

Fourth Quarter, 2020

I'm Hungry

For those of us who are reading (or writing) this newsletter, the enormity of the U.S. food crisis is hard to grasp. Human suffering in general is not obvious in our area. Massachusetts has the highest level of child well-being in the country, and suburban districts tend to have less hunger than urban or rural regions. Many of us live home-bound lives during the pandemic, offering us little opportunity to witness, for example, the extraordinary lines of cars waiting for donations of food.

“Food insecurity” is the lack of access to food. As people who have experienced hunger only when we were on a diet, or fasting, that is hard to imagine. Hunger in our nation is not a reality which we don’t acknowledge. Yet many of us have understood it as a limited inevitability in a complex society, and one where relief was provided by both our government and non-profits to tide families through difficult times. In 2020, it has been impossible to be unaware. Food insecurity, and hunger (the actual disruption of eating patterns and decline of consumption) amount to a crisis: not new, but growing, impacting people of all ages, races, genders, and physical and mental abilities, including many who say, “I never thought it would be me.”

Certainly the pandemic has escalated food insecurity and hunger. It very suddenly closed businesses, eliminated jobs and spread illness. Many family finances, lacking any safety net, collapsed. Those who worked for low wages in the service industry suffered particular hardship. Others whose jobs were maintained in the essential category had substantial exposure to covid-19. School closures removed the free breakfasts and lunches that had supported the food budget of many families. But many of the people lining up for food contributions, had been better off and were first-timers.

The scope of the current crisis can be illustrated in many ways, with the numbers changing one month to another, upwards. As of October, Feeding America, the country’s largest anti-hunger organization, expected that over 50 million Americans, including 17 million children, will be food insecure or face hunger this year, up from 35 million in 2019. Food banks supported by the organization reported an average increase of 60% in their individual users. Data from their food banks showed a third quarter food distribution nearly 57% higher than in the third quarter 2019.



Images of food supply drive-throughs tell the story visually with seemingly infinite lines of cars. A Cleveland Thanksgiving distribution fed 5000 families, more than 3 times their summer average. Lakeview pantry in Chicago offered groceries in a volume 237% greater than in 2019. A food bank in New York City had to pass out Thanksgiving frozen turkeys ahead of the holiday schedule because of the urgent need. Across the country, people spent hours in their cars, in some cases in the middle of the night.

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It’s noteworthy that the hunger gap between pre-pandemic and today is so large. But the dreadful impact of the pandemic isn’t the only message. The recent data also indicates how much need existed in our country already, before covid-19 appeared. The data on food insecurity and hunger show increases well before 2020. And somewhat hidden behind that data is the damage caused by diets of non-nutritious food. This data points to a connection with several factors, mostly all related to different sources of poverty, especially income inequality. Regular and dependable access to food requires the ability to reach a nutritious food source with both transportation and location. Bottom line, it requires money. But so do other needs which may come first in an emergency: medical care to stay healthy or alive, car repair to get to a workplace, for example.

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I'm Hungry continued

In 2019, the Federal Reserve stated that 4 out of 10 American adults were not able to meet a \$400 emergency. A year later, the pandemic proved it. That isn't simply bad financial management. Scattered studies have shown that income inequality has been growing in the U.S. for the past 35 years. The collision of rising costs for basic needs, with escalating income inequality has set the stage for a crisis. Hunger has grown among U.S. seniors by 38% since 2001, as many are impoverished by fixed incomes and high healthcare needs. Food insecurity among college students has grown by +43.5%, because of a greater number of low income students, higher tuitions and inadequate assistance.

The Census Bureau's GINI index found that our income inequality in 2019 was at its highest in 50 years. While earnings of the top 1% increased by +160% from 1979-2019, the income of the bottom 90% rose by +26%. Recently, living on a low income has become more difficult with rises in the cost of healthcare, higher education, housing and food. Year to year, the shifts in economic wellbeing have been uneven, but over time the pattern of inequality has risen, such that when a crippling pandemic descends, too many Americans are critically vulnerable.

We are not without relief systems, both government and private non-profit. The federal government's biggest is SNAP the Supplemental Nutritional Assistance Program, or food stamps. This is the largest of 15 nutrition programs under the Food Nutrition Service, a branch of the USDA. It served 40 million Americans in 2018. But benefits have fallen short. In fiscal year 2020, the average SNAP benefit per person was about \$125 per month, of \$1.39 per meal.

Starting in 2011, advanced economies in Europe and Asia moved ahead of the U.S. in reducing hunger. A 2018 United Nations review states that our country has the highest level of income inequality in the western world. Another study found that we have a higher level of income inequality (after taxes and transfers) than most industrialized peers. The differences between the U.S. and our peer countries with lower inequality, include the broad corporate wage gaps between middle class and poorer employees, and those from richer segments.

American economic policies also bring less redistribution from rich to poor than those of peer countries. Basically, these differences reflect different cultural attitudes. European social policies tend to be rights-based, seeing access to food as a right, while we are more needs-based, viewing food provision in charitable terms. When a need occurs, recent polls of Americans reveal that we are somewhat sensitive to inequality, supporting hikes in the minimum wage, for example. But we're hesitant to acknowledge poverty to the extent of promising social policy to fight it. The U.S. is not among the countries which signed an international covenant agreeing to the "fundamental right of everyone to be free from hunger." We are not so stingy as we are independent. Americans have been extremely generous since the pandemic revealed widespread suffering. We share, but we don't want to be committed to certain types and levels of sharing, perhaps because our traditions embody the belief that any one of us can achieve huge economic success. To feel confident of that, we need to insist that we maintain great and equal opportunity, and therefore we have a tendency to blame the poor for their own suffering.

Long food distribution lines including first-timers, and middle class families so quickly thrust into food insecurity, reveal an uncomfortable reality. For the richest nation in the world, we have a conspicuous amount of poverty plus an additional level of vulnerability. This is about more than the pandemic.

"Millions of hungry Americans turn to food banks for the first time..." Sharon Cohen, [ChicagoTribune.com](https://www.chicagotribune.com), 12/7/20. "Hunger can happen to any of us," Amy MacKinnon, [BostonGlobe.com](https://www.bostonglobe.com), 12/7/20. "Pandemic of Hunger: why our food crisis will continue long after Covid-19 is behind us," [msn.com](https://www.msn.com). "Charitable giving soars during the pandemic." [Investopedia](https://www.investopedia.com). "Over last 30 years, Wages for top 1% soared by 160%, while wages of bottom 90% actually went down," Lawrence Mishel & Jori Kandra, [Economic Policy Institute](https://www.economicpolicyinstitute.org), 12/2/20. "How billionaires saw their net worth increase by half a trillion dollars during the pandemic," Hiatt Woods, [BusinessInsider.com](https://www.businessinsider.com), 10/30/2020. "Gratitude for our mission to feed hungry families," Catherine D'Amato, [BostonGlobe.com](https://www.bostonglobe.com), 12/7/20.

OUR RECENT READING consult www.goodreads.com for reviews

Wayne read [Glass Hotel](#), a novel written by Emily St. John Mandel. She uses the model of Madoff's ponzi scheme as a central element of the story. Reviewers were impressed by the memorable characters whose stories overlap. They also liked the structure of the story which is unclear at the start but is resolved by the end. Wayne found the book a relatively quick and interesting read but not worthy of the accolades it received from critics.

Robert's books are apt choices for any of us who are perplexed and discouraged by our political environment. George Orwell's [1984](#), published in 1949, was required reading in school for many of us. It is a fictional tale illustrating the consequences of tolerationism, and modeled on Russian rule under Stalin. Facts and truth are manipulated. Citizens are drawn into following the authoritarian regime, both by fear (the thought police which persecutes those who think independently) and by brainwashing into the cult of Big Brother.

[If You Can Keep It: The Forgotten Promise of American Liberty](#)," by Eric Metaxas, is a very different book, but which also warns against letting the virtues of our government and culture be destroyed. He introduces the founding fathers, highlighting their values and their plans for the government. His major theme is the necessity of cultural values (in the form of religion) and of leadership by individuals who are moral and love their country more than their own wealth and careers.



Economic and Financial Overview

Both the economy and stock market experienced sizeable fluctuations in 2020. The turmoil of the early coronavirus, when sudden job losses were widespread, people were isolated to be safe at home, and the S&P 500 plunged -35% from the high on February 19 to March 23, was a dramatic shock. Yet monetary and fiscal stimulus, and the encouraging direction of covid-19 cases improved economic performance and caused a rapid and extreme end to the bear market. U.S. equities maintained a strong performance throughout the rest of the year.

The Federal Open Market Committee reduced the Fed Funds rate to a range of 0.00% to 0.25%, and from June, maintained monthly purchases of \$80 billion in Treasury securities and \$40 billion in Mortgage-backed securities. Jerome Powell has indicated that interest rate increases are unlikely until 2023 but that the asset purchases might be cutback in the case of a robust economic recovery. Don't look for those cuts too soon. While equities continue to have positive returns, the economic rebound has reversed. December's \$900 billion relief package brought support, but only temporarily. Since late fall, impacted by the careless behavior of many Americans, the number of coronavirus cases has escalated. As a result, business have suffered or closed, job losses multiplied. In December, after a robust housing market through the fall, pending home sales fell by -2.6%. States, who are required to meet a budget, have had to cut their workforce. Women represent a larger drop in the labor force, in part because of greater female employment in the service sector, and because mothers more commonly meet domestic responsibilities.

Meanwhile, as the economy backslides, the market continues to grow on good news of the vaccine, and on the expectation of fiscal stimulus by the Democratic administration. For 2020, the S&P 500 rose by +18.40%, the Russell 2000 small stock index by +9.96%, EAFE index of international stocks by +8.28 and the Emerging Market index by +18.69% (both in U.S. dollars). Growth stocks continued to lead Value. Stock valuations are very high with a P/E Ratio of 22.3 in 2020, compared to the 25 year average of 16.56. Fixed income returns were bolstered by very low interest rates.

The major risks to market returns include the runaway virus, and political events. After 2020, and 2021 thus far, we know to expect the unexpected, or even the unexpectable!

The Perfect Gift ?

While Hanukkah and Christmas are not all about gifts, shopping, wrapping and delivery certainly are a large part of the holidays. Individuals differ, of course. For some, holiday gift giving is the most exciting project of the year, starting early in the new year, producing detailed lists, investing in a Christmas Club account, or perhaps making a trip to the JCC Hanukkah gift shop. Many holiday shoppers are ecstatic to be jamming into Black Friday retailers before sunrise. On the other hand, some people might prefer to scrap the entire burden. That's hard to do. For all the differences, very few individuals get through the season without giving out a single gift.

Gift giving is generally a part of the holiday traditions, yet individual patterns change over time as households decide to moderate the number or the nature of gifts exchanged. So changes in gift giving customs were not unique to the pandemic. They did occur in 2020, however, in part for practical reasons. Fear of coronavirus, store closings, and limits on shopper capacity kept buyers away from stores. Many people who suffered job losses, or the costs of adjusting to necessary alterations in lifestyle, tightened their gift budget. Handmade or home baked gifts replaced more lavish presents. For obvious reasons, depression inhibited the holiday joy of many individuals, diminishing their enthusiasm for gifting. Shipping delays made gift mailing a problem, and holiday gift returns were difficult as well, making giftcards a simple solution.

The pandemic caused changes in gift giving practices also by tapping values and emotions. Some years seem to emphasize excess in giving, but 2020 brought out more sensitive choices. Gathering with loved ones often was blocked by Covid-19, so gifts conveying warmth and love helped fill the gap. Product lines attached sentimental stories, and gift givers chose presents with individual significance. How about a box of personalized Oreos with the colors of your favorite team? Etsy, which promoted "gift (ing) like you mean it," reported a 156% growth in customers searching for personalized gifts. Pinterest found that the searching began earlier in the year, to make a greater effort or perhaps to start the holiday joy sooner than usual. Other gifts were selected to represent the recipients' values, such as products by Black manufacturers, for friends with BLM sensibilities, or purchases from local sources whose minority owners were under financial pressure. Big retailers were receptive to the wish of many gift givers to "make their money matter." They donated to special causes and committed to selling black-owned products.

It will be interesting to see if the 2020 pattern shifts in gift giving persist in coming years. Unlikely. Each year is unique and subject to its own pressures.

"Holiday gift giving adds to pandemic stress," [msn.com](https://www.msn.com), 12/21/20. "Adopt 9 pandemic gift-giving rules for 2020 holiday joy," Julie Murphy, [dandelionchandelier.com](https://www.dandelionchandelier.com), 10/21/20. "Holiday gift returns impacted by coronavirus pandemic," [pittsburgh.cbslocal.com](https://www.pittsburgh.cbslocal.com), 12/29/20, "Shoppers seek out personalized, thoughtful gifts..." Melissa Repko, [CNBC.com](https://www.cnbc.com), 11/16/20, "Holiday gift givers want their money to matter," Melissa Repko, [CNBC.com](https://www.cnbc.com), 11/28/20



(Second) Richest Man

Good or bad? True or false? Friend or enemy? One or the other. We often are dualistic in making judgements. Perhaps the complexity of our time causes us to seek simple answers and opinions. Take Amazon, for example. Is Jeff Bezos heroic or immoral?

On the one hand, his accomplishments in business are extraordinary. In 1994, he began the company in a garage, fueled by his insatiable passion to win and grow. One of his early preferences for the corporate name, “Relentless,” defined the aggressive energy behind his business ventures. So too does his model of “regret minimization,” in which regrets derive from missing an opportunity, not from making too plucky an investment. Dana Mattioli described his business style as operating “with the drive of a start-up trying to survive,” even in the 4th quarter of 2020 when Amazon’s revenue exceeded \$100 billion. (He survived.)

Bezos’ style is not unique, but is an extreme example of a new breed. His bold, even zealous spirit exemplifies the approach of New Modern Corporations who emphasize technology and information as a basis for strategy. “Legacy” companies, their precursors, succeeded by introducing new products or services, and establishing a solid organizational structure. Yet without the technological and information focus, they are less capable of identifying future opportunities in the form of product improvements, and what are called “missing” (unattended) markets. Their approach tends to be grounded in the present. New Modern corporations are future directed, employing “time pacing,” or the introduction of new products or services before they are entirely developed. Their actions don’t need to be principally consistent with current operations. They are constantly in motion, allowing for more rapid product cycles and swifter entry into new markets. (Consider how rapidly Apple iPhones are altered.)

New Modern strategies are not just a preference. The speed of information progression is making it essential. “Radical uncertainty” comes with technological advances, and not simply caused by a global virus or political upheaval. It requires us to function with the intention of shaping the future, not reacting to it. It also requires bold decisions. Bezos’ business grew from an online bookstore to an incredible span of products and services, constantly growing.



Bezos’ intense drive, greatly benefited by the pandemic in 2020, produced enormous returns. Amazon quickly moved ahead of brick and mortar establishments by meeting customer needs dynamically without vacillating about the cost. He made sure, for example, that products could be moved from one location to another, overnight if necessary. He spent feverishly: warehouses, trucks, planes, expanding the shipping infrastructure, and vastly enlarged the number of employees. In the 2020 third quarter, sales brought in \$96.1 billion, surpassing the \$70 billion in the prior year. The Bloomberg Billionaires Index counts Bezos’ as a net worth of \$182 billion.

The New Modern patterns are fast-paced and gutsy, which of course is why Jeff Bezos’ conduct resembles that of a hard-driven start-up. But some popular judgments on Amazon’s performance reflect Bezos’ personality and values, in addition to modern business styles. After all, according to the thesaurus, synonyms for “Relentless” include “harsh” and “ruthless.” Many of his critics from the U.S. and abroad are outraged by his business behavior. They claim that he competes aggressively, even with his third party selling partners who use Amazon’s delivery and storage systems for a toll of around one half of their sales. They are appalled that his tax credits and deductions brought his 2017 and 2018 taxes to zero. The most fervent condemnation concerns his workers whose pay, including hazard pay, and working conditions in the pandemic have been termed “immoral” and “unjust.” In December of last year, Bezos received an open letter signed by 401 representatives from 34 countries demanding justice for employees. Critics indicate that with such vast wealth, he is capable of helping his employees, not to mention the entire world.

Heroic or immoral? Must the (second) richest man on earth be ruthless? Is there a big difference between having, say: \$182 billion and a mere \$82 billion? And how many Amazon boxes were stacked up for the trash in our garages after the holidays?

“Why Amazon, Apple, Peloton, and Zoom won 2020,” Jefferson Graham, [USA Today](#), 12/29/20. “Amazon and Walmart have raked in billions...” Molly Kinder and Laura Stateker, [Brookings.edu](#), 12/22/20. “California subpoenas Amazon over worker safety in pandemic,” [apnews.com](#), 12/14/20. “Amazon workers call for pandemic pay and more PPE,” David Roeder, [chicago.suntimes.com](#), 11/30/20. “Amazon CEO Jeff Bezos cashing in on pandemic at workers’ expense is “immoral” says Rep.Tlaib,” Sibile Marcellus, [Finance.yahoo.com](#), 12/14/20, “How Amazon Wins: by steamrolling rivals and partners,” Dana Mattioli, [WSJ.com](#), 12/22/20.

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