

# *DIVIDENDS*

## Investment Planning Enewsletter

Roaring 20's Circa 2020's

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Using cliches like "groundhog day" is not really my thing. Am I setting myself up for some challenges to that when I mention the "roaring 20's"? Although I have not heard much of that in the past 2 years. Yet, I am getting pulled into connecting 2022+ to the 1920's.

### **What is Happening Today?**

We are experiencing combined events that rarely are connected to each other:

- Real longer-term inflation
- Product shortages and corporate inability (or desire) to increase production to solve it
- Corporate sales and earning increases
- Worker shortages along with unprecedented quantities of "I quit"
- A US FED that is accelerating their reduction of bond purchases
- Interest rate increases
- All of the above coming together at one time

This is truly rather rare and Nick Colas of DataTrek, one of my data providers, has wrapped it into a connection to the 1920's that I do find rather compelling and the mirror seems to be in place at this time for a repeat. For as much of the youth of today feel it is all different this time, us older folks understand, the often repeating nature of history.

If you care to read a great chronicle of that era, Frederick Lewis Allen's book "Only Yesterday" provides a great contemporary history of that time, yet it was written in 1931. A more recent history from the years just before. The Narrative covers the feast of the 1920's to the famine of the Great Depression. His readers knew of what he was writing for they had just lived through it.

### **What are the Connections to Today?**

World War 1 was an all consuming event for society, just as this pandemic has been today. I am not comparing WW1 to the Covid Pandemic, however both were/are all consuming to the globe. Once the

"Great War" ended in 1918 other things entered the hearts and minds with a vengeance.

President Woodrow Wilson tried to champion worldwide peace via the "League of Nations". US never signed on in the end due to the need to maintain US independence. Is the Globe's obsession with everything "battery-ized" a similar song that some will sign on for?

1920's saw unionizing of the American workforce kicking into full swing to improve working conditions and wages. Today we have experienced global governments paying some not to work and more "I quits" than ever.

Anti-Capitalist sentiment rose to the fore in many quarters in the 1920's. The battle of capitalism vs socialism appears to be more present today than in the past decades.

Did the end of the Great War bring everyone together in harmony? Perhaps, yet there were many divisive aspects such as the 4+ million participants that wore white gowns and pointy hats. We find ourselves today with many expressing views and not permitting others to have differing thoughts.

Radio was one of the first mass media technologies of the modern age that started to gain popularity in the 1920's. But by the middle of the 20's it was as passe as a flip-phone is today.

If I can call it an overriding theme lining up the roaring 20's to 2020's, lining up World War 1 and the Pandemic, is how society becomes hyper focused on a very narrow "victory". But then that energy scatters in many directions. This takes time, not months to dissipate the energy and only then does "normal" come into play.

In Allen's narrative, America focused on private sector commerce. Making money, promoting your city as the place to live and work, and getting your goods out to more folks in new ways. America focused on personal prosperity and then crashed years later in the stock market crash.

### **Is it Different Today?**

Well, of course, evolution and time and inventiveness move all aspects at a faster pace. I do feel that time is on our side, for at least the next couple of years + before the proverbial crap hits the fan. What may have taken 10 years of marketing to generate more sales then, seems to pale with what we have seen in the past 2 years. Many multiple marketing channels moving into vast empty parking lots and office towers.

Yes, the ups and downs are harsher, faster, quicker than even in the past 5 years. This volatility, as I have said many times in the past 5 years, is here to stay and only get worse. However that does not preclude us from taking advantage of it, or staying with it, or getting in on it. Be invested.

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Happy to speak with you or your friends at 905-309-9990 or  
email [vwarrington@alignedcp.com](mailto:vwarrington@alignedcp.com)

Vaughn Warrington, CFP®, FMA

Investment Advisor and Certified Financial Planner

Binvested - Aligned Capital Partners Inc.

President - Binvested Management Inc.

[www.binvested.ca](http://www.binvested.ca)



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Binvested / Aligned Capital Partners  
1001 Champlain Avenue, Suite 300, Burlington, ON. L7L 5Z4

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