

# Zanetti Monday Missive 2021.12.13 A

## Winter Olympic Boycott?

***“The single biggest problem in communication is the illusion that it has taken place.”***

~George Bernard Shaw

***“There are three kinds of lies: lies, damned lies, and statistics.”***

~Mark Twain

Last week I read in the Wall Street Journal that the Biden administration is planning a diplomatic boycott of the Beijing Winter Olympics. Just that statement alone leads one to ask, what the heck does that mean? Well, I’m glad you asked! Turns out, a diplomatic boycott is not a full boycott, so the athletes can still go and compete, represent our country and bring home plenty of Gold, Silver, and Bronze. Whew! So, what does a diplomatic boycott mean? It means that no US Officials will go to the Olympics to represent our country.

Ok, ‘big deal’, I thought. But then I read further that this statement drew an immediate harsh criticism from China.

White House Press Secretary, Jen Psaki, said the decision was made because of the human rights abuses that China has committed on its citizenry. Ok, that kind of makes sense. But wait, what’s new? China has been committing human rights abuse for as long as I can remember. And it’s been no secret. So why make this “diplomatic” move now?

Well, where do I begin in analyzing this “move”? To start with, and let me just call out the obvious, this has nothing to do with the Olympics, International Sports competitions, or even human rights abuses. Sure, all of those are aspects of this statement, but they have nothing to do with the statement being made.

So, why is Washington making this diplomatic announcement? And what are they trying to communicate? I think they’re playing a poker game, laying cards down, hinting and bluffing. Why do I think that? Well, let’s look at some other recent news that really push international buttons.

Last month, it was reported that China’s development of its strategic, nuclear-capable weapons are more advanced than any had thought, surprising Pentagon officials. China launched a nuclear capable supersonic missile around the world. Neither the United States nor Russia has demonstrated the same ability, which requires launching a missile from a parent vehicle traveling five times the speed of sound.

Now that’s something I could see the US Government getting upset about.

Ok, so now Washington is pulling out the big guns and declaring a Diplomatic Boycott of the Beijing Winter Olympics. That’ll show ‘em!

But wait, here’s some more news from this past week about China and one of our own allies... who, since our victory in WWII, has always relied on the US for military protection. Japan’s Prime Minister announced they are drastically ramping up their military: "In order to safeguard the people’s lives and livelihoods, we will examine all the options, including the capability to attack enemy

bases... and fundamentally strengthen our defense posture with a sense of speed.”

Well, it looks like Japan is no longer assuming that the US can or will safely protect them. And they're not relying on Olympic Diplomatic Boycotts to communicate that message.

Now, let's look at some recent financial communication. The Fed Chair, J. Powell, said he will no longer use the term “transitory” when describing our current inflation. He said the word is too confusing. I'm glad he wants to clear up his communication! Especially now that we see our November inflation has grown year over year by the greatest amount since 1982. And that's at today's statistically watered-down calculation of inflation. If we used the same calculation as in 1982, we'd have surpassed 1982 by a longshot.

And then Powell said he “plans” on raising interest rates in 2022 to combat inflation. What did that statement do? Many of you saw prices in commodities fall. Was that intentional by the Fed? You bet it was! Furthermore, they didn't have to actually raise rates to make an impact, just say they plan to. Well, not to worry, inflation won't be curbed anytime soon, regardless of plans to increase rates. And a house built on sand will fall.

So let's go back to our own communication. If communication from others doesn't make sense, ask them to clarify. If they won't, ask yourself why not. And, as always, feel free to contact me or Greg for our interpretation of what is being communicated out there.

Your Maybe-I-Can-Win-A-Gold-Medal-In-The-Luge-If-Somebody-Throws-Me-Hard-Enough Financial Advisor, Walt