

Third Quarter, 2022

## Straighten Up and Fly Right?

Like most other procedures, air travel has been transformed significantly in the past several decades. The basic purpose, to move from one location to another, remains the same. However, the passengers' goals and the planes' structures are quite different today than in the 1950s or 60s. Back then, air travel had newly become commercial for the benefit of customers, and not just for warfare.

In that time, an era branded as the "Golden Age," flying was quite proper: men mostly in suits, ladies in heels and dresses. Today, in a much more casual period, flight is nothing special. We dress for comfort. But in the 50s, flights contained fewer, and more affluent passengers, all of whom purchased pricey tickets and received high-quality service. Airlines hadn't yet devised assorted ways to welcome and serve different clients. Yet today, neither ticket costs nor services are standard. With a range of amenities and various passenger classes, there is the diversity of the passengers' choices. (It's a long way from "First Class" to "Economy.")



In their day, relatively well-healed air travelers of the Golden Age enjoyed a certain lofty comfort. Airlines weren't yet looking to expand the passenger number, so broader leg room made for much greater ease than in our current crowds. Regulations with more rules were fewer. Freedom from many of our current flight

regulations, including TSA's awkward observances, allowed more relaxation. Ample food and drink were served for free, and endlessly. While this liberty did not delight everyone, passengers were permitted to smoke onboard. And perhaps offering comfort only for male passengers, "flight attendants" were strictly required to maintain physical beauty and to pay friendly attention to the men.

Those comforts aside, passengers of the time suffered from relatively noisy engines. Low cruising altitudes caused turbulence in flight. Scheduled flights were limited in number, offering few options. And flight durations of an earlier time were longer than what we experience today. Now, airlines market to the horde of willing travelers, and benefit from modern techniques which improve safety, speed, size, quantity and profit.

Mostly because of the Pandemic however, the 2022 flight experience can be both chaotic and uncomfortable. Passengers have suffered through cancelled flights, lost luggage, and long delays at TSA. In 2020, the early period of the Pandemic, a 70% drop in overall travel caused airlines to significantly reduce staff and sell or retire planes. Delta laid off 30% of their employees, including pilots, flight attendants, mechanics, baggage handlers, and more.



In 2022, not anticipating a rapid rebound in travel demand, American airlines struggled to accommodate a voluminous crowd of fliers. A severe staffing shortage of pilots and other workers led to more than 5000 disappointed cancelled passengers on Memorial Day weekend.

"Straighten Up and Fly Right" continued p.2



*Wayne Ushman*



*Robert Jacobsen*

**Assabet Advisors** is an independent SEC Registered Investment Adviser, seeking sound and customized investment solutions for high net worth individuals, businesses and foundations.

Focusing our business on larger portfolios, we are able to offer our clients highly flexible and personalized services.

We are among a limited group of fee-based advisors who are approved by Dimensional Fund Advisors for access to their mutual funds.

**1087 Main Street**  
**Holden, MA 01520**  
**Tel: 508-351-9666**  
**Fax: 508-351-9689**  
**wushman@assabetadvisors.com**  
**rjacobsen@assabetadvisors.com**



## Straighten Up and Fly Right *continued*

Airline management is extremely complex. Activities are not determined entirely by their own circumstances. US airlines hoped to hire 13,000 pilots this year, but neither pilots nor other flight workers can be quickly hired. The labor market is tight. Airline workers require time for training, experience and successful background checks. US pilots spend 1,500 hours to earn certification, considerably more than in other countries. Airlines also struggle with summer storms. And unlike many other industries, they are deeply effected by events in other countries.

Flights in 2022 also have been difficult because of the passengers. Many are out of practice, and unfamiliar with the uncomfortable experiences when flights are canceled and when TSA is exceptionally slow. Concerns of contracting Covid, and outrage at unaccustomed regulations, make some individuals excessively unruly. And while leisure travelers have rebounded in 2022, business travelers remain down by 30% since the pre-Pandemic. Given their relative lack of experience, leisure travelers are slower when following their itineraries or managing the security screening.

Some of us have dodged flights in 2022, to avoid perpetual lines, cancelations, objectionable passengers, or even Covid. We may have better experiences ahead if the number of travelers declines, and/or pilots and planes increase.

D. Thompson, "Air Travel is a Disaster Right Now. Here's Why." *The Atlantic*, 6/26/22. Matthew Cullen, "Travel Troubles." [www.nytimes.com](http://www.nytimes.com), 8/7/22, Henry Grabar, "Why Air Travel is Such a Disaster Right Now," *MSN*, 7/24/22, Christopher Balderas, "Welcome to the Future: 20 Ways Air Travel Has Changed Since the 1950s," [www.thetravel.com](http://www.thetravel.com), 6/28/18.

## Turnover Time?

More than 47 million Americans voluntarily quit their jobs in 2021. Both then and since, most people have accredited the Pandemic for the sudden unprecedented surge of job exits, known as the "Great Resignation." Relating the drama of the Pandemic with the large number of job quitters, many people have overlooked two realities: 1) the job quit-rate was growing steadily by +0.10% each year from 2009 to 2020, *before* the Pandemic's unparalleled mass exits, and 2) the volume of job quitting, although fallen recently, has persisted beyond the Pandemic core. Workers quitting their jobs have been part of a ten year trend, one that hasn't ended. In the first half of 2022, more than 4 million American workers quit jobs each month.

During the Pandemic, workers experienced the opportunity to make greater choices concerning their jobs. Both practical necessity, and having the upper hand, led them to changes that they may have desired even before the Pandemic. Many have learned what they want and value. Workers quit jobs for many different reasons including low wages, disrespect from employers, jobs with poor benefits, and burnout from long hours and strenuous work. Moved by "turnover contagion," workers were encouraged to quit by others. Parents, mostly mothers, quit jobs to care for their children when child care was lacking. Workers moved to jobs in new professions, and to those jobs which offered flexibility in hours, job location, and work-life balance. Some people left jobs to avoid Covid. Some sought to maintain new priorities. Many seniors chose to retire early in order to magnify time with family.

The quit-rate has begun to decline. Living costs have risen with inflation. Since July, job openings have tightened. Yet analysts do not anticipate a full return to pre-Pandemic patterns. Many workers have tasted new work opportunities and values. Some employers have tasted what workers want. The contests should be interesting.

P. Davidson, "Great Resignation: The number of people quitting jobs hit an all-time high in November," *USA TODAY* 1/4/2022, K. Morgan, "Why workers just won't stop quitting," [bbc.com](http://bbc.com), 8/18/2022, S. Lowisz, "Don't Blame Covid-19 For the Great Resignation," *Forbes.com*, 5/31/2022, M. Smith, "40% of Workers Considering Quitting Their Jobs Soon," [cnbc.com](http://cnbc.com) 7/20/2022, J. Fuller & W. Kerr, "The Great Resignation Didn't Start with the Pandemic," <http://hbr.org>

**OUR RECENT READING:** Consult [www.goodreads.com](http://www.goodreads.com) for reviews

**WAYNE** recommends Michael Lewis' *The Premonition: A Pandemic Story* which describes how the pandemic emerged and spread so rapidly in the US. He applauds some remarkably brave health officers who exposed the danger of the virus, while the CDC waited too long to confront the disease adequately. Lewis warns that we have allowed institutions to become politicized, resulting in a useless system that rewards political pleasers but punishes hard working, knowledgeable and brave workers.

**ROBERT** *Propaganda* was written in 1928 by Edward Bernays, a propaganda/media expert during WWII and later a specialist in business "Public Relations." He identified many forms and sources of propaganda, or the action of spreading ideas or manipulating public opinions. Those efforts are not always negative but can serve necessary functions.



## Economic and Financial Overview

Things are bleak. Prices have increased as inflation has failed to decrease. The Fed's target inflation exceeds the traditional goal of 2%, and was temporarily (says Chairman Powell) lifted to a goal of 3%. Mortgage interest rates have climbed to their highest level since 2006. Meanwhile, by August, existing home sales fell for the seventh straight month. The job market is cooling. Yet aspects of the economy remain positive even while losing momentum. The labor market is still firm with higher wages. In September, new jobs reduced unemployment, to their lowest level in 20 years. Both spending and production experienced modest growth.

At the core of this blend of conflicting signals is the Fed's objective to bring inflation under control, even to slow the economy at the risk of recession. This year, the Fed has raised interest rates 5 times including 3 hikes of 0.75%. More hikes are confirmed for Q4. In Chairman Powell's recent briefings, he portrayed his policy with unusual fervor as he warned us of a painful period ahead. Some critical analysts stress the extreme risks for the economy and markets, both domestic and global. Others are less disparaging. But no one is serene given the miserable performance of the markets. This year, even bonds haven't served as a good diversifier.

The S&P 500 fell -5.28% for Q3 (-24.77% YTD). Domestic small caps -4.11 for Q3 (-25.34% YTD), US Aggregate Bond Index -4.73% for Q3 (-14.50% YTD). Developed, non-US equity markets -10.36% for Q3 (-27.43% YTD). Emerging Markets -12.46% for Q3 (-27.70% YTD)

There may be particular reasons to adjust your portfolio, but Larry Swedroe of Buckingham Wealth Partners advises:

**"Timing the market has been shown to be a loser's game because you have to be right twice."**

## Turkey Pardons

There are many facets of Thanksgiving. It is a federal holiday observed by a large number of people in our country and those of many backgrounds. It began from colonial settlers of a Christian faith, yet today, the holiday is largely secular. Jews, Muslims, Atheists and some Native Americans participate in Thanksgiving. Many religious faiths are content with the our holiday as they have a history of their own unique manner of gratitude, often resembling a harvest festival.

Serious disputes regarding the holiday occurred from 1789, when George Washington issued a proclamation for Thanksgiving, to 1941 when the legal holiday was established. Early arguments among political members of the new country were related to issues of church and state, so the earliest governmental efforts to establish a public Thanksgiving for all people, moved towards a secular quality. By 1941, after several years of public controversy around the date of Thanksgiving, Congress passed a law making the 4th Thursday in November a legal holiday.

Traditions have remained constant. Today, the public holiday is understood as: gratitude, family and food. Individual groups may or may not pray. Traditional pleasures, besides overeating, include watching Macy's Thanksgiving Day Parade, and high school and professional football. Some people serve Thanksgiving dinner for the hungry. Family gathering produces the year's greatest volume of travel. The history of the "first Thanksgiving," a feast of colonial settlers and the Wampanoag tribe, is criticized as somewhat misleading, but is still part of the popular tradition.

One Thanksgiving practice has not been constant. The timing and activity of Christmas shopping, or Black Friday, playfully launched at the Thanksgiving parade, is a commercial link to Thanksgiving's few days. Black Friday was fun initially as stores opened at pre-dawn. But the focus on money led to constant changes, organized by retail. With "Christmas Creep," stores opened sooner in various times. Online deals took over from brick and mortar. Shoppers experienced violence: some with stabbing, shooting, dragging and trampling.

Thanksgiving's commercial tradition is not about gratitude, family and food. The stability of Thanksgiving's family traditions is notable. The simple and communal nature of the Thanksgiving holiday allows it to endure.



# The 4th Thursday

1.



**How well do you know Thanksgiving?**

- \_\_\_\_\_ Holiday halftime
- \_\_\_\_\_ Morning at Macy's
- \_\_\_\_\_ Deer, cod, bass & corn
- \_\_\_\_\_ Standard menu
- \_\_\_\_\_ Turkey Trot
- \_\_\_\_\_ November 23rd

2.



3.



5.



4.



6.



The information contained herein should not be construed as personalized investment advice. There is no guarantee that the views or opinions expressed in this newsletter will be realized. Assabet Advisors, LLC ("Assabet") is an SEC registered investment adviser. This newsletter is limited to the dissemination of general information pertaining to its investment advisory services. For information pertaining to the registration status of Assabet, refer to the Investment Adviser Public Disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) For additional information about Assabet, including fees and services, ask for our disclosure statement as set forth on Form ADV, or find it on our website.