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# RAISE EYEBROWS:

## to cause surprise, curiosity, or mild shock among people due to something unconventional, unexpected, or controversial

**The idiom "raise eyebrows" is often used to imply that the action or statement is unconventional, unexpected, or unusual. The origin of this expression likely comes from the literal raising of one's eyebrows, which is a common physical reaction to surprise or curiosity.**


Since the January 20 Presidential Inauguration ,I am surprised that Americans have any eyebrows left to raise! American foreign policy is retreating back to the isolationist days before each of the World Wars. Our role as the **"World's Policeman"** has not be overly successful and is being question due to the failures of Korea, Vietnam, Kuwait, Afghanistan, and Iraq. The inherent protection of Western Europe by U.S. military might (which has been sacrosanct since WWII) is starting to show strains. American generosity to the poorer parts of the world has been a hallmark of foreign policy by either political party. Evidently, that too, has come to an end. Finally, our Republican (Small "r") Democracy has been a forever a beacon for the concept of political, financial, and personal freedom for the world's peoples. Sadly, the rise of authoritarianism has begun to make a dent in the near and far reaches of free-loving people.

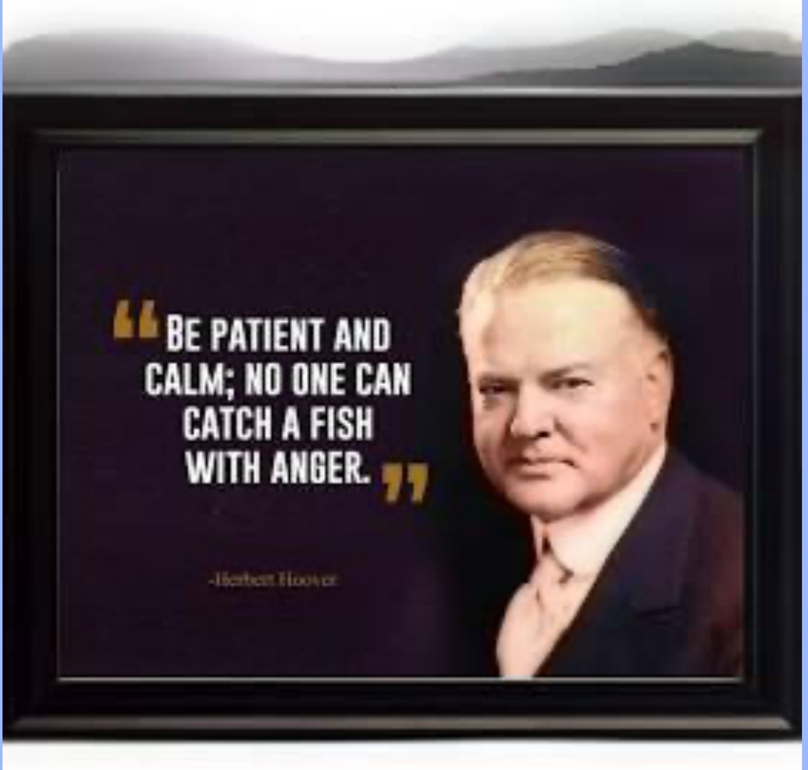
Which brings your's truly to the subject of **TARIFFS.** The economic geniuses (and I used that term sarcastically if you don't me) from the President to Treasury Secretary to Commerce Secretary to National Economic Advisor to Congress who have decided that **"Walling Off"** America's economy to the world is in America's best interest have no understanding of global economics, trade, or history. As a reasonably educated individual (some might question that), protecting certain industries/products/services with a tax (a tariff by a different name) for the implicit interest of National Security, makes all the sense to me. As a holder of a B.A. in History from Northwestern, I take my "history" seriously. Remarkably, the old sayin about **"History Repeating Itself"** rings as true today as any other time. As an observer of the world economic climate, my **OPINION** is: **Tariffs will NOT bring back manufacturing, will NOT create more jobs, will NOT make American Great Again (I shutter at even writing that moronic phrase) and will NOT ensure that America is any wealthier or safer, will NOT restore the balance of trade, and will NOT bring foreign nations to their knees. Tariffs WILL protect inefficient industries, WILL raise prices as domestic goods rise to the level of imported, WILL create enormous wealth for the "Chosen Few", Will lower the standard of living for the "Great Unwashed," Will increase unemployment and dislocation, and WILL crush any thought of increase affordable housing, and WILL push a once robust economy towards stagnation with the possibility of a severe recession.** The uplifting of prosperity throughout the world over the last 80 years has been fueled by global trade with few barriers and movement of capital to countries that can produce goods at the most efficient cost with a degree of quality. The global economy works and trade between countries needs to be strengthened for the betterment of all mankind. This myopic view of "Us vs. Them" is anachronistic and downright frightening in the way this political philosophy has driven the world to two World Wars and countless bloody civil wars, coup d'etas, territorial invasions, and police actions. I will "rest my case" with the recounting of the disastrous effects of the infamous Smoot-Hawley (my apologies to any present-day Smoot or Hawley progenies) Tariff Act of 1930.

**I found this summary of The Smoot-Hawley Act on the Britannica website and thought it would be enlightening to my faithful readers. . (https://www.britannica.com/topic/Smoot-Hawley-Tariff-Act)**

**The Smoot-Hawley Tariff Act raised the United States's already high tariff rates. In 1922 Congress had enacted the Fordney-McCumber Act, which was among the most punitive protectionist tariffs passed in the country's history, raising the average import tax to some 40 percent. The Fordney-McCumber tariff prompted retaliation from European governments but did little to dampen U.S. prosperity. Throughout the 1920s, however, as European farmers recovered from World War I and their American counterparts faced intense competition and declining prices because of overproduction, U.S. agricultural interests lobbied the federal government for protection against agricultural imports. In his 1928 campaign for the presidency, Republican candidate Herbert Hoover promised to increase tariffs on agricultural goods, but after he took office lobbyists from other economic sectors encouraged him to support a broader increase. Although an increase in tariffs was supported by most Republicans, an effort to raise import duties failed in 1929, largely because of opposition from centrist Republicans in the U.S. Senate. In response to the stock market crash of 1929, however, protectionism gained strength, and, though the tariff legislation subsequently passed only by a narrow margin (44–42) in the Senate, it passed easily in the House of Representatives. Despite a petition from more than 1,000 economists urging him to veto the legislation, Hoover signed the bill into law on June 17, 1930.**

**Smoot-Hawley contributed to the early loss of confidence on Wall Street and signaled U.S. isolationism. By raising the average tariff by some 20 percent, it also prompted retaliation from foreign governments, and many overseas banks began to fail. (Because the legislation set both specific and ad valorem tariff rates [i.e., rates based on the value of the product], determining the precise percentage increase in tariff levels is difficult and a subject of debate among economists.) Within two years some two dozen countries adopted similar "beggar-thy-neighbour" duties, making worse an already beleaguered world economy and reducing global trade. U.S. imports from and exports to Europe fell by some two-thirds between 1929 and 1932, while overall global trade declined by similar levels in the four years that the legislation was in effect.**

**In 1934 President Franklin D. Roosevelt signed the Reciprocal Trade Agreements Act, reducing tariff levels and promoting trade liberalization and cooperation with foreign governments. Some observers have argued that the tariff, by deepening the Great Depression, may have contributed to the rise of political extremism, enabling leaders such as Adolf Hitler to increase their political strength and gain power.**




We now move from economic chaos to a more mundane topic. One of the main tenets of the Defined Contribution space (401(k)/403(b)/457) is the concept of **"Dollar Cost Averaging (DCA)."** The thought is that equity/bond markets go **UP, DOWN, SIDEWAYS** and timing the market is for fools. Using DCA, an investor "nibbles" at shares of stocks/bonds via mutual funds, ETFs, CITs or "DRIP*" on a regular basis (payroll by payroll in the retirement plan arena) which over the long-term will achieve a market rate of return.

A dividend reinvestment plan (DRIP) is a program that allows investors to reinvest their cash dividends into additional shares or fractional shares of the underlying stock on the dividend payment date. Although the term can apply to any automatic reinvestment arrangement set up through a brokerage or investment company, it generally refers to a formal program offered by a publicly traded corporation to existing shareholders.

Alas, apparently we have been providing suspect advice all these years. Though I have read many an article on this subject, my interest was piqued by the work of Professor Horstmeyer. Understanding that the workings of an employer-sponsored retirement plan can only exist for the vast majority of participants as DCA arrangement; I still think it is worthwhile to present his study below. As the legendary White Sox baseball announcer (Ken "Hawk" Harrelson) used to say: **"Sit Back, Relax, Strap It Down"** and enjoy reading the Professor's conclusions.


**Does Dollar-Cost Averaging Work? Here's What the Numbers Say**

**The popular investing strategy performs well during rising markets, but it lags behind another strategy during down markets**

**By**
**Derek Horstmeyer**
*March 9, 2025 at 9:00 am ET*

**Many investors follow the strategy of dollar-cost averaging to invest money in the stock market. But does it always deliver the most bang for the buck?**
**With dollar-cost averaging, an investor buys a fixed dollar amount of a position at regular time intervals—say, on the first of each month—because it allows you to buy more shares when the market is low and fewer when it is high. Over time, the strategy should lower your average cost per share, if purchases correspond to market cycles.**

**However, after testing how effective the strategy is, my research assistants Eray Tulun and Lilia Benrabia and I find that while dollar-cost averaging does well on an annualized basis versus a fixed-share strategy—where an investor buys a fixed number of shares or percent of stock at regular intervals—that isn't always the case. Specifically: Dollar-cost averaging overall outperforms a fixed-share strategy by 0.4 percentage point a year over the long run, but the dollar-cost strategy underperforms during down markets compared with a fixed-share strategy.**

**For our dollar-cost averaging strategy, we set up a portfolio where each year the investor allocated $100 to buying shares in the S&P 500. So, if the S&P 500 was priced at $100, then the investor bought one share in the stock index or two shares if it was priced at $50. (It should be noted that changing the time frame to a month in the above scenario yielded the same qualitative results.)**
**For our fixed-share strategy, we set up a portfolio where each year the investor would buy a fixed number of shares (or fixed percentage of their portfolio) of the S&P 500. But since the price is variable, some years you wouldn't be able to buy as many shares as you used to if the price of the S&P 500 had gone up and there would be cash left over if the price of the S&P 500 had gone down. We assumed the idle cash would be held in an interest-bearing account with a 5% rate of return.**
**Across all simulations, dollar-cost averaging outperforms the fixed-share strategy by about 0.40 percentage point on an annualized basis. Averaged over all market conditions over a 20-year horizon, we find that dollar-cost averaging delivers 6.93% in annualized returns while the fixed-share strategy delivers 6.53% a year in returns.**
**Up vs. down**

**But we also found that while the dollar-cost averaging strategy does well in up markets, it lags behind the fixed-share strategy in down markets.**
**For a market that goes up over a period of two-plus years, we found that the dollar-cost averaging strategy yielded a return of 23.57% a year while the fixed-share strategy returned 16.04% a year. That is a difference of 7.53 percentage points a year.**
**However, during a period where the market is lower over a period of two-plus years, we found that the dollar-cost averaging strategy yielded 4.39% a year while the fixed-share strategy yielded 6.03% a year. This is a difference of negative 1.64 percentage points a year for dollar-cost averaging versus fixed-share purchasing.**
**Finally, we tested what impact market volatility has on dollar-cost averaging versus fixed-share purchasing. To implement this, we tested our strategies over a 20-year horizon assuming volatility of 10% and volatility of 35%. Again the results favor the dollar-cost averaging strategy, with it showing a slight outperformance during a period of 10% volatility and doing much better during the high-volatility scenario.**
**Bottom line: Over the long run it is best to employ a dollar-cost averaging strategy, but adopting a fixed-share strategy could be worthwhile during an extended downturn.**
https://www.wsj.com/finance/investing/dollar-cost-averaging-e8ffd8df?mod=hp_listb_pos2

**We, at The Prizant Group, are strident in our mission to provide advice supported by academic and industry research. The financial landscape is littered with "Get Rich Quick Schemes," Questionable T.V./Radio Investment Gurus, Dangerous Option/Commodity Trading Tactics, Opaque Wall Street Analyst's Reports, Hyped-Up Stocks by Social Media Charlatans, Annuity Salespeople Offering Outlandish Interest Rate Guarantees, Investment Advisors Caterwauling About Their "Higher Fiduciary Standards," Hedge Funds Hiding Their Exorbitant Fees, but Promising Above Market Returns, Gold/Silver Barkers Hailing Their Metals As The Last Monetary Refuge, and Crypto Crazies Talking The End of Fiat Currency with the Beginning Dawn of a New World Order. We predict more than a few "Eyebrows Will Be Raised" and "Pockets Emptied" when the American public wakes up (and I DON'T MEAN BEING "WOKE") to the massive fraud perpetuated upon them by the powers that be.**



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