

DeSantis Calls CBDC Central Authority an Obvious “Wolf”

In a recent interview with John Stossel, Gov. Ron DeSantis explained that some wolves come dressed in sheep's clothing, so you don't see them until it's too late. Others are obvious. DeSantis says the problems with the central authority granted by central bank digital currencies (CBDCs) are obvious. In his words, “This is a wolf coming as a wolf.” Stossel reports:

President Joe Biden and the media are excited about something new: a Central Bank Digital Currency, or CBDC. It's a currency like Bitcoin, except controlled by the federal government.

Not everyone is a fan.

“Sometimes government does things that may appear to be benevolent but really are kind of like a wolf in sheep's clothing,” says Florida Gov. Ron DeSantis in my new video. “This is a wolf coming as a wolf.”

For months, I've tried to get DeSantis to sit down for an interview. What finally got him to agree was government's plan for digital money.

“If you don't trust central authority,” DeSantis says, “then you should see this immediately as something that is very problematic.”

Of course, a lot of people do trust central authority. The Biden administration says a CBDC will “protect consumers, investors ... and the environment.”

“That last one's a tell,” laughs DeSantis, “they would impose ideology certain criteria ... ‘You're filling up too much (with gas). Wait a minute – climate change. You can't be doing that!

You bought another firearm? No, no, no.'"

Canada's government used its banking system to control people when truckers protested vaccine rules. The government blocked their bank accounts. That stopped the protests.

DeSantis is so upset about the Fed's and Biden's plan for a CBDC he just got Florida's legislature to ban its use in their state.

I ask, "This will be a national issue. Why is it the business of a governor?"

"This is part of our role," he responds, citing federalism. "There's a back and forth between the federal government and the states. We're pushing back about things we don't think are good."

DeSantis questions the CBDC's legality. "The Federal Reserve has come out and said, We would only do it after 'consulting with the legislative and executive branches. Ideally, we'd get specific congressional authorization.' Wait a minute! It's not ideal that you get Congress. That's what the Constitution requires!"

Of course, the media is enthusiastic about a government-controlled CBDC.

CNBC says it will be "as trusted as cash, as convenient as a payment app, yet also benefit from the same blockchain technology which underpins cryptocurrencies."

"When I started talking about some of the dangers from privacy," DeSantis tells me, "the corporate press ... all of a sudden (said) 'DeSantis is trying to promote conspiracy theories!'" MSNBC even called it "unhinged conspiracy theory."

DeSantis wonders why the media even care. "Is it really

because they are really that invested in cross-border transactions?" he asks. "Of course not. It's because this is something that could help them advance their ideology of having more central authority ... over the average American."

I push him, "America's going to fall behind!" The Wall Street Journal says America's financial system is outdated and CBDCs will modernize it.

"Oh, please," DeSantis sneers. "They want to move to a cashless society, which would basically mean the Federal Reserve, Treasury Department would have supervisory jurisdiction over all of your transactions."

"Cash is independence," adds DeSantis. "You have the cash in your wallet ... It's not dependent on somebody else."

In other words, cash is private. So is cryptocurrency, like Bitcoin. People can buy gas and guns without using government money at all.

Advocates of government digital money don't like that.

What Do You Know About Vanguard's Wellesley Income Fund?

I was recently asked some questions about Vanguard's Wellesley Income Fund by a business associate. Below is a short summary of the questions and my answers.

The first question was, “Who manages Wellesley Income Fund?”

The answer is Wellington Management Company, which I have had dealings with from my earliest days in the industry at Model Roland & Co. on Federal St. in Boston, where I began work in August of 1971. Wellington was founded in 1928 in Boston, and is one of America’s oldest institutional money managers. The two Wellington managers currently tasked with managing the Wellesley Income Fund are Loren L. Moran, who has been with the fund for six years, and Matthew C. Hand, who has worked on Wellesley for two years.

The second question about the Wellesley Fund was about how the fund is organized and diversified.

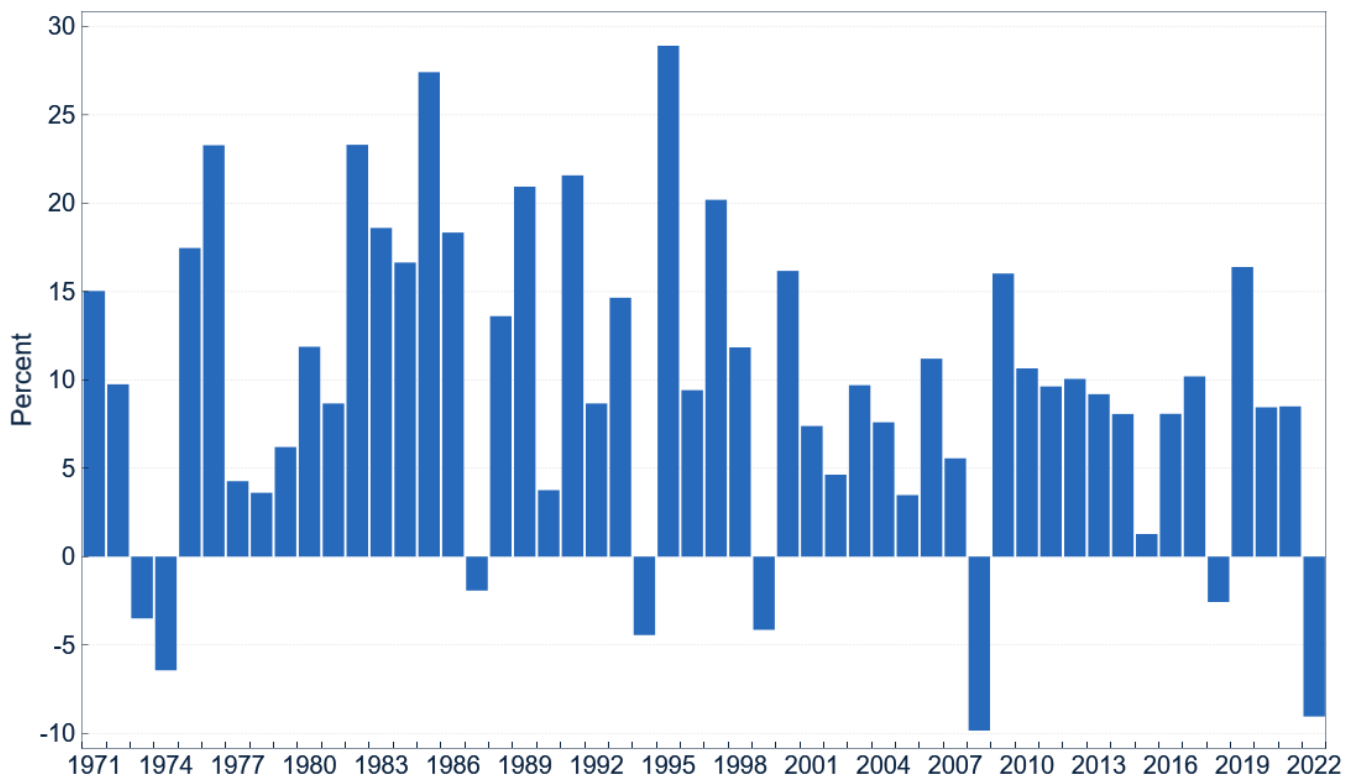
The fund is organized into bond and stock components, with 60%-65% of the fund allocated to bonds, and 35%-40% allocated to stocks. Wellington invests the bond component in “short-, intermediate, and long-term investment-grade corporate bonds, while seeking to maintain an aggregate intermediate duration.” The stock component is invested in “large-company value stocks with above-average dividends and potential for income growth.” The portfolio usually holds fewer than 100 stocks.

The final question from my associate was about Morningstar’s rating for the Wellesley Income Fund.

Morningstar has assigned a rating of five stars to the Vanguard Wellesley Income Fund. That’s the highest rating Morningstar assigns to mutual funds.

Vanguard Wellesley Income Fund

Total Return



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CBDCs Not “Just Another Form of Money”

At the Cato Institute, Norbert Michel and Nicholas Anthony explain that a “CBDC (central bank digital currency) is *not* ‘just another form of money,’ as some of its supporters have claimed.” No other form of money gives governments the ability to control what you spend your money on, how much you spend, or even to take money back out of your account at a moment’s notice. Michel and Anthony slam the recent defense of CBDCs by Paul Krugman. They write:

This April [Forbes column](#) describes why central bank digital

currencies (CBDCs) are a fundamental issue related to Americans' freedom and much bigger than just politics. It argues that New York Times columnist Paul Krugman, famous for being wrong about the Internet, was wrong for claiming presidential hopeful Ron DeSantis was merely playing politics with CBDCs.

Nonetheless, Krugman has doubled down. As Crowdfund Insider explains, now he's taken to [Twitter](#) to re-promote his original opinion piece and to liken DeSantis's warnings about CBDCs to former presidential candidate Rick Santorum's fight against the National Weather Service.

Contrary to Krugman's framing, DeSantis's claims about the risks of CBDCs have merit. As the Forbes piece demonstrated, proponents of CBDCs, even some government officials who would be in charge of implementing CBDCs, have openly discussed using CBDCs for exactly the purposes DeSantis claimed. (Nick and I have a [longer list here](#).)

A CBDC is not "just another form of money," as some of its supporters have claimed. A fully implemented CBDC is a complete government takeover of money and payments. As the experience in China and [Nigeria](#) have shown, the introduction of a CBDC comes with the removal of people's freedom to choose their methods of payment.

CBDCs mark a fundamental threat to both economic and political freedom. But it should surprise no one that Krugman is wrong on this issue.

Successful Investing Is a Mindset



By maxsattana @ Shutterstock.com

I wrote in the October 2015 issue of *Intelligence Report*:

As you know, I do not check the prices of my investments daily, weekly, or even monthly. I do an annual checkup only at tax time. When I make a significant investment, I have no intention of liquidation anytime soon. I am in for the long haul. Thus, short- or even medium-term volatility is of zero concern to me, beyond keeping an eye out for a name on my watch list that may have taken a temporary beating due to no particular fault of its own. So, then, successful investing is

a mindset based upon a master plan that allows an investor to find comfort through thick or thin.

June Is Retirement Compounders Month

I designed the Retirement Compounders (RCs) using the dividend and interest model explained in Ben Graham's books while still a student at Babson College. The RCs went on to form the basis of my two decades long *Young's World Money Forecast* and *Richard C. Young's Intelligence Report*. Using my research, I spoke around the country at investment management conferences. In 1978, in Newport, RI, I started what became the award-winning Richard C. Young & Co. Ltd. (*Barron's* (2012-2022) and *CNBC* (2019-2022) [Disclosure](#)). My son Matt has now run our family business for nearly three decades, and Debbie's and my daughter, Becky, is CFO.

Our son-in-law, E.J. Smith, has become known in the investment community as Your Survival Guy and has staked out a position as our face with investing families and small business organizations around America. Debbie and I still research and write seven days a week for our clients and multiple websites, and this June, as I headed above, we will be concentrating on the dividends and interest-centric Retirement Compounders.

Young Research's Retirement Compounders® Investment Program

When we developed Young Research's Retirement Compounders® investment program, our goal was to help investors like you achieve investment success especially during bad times. Our

strategy was to accept underperformance during speculative market runs, with the potential trade-off of better results during down markets.

The idea was never to beat the market over time or on a consistent basis. Rather, we fully expected the Retirement Compounders® program (both price risk and business risk) to trail the major market averages.

Why would we design a program to underperform?

The ugly reality of investing that nobody likes to talk about is that the average equity investor vastly underperforms the market and the funds he invests in. This is true even for investors who own market-beating mutual funds.

Dalbar, an investment analytics firm, is the authority here. Dalbar's data shows that the average equity investor regularly underperforms the S&P 500 by 3-5% over long periods of time.

Volatility and Emotionalism

High volatility and emotionalism are to blame. When stock market volatility rises, many investors panic and sell near the lows, only to add to their stock positions once again in the dying days of a bull market.

Young Research's Retirement Compounders® program is comprised of dividend paying common stocks selected from the over 40,000 global publicly traded companies. The Retirement Compounders® program favors high dividend payers, those with a history of dividend payments, and companies with a long record of consecutive dividend increases.

Some of the companies included in Young Research's Retirement Compounders® program have paid a dividend every year for over a century. Others can boast a more than five decade record of

annual dividend increases. The combination of high dividend payments today and dividend growth tomorrow can help you become a more confident, comfortable, successful long-term investor.

Retirement Compounders® Investment Program Helps You Stay the Course

Young Research's Retirement Compounders® seeks to help investors avoid the emotionally charged investment decisions that can sabotage returns. Investing in high-quality businesses with long records of regular dividend payments may offer the comfort necessary to stay the course when financial and economic stress arise.

For investors looking to pass on the burden of daily portfolio management, [Richard C. Young & Co., Ltd.](#) crafts dividend-focused common stock portfolios that are based on Young Research's Retirement Compounders® program. You can [sign up for Richard C. Young & Co., Ltd.'s monthly client letter \(free, even for non-clients\) here](#).

Who Will Win this Luxury Bidding War?



By TSViPhoto @ Shutterstock.com


According to the *Robin Report*, there's a bidding war on for Aesop, an Australian beauty brand founded in 1987. Vying for control of Aesop are luxury mega-conglomerate LVMH, mass market makeup brand L'Oreal, and Japanese beauty firm Shiseido.

Dana Wood writes in the *Robin Report*, "Of these three, which company will emerge triumphant, with a shiny new addition to its brand lineup? My crystal ball is telling me to take L'Oréal out of the equation, primarily because Aesop is, in my opinion, too closely ideologically aligned with Kiehl's. LVMH, which has virtually cornered the market on chic beauty brands and is an obvious master at creating aspirational retail environments, seems like a great fit. But never in a million years would I rule out the highly disciplined, quality-fixated Shiseido. There's nothing even remotely like Aesop in Shiseido's current portfolio, and that could make all the difference."

Jeremy Jones, our chief investment officer at Richard C. Young & Co., Ltd., sees similar benefits for Shiseido in the Aesop merger. He writes, "L'oreal probably brings the wrong culture and lens to make an acquisition successful. For LVMH, Aesop looks like a rounding error, unless they have some internal data that shows a strong affinity to the brand among their own customers. Shiseido looks like the most logical buyer based on size and business, but it's probably more of a merger than an acquisition." I agree with his concise assessment.

As an aside, LVMH is the luxury mega company founded by Bernard Arnault, who regularly trades places with Elon Musk as the world's wealthiest person. Arnault, along with Alain Chevalier and Henry Racamier founded LVMH in 1987, and since then, the company has made regular acquisitions of the world's top luxury brands. Today it owns Louis Vuitton, Moët & Chandon, Hennessy, Tiffany & Co., Christian Dior, Fendi, Sephora, TAG Heuer, Bulgari, and too many others to list here.

If you're looking for a reliable champagne you can give as a gift to someone you like, you can't do any better than LVMH's Veuve Clicquot. For reliability, you can hardly go wrong with a Clicquot Yellow Label. Of course, there are many grower champagnes out there offering a variety of quality, but unless you're tramping through the vineyards and trying them on-site, you want to rely on an expert like [Mark Gambuzza, owner of UVA Wine Shoppe in Old Town, Key West](#). Mark is based on the tiny, semi-tropical island of Key West, just 90 miles from Cuba. Debbie and I have lived in Old Town Key West, only blocks from Mark's shop, for three decades. Mark specializes in case and half-case personal Old Town scooter delivery – a convenient door-to-door luxury service to be sure. I buy my French and Willamette Valley Pinot Noir and Rhone Valley Syrah from Mark.

If you're intent on choosing your own wines and you need to  learn more about the subject, I suggest Raj Parr and Jordan Mackay's book [Secrets of the Sommeliers: How to Think and Drink Like the World's Top Wine Professionals](#). It's my go-to wine reference book.

As for Aesop and its prospects as an acquisition by LVMH, certainly, it would benefit from the company's global scale, but it's so small it simply wouldn't make much of a difference to LVMH's bottom line.

The prospect of mass-market L'Oreal buying specialty-focused Aesop seems like a recipe for brand power dilution.

Perhaps the not-too-big but still 151-years old Shiseido Company would be a better steward of Aesop's brand value, without the company being lost among the acquirer's other components.

Smaller Airports Soaking Up Freight Traffic



By Dushlik @ Shutterstock.com

With air travel once again growing rapidly, air freight companies are looking to avoid clogged major airports by flying into smaller regional airports. Paul Berger reports for *The Wall Street Journal*:

Freight forwarders are increasingly looking to fly around America's congested air hubs.

A combination of shifting manufacturing supply chains and bottlenecks at big airports is leading the freight middlemen to hire their own aircraft and seek alternative gateways, establishing operations that are boosting business at smaller,

regional sites like Greenville-Spartanburg International Airport in South Carolina and Chicago Rockford International Airport.

Forwarders say they can move cargo through the smaller airports more quickly, cheaply and reliably than they can through the big gateways that handle millions of tons of freight a year.

To do so, the logistics operators are departing from their traditional strategy of booking space in the bellies of passenger planes or on scheduled freighters, and instead chartering aircraft to run routes through alternate sites, often on schedules that suit their customers. In some cases they bring in their own equipment and take control of loading and unloading operations that are usually managed by third-party ground handlers at major airports.

Dave Edwards, the chief executive at Greenville-Spartanburg, said just over a decade ago his airport had no international air cargo operations. It spent about \$1.5 million to install its own cargo-handling equipment and lured German luxury car maker BMW AG , which has a large plant nearby, as a first customer.

BMW today accounts for about a quarter of Greenville-Spartanburg's roughly 15 international cargo flights a week. Mr. Edwards said other companies such as Volvo Car AB, Volkswagen AG and Siemens AG , which also have plants within trucking distance, are regular users of the airport.

"The efficiency of the operation has really caught the attention of many freight forwarders, and some of the manufacturers as well who like the fact the product is coming into an airport nearby," Mr. Edwards said.

Air cargo volumes fell through most of last year as

manufacturers and retailers pulled back on orders because of slowing consumer spending. Falling freight demand doesn't appear to be dampening enthusiasm for secondary hubs, said consultant Doug Bañez, managing director at Charlotte, N.C.-based Hubpoint Strategic Advisors.

Supply-chain disruptions during the pandemic led many companies "to consider alternatives and they learned that these alternatives work," Mr. Bañez said.

GE Continues Spinoffs as Profits Rise



ATLANTIC OCEAN (July 16, 2011) Aviation Machinist's Mate Airman Matthew Kephart observes an F404-GE-402 jet engine on a test cell as it is fired up on the fantail aboard the aircraft carrier USS Dwight D. Eisenhower (CVN 69). Dwight D. Eisenhower is underway conducting carrier qualifications. (U.S. Navy photo by Mass Communication Specialist 3rd Class Nathan Parde/Released) 110716-N-AU622-029

Profits are rising at GE as demand for its jet engines and power equipment remain strong. The company's CEO Larry Culp, has planned a number of spinoffs to what was once America's most renowned conglomerate. Thomas Gryta reports in *The Wall Street Journal*:

General Electric Co. GE 0.52%increase; green up pointing triangle reported strong demand for its jet engines and power equipment in the fourth quarter, lifting the manufacturer to a quarterly profit and higher revenue than a year ago.

The final quarter of the year is typically the strongest for the company, which generated cash flow of \$4.3 billion in the period, bringing its total to \$4.8 billion for the year. The latest results include GE HealthCare Technologies Inc., GEHC 0.52% increase; green up pointing triangle which it spun off in early January.

The company had a fourth-quarter profit of \$2.1 billion on a 7% increase in total revenue to \$21.8 billion. The earnings results topped Wall Street's expectations. GE forecast higher revenue for 2023 but set a cash flow target for the year below some expectations after the healthcare spinoff. GE shares ended Tuesday up 1.2% at \$80.70.

Inflation continues to be a challenge across the businesses, Chief Executive Larry Culp said in an interview, and isn't expected to go away in 2023. Pricing has caught up to cost increases, he said, and will be about neutral for the year. "That is more of a function of us doing a better job of combating it than inflation going away," he said.

The company is laying off about 2,000 workers from its onshore wind business, it has previously said, but is hiring elsewhere in the company. The aerospace division cut 25% of its workforce in 2020 as pandemic lockdowns hit the aviation industry but is now searching for workers as growth increases.

"If you know any welders or machinists, send them my way," said Mr. Culp, who is also the CEO of the aerospace division.

GE began the year by splitting off its healthcare unit, completing a key step in the breakup of the American icon which is now focused on GE Aerospace, its jet engine division, and a portfolio of energy businesses that will become a separate company called GE Vernova in 2024.


GE projected free cash flow between \$3.4 billion to \$4.2

billion for 2023, an estimate that may adjust over the year. In the middle of 2022, GE cut its projections by about \$1 billion from the \$5.5 billion to \$6.5 billion it had previously predicted.

The company expects operating profit of \$5.3 billion to \$5.7 billion for GE Aerospace for the year and an operating loss of \$600 million to \$200 million for GE Vernova.

The spinoffs are designed to simplify GE's operations and make the assets more attractive to investors. Mr. Culp has said the breakup will bring more focus and accountability to the business he has revamped since 2018.

What You'll Hear When You Call My Office

When you call the office of [Richard C. Young & Co., Ltd.](#)  during business hours, what you'll hear first is the voice of a real human being working at an American small business that values its clients. You won't hear a recorded phone tree directing you to a no man's land of extensions and recordings. You won't be answered by someone in a far-off place. Whoever answers the phone will pick up in either of our Naples, Florida, or Newport, Rhode Island offices. The personal touch you get from the folks you'll talk to is part of what has earned Richard C. Young & Co., Ltd. a ranking in the top 5 of *CNBC's* 100 Financial Advisors (2021), and what has earned my son, Matt Young, President and CEO of Richard C. Young & Co., Ltd., an induction into the *Barron's Hall of Fame Advisors* (2021).

Disclosure

While you are being transferred to your advisor by the helpful reception staff, you may be put on hold for a brief moment. That's when you'll be treated to something I have picked out for you personally. The hold music you'll hear is a recording of Booker T. and the MGs playing "Green Onions." Booker T. Jones, recorded his first version of "Green Onions" with the MGs in 1962 after he began composing it two years earlier while still attending high school. "Green Onions" peaked at number 3 on the Billboard Hot 100 in August of 1962 and spent four nonconsecutive weeks at the top of the R&B singles chart.

The first MGs consisted of Lewie Steinberg on bass, Steve Cropper on guitar (a Telecaster), and Al Jackson Jr. on drums. Jones played a Hammond M3 organ on the track. Many will tell you he played a B3, but I have seen the organ with my own eyes at the Stax Museum of American Soul Music in Memphis and can assure you it's an M3 in the building. This point confuses many because Jones is so well known as a B3 player.

I have followed Booker T. Jones's career for decades, and I have met him multiple times at venues around the country. When he was inducted into the Musicians Hall of Fame in Nashville in 2008, I was there in the center of the eighth row. I own all of Jones's original 45s, including multiple versions of "Green Onions," and play them regularly on my Wurlitzer jukebox at home. The various versions include;



- The original on Stax's sister label, Volt, released in May

1962, on which Green Onions was the B-side to Behave Yourself.

- A September 1962 release on Stax, with Behave Yourself as the B-side
- And a March 1967 UK-only release on Atlantic Records that included Boot-Leg on the B-Side

The song you hear while you briefly hold during a call to Richard C. Young & Co., Ltd. is not some random muzak assigned to such moments by the telephone company. I picked it out specifically for clients in order to connect them to my lifelong interest in jazz, instrumental R&B, and Southern soul music. There are many versions of “Green Onions,” both by Booker T. himself and others, including an outstanding version by Mike Bloomfield and Al Kooper live at the Fillmore West in 1968. Harry James also recorded a respectable version in 1965.

If you’re looking for investment advice, please call in at 888-456-5444. Enjoy the service you’ll receive, and if you do find yourself on hold, please know that I personally selected the music for you.

Dick Young

P.S. When markets get hit by a hurricane, *Young’s World Money Forecast* is your port in a storm. [Click here to sign up for my free email alert](#). I’ll never share your information with anyone.

Do Governments Cause

Recessions On Purpose?

That's a question I put to readers back in 1988, and which is now relevant to today's economy. The Federal Reserve is rapidly raising rates, and that is good news for savers who want to invest in bonds with decent interest rates, but the implications for the greater economy are also noteworthy. Here's what I wrote in response to that question then:

Do Governments Cause Recessions On Purpose?

A recession is a prospect in the second half of 1989 because smart presidents realize that it's tough to get re-elected if the public is dealt a recession before a presidential election year. It's wise to take the recession medicine in the first year of a new term. I can't overemphasize this point. Ike and Jimmy Carter fouled up and dropped a recession on voters' plates in the final year of a presidential term. The result: neither's respective party was re-elected. Over and over again, recessions begin in the first year of a four-year presidential term. I see no reason why things should be different this time around.

"Wait a minute," you ask. "Are you saying, Young, that governments cause recession on purpose?" Oh, yes! And here is adequate evidence to support this view.

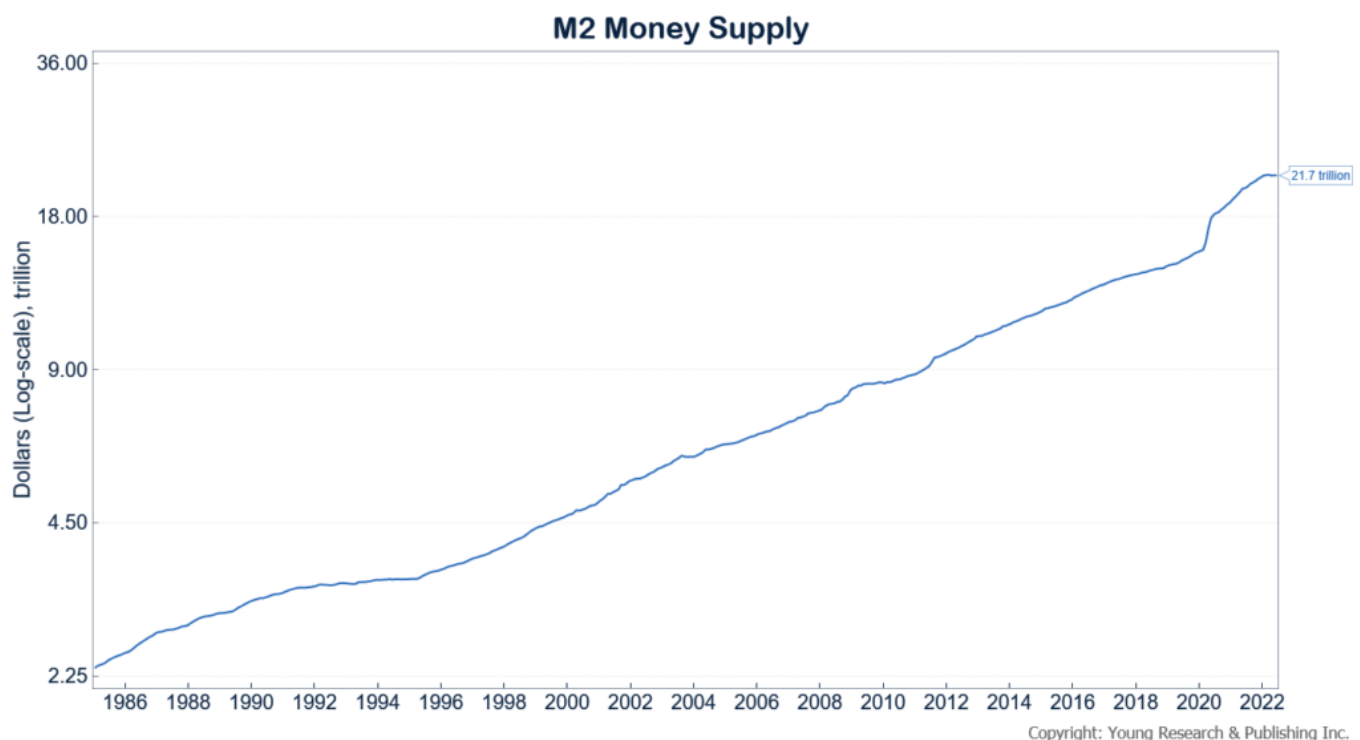
For openers, the gentlemen who control the money switches at the Fed can throw the economy on a recession course by slowing the money supply growth and raising short-term interest rates. And if you have missed it, that is precisely what has been going on over the past year.

M2 growth has been cut from 7% to 1%. High powered money (currency and bank reserves) growth has been cut sharply, and for good medicine, interest rates have been forced up literally from the day 1988 got under way. Your most important

benchmark rates, the rates on 90-day CDs and 90-day T-bills, have soared in 1988 even though you were told by an unfortunately large number of advisors and brokers that just the reverse would occur in 1988. The 90-day CD rate has gone through the roof, climbing to 8.5% from 6.6% last February. You can now get 8% on risk-free 90-day T-bills versus only 5.6% last February. Some rate decline, wasn't it!

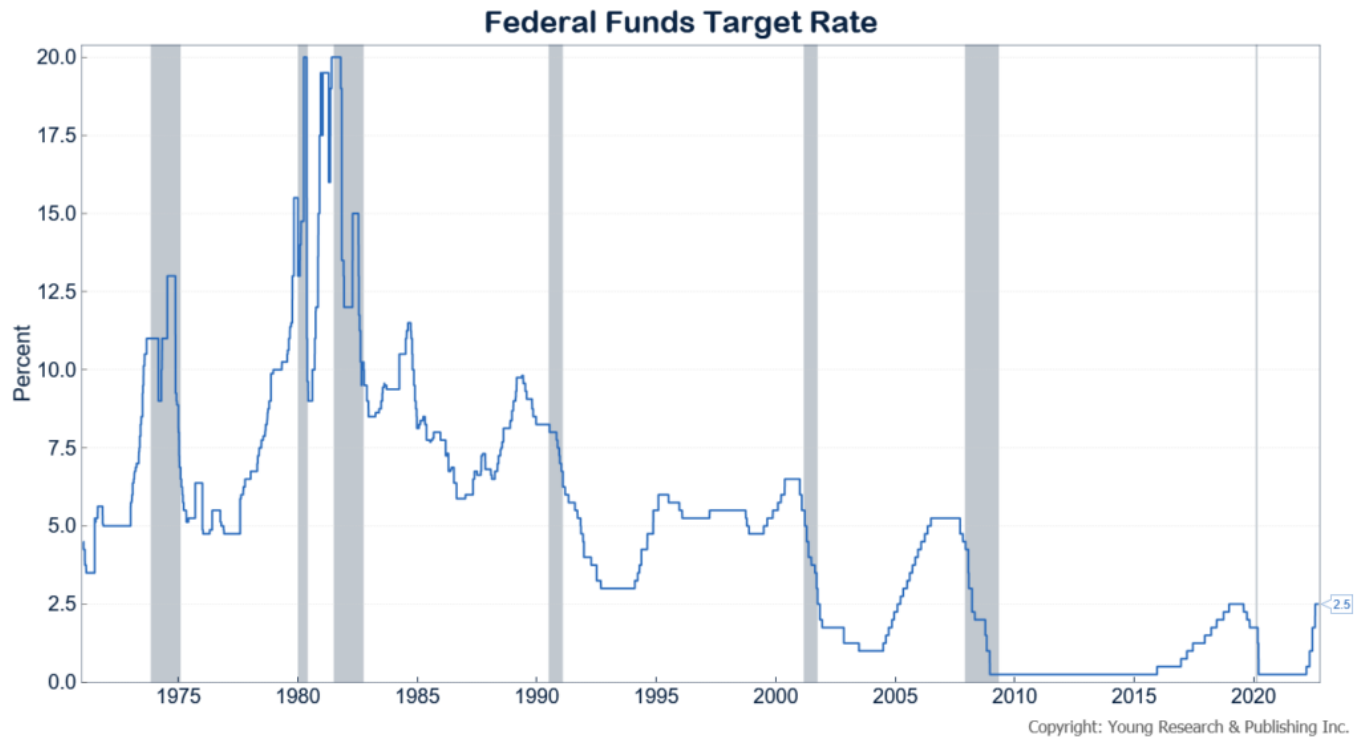
So is Joe Biden attempting to avoid the mistake made by Carter, to whom he is so often compared? It's too late to take a recession in his first year, but it's better now than later.

Of Biden's intentions, your guess is as good as mine. What shouldn't be in doubt is the ability of the Federal Reserve to drive the economy into recession. As I wrote, "the Fed can throw the economy on a recession course by slowing the money supply growth and raising short-term interest rates." Take a look at my chart of M2 going back to 1985 below:



You can see that not only has M2 growth slowed, but it has also begun to decline. This is a significant event for the economy.

Now take a look at the Fed Funds Target Rate with recessions shaded over in grey (below). As you can see, a recession occurred shortly after nearly every significant increase in the Fed Funds rate.



The Fed has both slowed the growth of the money supply and raised short-term interest rates. Fed Chairman Jerome Powell may say there's no recession and that the Advance GDP estimate should be "taken with a grain of salt," but only history can sit in judgment of those statements.