

The Horsch *Business Report*



Helping you grow your career, company, and economic wellbeing



LARRY HORSCH

INTRODUCTION

We are making two changes to the Report. We are adding a section entitled “ELSEWHERE” to cover areas beyond our traditional sections.

In addition, we have changed the byline below the Report title to include “Economic Wellbeing”.

As always, we encourage your feedback to make the Report of greater value to our readers.

THE ECONOMY

Overview

The US economy continues to recover from the pandemic with more employers, both government and private industry, insisting that employees have Covid-19 shots or proof of recent testing.

There remains some mystery on how we can have ten million unfilled jobs and five million workers that are not returning to the work force. This will get sorted out as we learn more about employee’s rethinking their careers, avoiding jobs involving high disease risk, seeking better jobs through more education and choosing early retirement with the stock markets at an all-time high and residential real estate prices soaring upwards.

Inflation continues at a relatively high rate as wages rise and supply chains are disrupted by shipping issues at US ports.

WASHINGTON SCENE

Overview

The \$3.5 trillion social spending bill is gradually melting down to about \$2 trillion thanks to the views of Senator Manchin and Senator Sinema, both moderate Democrats. Sorting out which parts of this spending gets cut entirely and which parts are simply reduced is an ongoing effort.

If the above matter can be resolved, we can get on with the infrastructure bill which has bipartisan support and is badly needed since we have neglected the infrastructure for several decades.

Little progress has been made on the debt ceiling, a general overhaul of the immigration policy and reduction of cyber-attacks to extract cash and confidential information. Hopefully, these will be addressed after the infrastructure and social spending bills are finalized.

Because of the slow progress on the above and the sloppy exit from our involvement in Afghanistan, President Biden's approval ratings have been dropping.

Former President Trump continues his rallies and fund raising much of which is based on his concept of being cheated out of being reelected President. A CNN poll last month indicated that, nationally, 78% of Republicans believe that Joe Bidon was not legitimately elected.

Afghanistan Ghost Army

In reviewing the complete collapse of the Afghanistan Army in a matter of days, some observers wonder how the US military did not know that there weren't 300,000 soldiers in the Afghanistan military since upwards to half of the troop count included ghost soldiers that didn't exist but were still listed on the payrolls with the Afghanistan commanders taking the money. Is it possible that our military trainers and leaders could have not known the extent of this corruption and also the weakness of their fighting force?

Fortunately, several committees in Congress are now investigating this and related matters.

The Facebook Saga

A whistle blower has testified before Congress on the Facebook coverup of their own research indicating negative effects on young girls and not properly screening wild conspiracy theories. All of this is backed by 10s of thousands of inside correspondence which gives the charges high credibility. We see how technology is advancing much more rapidly than the government's ability to regulate it when necessary. CEO Zuckerberg admitted many months ago that the industry may require some government regulation since changes made by the companies encourages criticism from various sources.

Much of the confusion about former President Thump losing the 2020 election, hesitancy in getting COVID-19 shots and wild conspiracy theories emanate heavily from internet platforms like Facebook. With the country divided into tribal camps politically, this area of communications needs immediate attention if our democracy is to function well.

ELSEWHERE

President Xi Jinping, New Changes

President Xi Jinping is now adopting Mao Zedong's philosophy of Communism. Mao outlined his plan for the future of China over 75 years ago when he said that Chinese Communism would allow private companies to exist to help build China but later would eliminate them and be a totally socialist country.

President Xi Jinping is now addressing private companies by squeezing them financially and with new regulations if they've been too successful. He is beginning to implement the last stages of Mao's concept.

This is good news for the US and bad news for China. To reject a major strength in the Chinese

economy probably means less growth and the general long-term decline of China as a strong economic power.

Police Reform vs Police Defunding

We are entering a voting period in Minneapolis where the Police issue is the focal point after George Floyd's murder here. One side is offering Police reform and a major charter change to make running the city more efficient. The other side is proposing Police defunding and vague words about what that means. This has become a national issue involving many major city Police departments.

In Minneapolis, the Police department is missing almost 40% of the normal number of Police through resignation and retirement. In the process, we are experiencing significant increases in the level of lawlessness particularly murder and car jackings. Other major cities are experiencing the same kind of lawlessness.

While the Police departments in many major cities need significant reform, it is still critical to have well trained police with a badge and a gun to uphold the law. This concept is widely supported by the majority of the Black community even as they have suffered from police misbehavior historically.

The biggest risk for our major cities is that we allow the current level of lawlessness to become the new normal and we all look like Chicago.

We must wake up and take back the streets from gangs sooner rather than later for the protection of all citizens.

More on Global Warming

The debate on this topic is now really focused on how much of it is caused by a nature-based long-term cycle and how much of it is caused by humans. Perhaps the following example from cardiology could be helpful:

- If you have chest pains, you'll end up with a cardiologist telling you that he or she is going

to treat you with drugs or angioplasty or send you to a heart surgeon. They will also suggest a change in diet and lifestyle.

- The cardiologist is fully aware that 65% of the heart issue is caused by your own genes which, today, you have no control over. You can only control 35% of the situation but since your life is at stake you want to do what you can to address the issues.

In the global warming problem, even if we control only 35% of the problem, we still need to address it or face the consequences. In doing so, we need to convince other major polluters such as China and India to do the same before the problem becomes irreversible.

MANAGEMENT

Great Companies

Earlier in a person's career in business, they have only a vague idea of whether they're working for a great company, a mediocre company, or poorly managed company. Later, after taking some lumps, they become more particular about employers. Much later, if they've been really observant, they'll realize that the challenge is to join a company with great management and team building led by a leader as outlined below:

- Has a high sense of integrity.
- Has a vision for the future and is able to convince employees of the validity of that vision.
- Has a heavy focus on serving customers.
- Prefers unique products and services.
- Has a strong work ethic.
- Treats employees fairly in recognition and compensation to further team building.

As you grow in your managerial skills and understand the above points, you'll become a more professional manager and lose your taste for amateur executives.

Standing on the Shoulders of Giants

In reviewing your success in your career, remember to reflect on those who really helped you in getting to where you are today. Without their assistance you might still be floundering in your career.

Many of you may not have had giants in your field to assist, but you've had very helpful people who simply knew more about life and business than you did when they gave you advice.

In our own reflections, we fortunately had two giants and two helpful people to guide us in our career.

The moral of the story is that we simply didn't do all of this alone.

INVESTING

Overview

The strong dynamics of the US stock market are beginning to fade a bit as the virus continues, container shipments at ports are delayed with Christmas inventory, and interest rates are creeping upward.

The guess by some is that cash could be the best asset in US liquid investments in the next year. They may be right.

As investors, we are changing our focus from looking out the rosy lens of our glasses on one side and are now looking out our gray lens on the other side. One side sees mostly opportunity and the other sees mostly risk.

PARTING SHOT

There are two subject matters that everyone should understand, namely, your health and your finances. Without a reasonable understanding you will suffer unnecessary pain in your body and/or unnecessary pain in your pocketbook.

The standard response to this is "I have people that take care of this" (doctors, and financial advisors). The problem with that response is that without a grasp of the subject matter you will not know the difference between mediocre talent and great talent helping you.

A little time spent on these topics has a high payback in better health and a better standard of living.

Respectfully submitted,



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