lounge featuring house-distilled and infused spirits.

Connected to the restaurant is a new all-day cafe, Bica, serving coffee and fresh juices; lunch bowls; and pastries, such as pao de queijo (Brazilian cheese bread) and pasteis de nata (Portuguese egg tarts—which Nicolon said took months to perfect).

### Passing the Torch

With the new kitchen crew, the Pedros have simply expanded their family. Case in point: Barely after meeting, they sent the team to stay in their family home in Portugal for a research trip.

Alfredo, who now lives most of the year in Portugal, where he runs his own hotel and restaurant, never expected his sons to take over Ipanema.

"I'm very proud of them," he said. "It's a very exhausting, demanding business."

For the brothers, however, the choice was obvious.

"It's like part of the family," Carlos said. "It's been so central, almost like the nucleus ... that we all just want to nurture it and keep it going."

**Ipanema's** updated menu features sophisticated takes on Brazilian and Portuguese classics.

**The modernized** interiors draw from Brazil's love for natural materials in design and decor.

**Pasteis de nata,** with flaky layered crusts and burnished custard centers, are a highlight at Bica.

**(L-R) Victor, Alfredo, and Carlos Pedro** in the private dining room at Ipanema. Behind them, family heirlooms and books line the shelves.

ALL PHOTOS BY MELISSA HOM

### IPANEMA

**Location:**
3 West 36th Street, New York, N.Y.

**Hours:**
**Ipanema**
Open Tuesday to Saturday, 5:30 p.m. to 10:30 p.m.
**Bica**
Open Monday to Friday, 8 a.m. to 3:30 p.m., and Saturday to Sunday, 10 a.m. to 5 p.m.

**Contact:**
212-730-5848, Ipanema.co



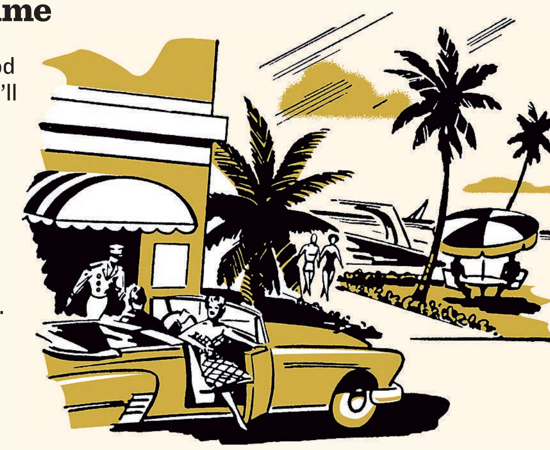
ET

# How to Be the Hotel's Favorite Guest

*Staying at a resort or hotel calls for a specialized set of etiquette rules*

**Time spent at a hotel or resort on business or vacation requires close contact with new people. As Mom taught you, it's important to be polite to strangers, especially the ones delivering your room service.**

***By Bill Lindsey***



CSA IMAGES/GETTY IMAGES

### 1 Check In on Time

Arriving on time is simply good manners, as is advising if you'll be arriving late. Conversely, arriving well before check-in time and demanding a room isn't acceptable. The staff may not have your room ready yet, so ask at the front desk for the bellhop to hold your bags for a later check-in. Also, let the front desk know as soon as possible if you realize that you won't be checking in at all.

### 2 Smiles Are Free, so Give Them Generously

The entire reason the employees are there is to make your stay pleasant. Smile and nod to connect with them on a very basic human level; it's simply good manners to do so. And it just may pay off if you need any special assistance; a desk clerk is much more likely to upgrade the pleasant guest instead of the one who's demanding special treatment while loudly proclaiming their frequent traveler status.

### 3 Be Considerate

Don't let the kids run around unsupervised, and rein in the adults, too; boisterous behavior at the bar, in the restaurant, or in the lobby isn't acceptable. Minimize the noise level emanating from your room; loud music or conversations can disturb the other guests. If you need special accommodations, from extra pillows or towels to a ground-floor room or one as far from the elevator or trash chute as possible, ask well in advance while making reservations.

### 4 Keep It Clean

Don't make a mess in the room during your stay. You don't need to make the bed every morning, but toss the pillows and covers back on the bed before you leave for the day. Don't leave wet towels or food out, either. If you use room service, set the tray in the hall after you finish the meal. This also applies to the common areas; don't leave trash or empty drink and food containers in the lobby or lounges.

### 5 A Meaningful Thank-You

It isn't considered customary to provide a gratuity to the front desk clerk, but if they provide outstanding assistance in locating a great restaurant, give suggestions for off-the-tour-guide-map attractions, help you to resolve a problem with your luggage, or give you an upgraded room, a discrete tip is appropriate.

Definitely tip the pool attendants, room service staff, restaurant wait staff, bellhops, and the concierge. It's also considered proper to tip the maid cleaning your room a few dollars every day.

# What Our Readers Say

**"It's a magazine that's FOR the American people, not against."**

*Vanessa Morrison, medical records clerk*

**"Well thought out material, thoroughly investigated, and I trust [the] sources."**

*Gail F. Sauve, homemaker*

**"It is straightforward, rather than a lot of speculation or pontificating."**

*Jan Hamilton, retired professional*

**"[Insight] reminds me that there are still a LOT of wonderful, good, and dedicated people in this country."**

*Creed Haymond, surgeon*

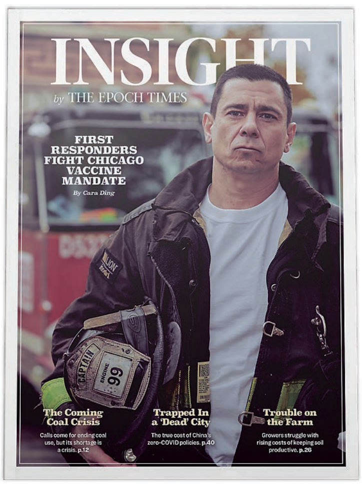
**"Unbiased reporting. Short, impactful articles."**

*Mark Naumann, photographer*

**"I can trust what I read and make up my own mind how I feel about the subject."**

*Jim Edwards, retired*

## Save up to 45% on your subscription today!




### 3 EASY WAYS TO SUBSCRIBE

**ONLINE** : ReadEpochInsight.com

**HOTLINE** : 833-699-1888

**BY MAIL** : INSIGHT
Subscription Department
229 W. 28th St., Fl.5
New York, NY 10001

**INSIGHT**
by THE EPOCH TIMES

### Yes, I'd like to subscribe!

☐ **1 Year $199 ($3.83/week)** **Save 45%*** **Best deal**

☐ **6 Months $129 ($4.96/week)** **Save 29%***

* Based on a newsstand price of $6.95/copy.
You can cancel anytime during the trial.

**$1 FIRST MONTH** **if you subscribe ONLINE**

**SCAN HERE to subscribe:**

**ReadEpochInsight.com**

**Please Print Legibly (Include Apt., Ste., Or Unit No.)**

First name ____________ Last name ____________

Address ____________ Apt. # ____________

City ____________ State ____________ Zip ____________

Email ____________ Phone ____________

☐ **Pay by check** (payable to **The Epoch Times**) ☐ **Use my credit card / debit card**

Card # ____________

We use your credit card solely, and securely, for your subscription. We do not share it with any third parties. The subscription will auto-renew with credit card payment.

Expiration ____________ (M M Y Y) Card CVV# ____________ ZIP ____________

Name on Card ____________ Signature ____________

By signing this subscription form, I affirm that I have read, understood and agreed to the terms and conditions at **ReadEpoch.com/terms** I also affirm all info above is complete and accurate.

We'd appreciate it if you'd pass this magazine along to your friends and family after you finish reading it. You can also request FREE magazines for your friends by filling out the form at ***ReadEpochInsight.com/FreeCopyRequest***