

Ryan Morfin: Welcome to Non-Beta Alpha. Today's guest is Jacki Deason. She's a senior fellow at the Texas Public Policy Foundation where she studies energy policy and healthcare policy. She currently advises administration in DC and in Austin, Texas. Today, she's going to talk to us about what a prolonged shutdown would cost in terms of the human cost and the economic cost, as well as what's happening in the energy patch today. This is Non-Beta Alpha.

(singing).

Jackie, welcome to the show. Thanks for joining us today.

Jackie Deason: Great to be with you. Thanks for the invitation.

Ryan Morfin: Well, today I wanted to pick your brain about healthcare policy and energy policy, and jumping right into it. Would love to hear your thoughts about the pros and the cons of the shutdown, and what are some of the negative externalities and some of the hidden costs that we face as a society as it relates to these shutdowns that have been going on across the country?

Jackie Deason: Right, so I did an op-ed on this subject in real clear politics. It's titled What a Prolonged Shutdown Will Cost in Human Life because I really believe that almost no one was looking at the downside to our health of staying shutdown. The President gave a passing mention to suicides, but really, I don't think he devoted more than a few seconds to it.

I did some research, and essentially the first... Well, I looked at many things. Suicides and missed cancer diagnoses, domestic violence, I'll take them one by one. Basically the study showed that historically for every 10% jump in unemployment, you get about 30000 suicides. The fed was predicting almost a 30% jump in unemployment by June. That would be 90000 suicides by June, and the reason we have to care about this is because there are serious people like Search Results Ezek Emanuel who I'm refuting in this article. He's one of the Obamacare architects. He's Joe Biden's healthcare advisor. He's calling for us to be shutdown for 12 to 18 months. 12 to 18 months. I read the headline, I couldn't even believe it was real.

I don't know how many suicides there would be. I would think that these things get worse exponentially over time, but it's completely unacceptable. He said if we don't lockdown, well, he said we had no choice but to lockdown, and if we didn't, we would be risking hundreds of thousands of American lives. I'm asking myself is he thinking about the people who would lose their lives to suicide?

So then, I looked at the suicide hotlines for for example, your home state of Indiana, and they saw a spike from 1000 calls a day to 25000 calls a day. And we were only three weeks into the shutdown. Then you look out to LA. There was a nonprofit out there, which showed that their calls went up from... Actually, I've got the article right here in front me. I'm going to take a look at it. It was

astounding. It was maybe 20 calls per day about suicide to where are we here? 8900% increase in suicidal calls. One in five calls are about suicidal ideation, so this is real, and we're only few weeks into this thing. We already had a suicide epidemic in this country, so in 2018, about 50000 Americans took their lives, and another 1.4 million attempted to take their own lives. This is all in my op-ed.

Then I moved from suicide to missed cancer diagnoses, and what kind of spurred me on the subject is I received a phone call in late March from my mammogram provider here in Dallas, and also, my OBGYN who does the annual screening. And both of them said, "Hey, because of the governor's order, which is very common across the states where they shut down elective procedures like screenings to make room to keep the resources open for COVID-19, you're not going to get your screening until further notice. Until the governor lifts the order."

And so, at the time we didn't know when that would be. Most states still don't know, and what I'm saying to Ezek Emanuel is, "Hey, what about, and I counted them up from the research, what about the half million to one million people in this country who are diagnosed with these cancers that we screen for?" And there are only five of them, by the way, that we screen regularly. Breast cancer, colorectal cancer, prostate cancer, melanoma, cervical cancer. If you add those up, there are about a half million to a million cases a year, and apparently if we don't screen for them, we're probably not going to catch them until it's too late. I point that out.

And then I take a look at the women's shelters here in Dallas/Fort Worth, and also the children's hospital in Fort Worth that treats the child abuse cases, and after one week, they were reporting the shelters were at capacity, they were diverting women to hotels, and they had a severe and scary spike in child abuse cases, including death at the children's hospital. I put quotes in there from the people who run these entities saying, "Listen, this is after one week of shutdown, and if it's happening in Dallas/Fort Worth, it's happening everywhere."

All I'm trying to do really is change our perspective on this. Instead of saying to our leadership, "Hey listen. Your choices are Wall Street versus human life lost to COVID-19. This is really human life versus human life. No matter what path we choose, Americans are going to get hurt, and on both of sides of it are really the most vulnerable Americans. The battered women. The battered children. The people who are already at the end of their rope and can turn suicidal if they lose their job and can't feed themselves."

I felt like those lives are just as important as the people we're trying to protect from COVID-19, high-risk people, like by the way myself, and my grandmother, and other family members. I care very much about people on both sides of the equation, but I just felt like almost no one was talking about the downside to our health of shutdown.

Ryan Morfin: Yeah, no doubt. We're social animals and mental health is going to take a toll, and we're being forced to seclude ourselves from friends and family. I think the negative costs that you highlighted about spousal abuse, child abuse, those are terrible situations that unacceptable, but a lot of the, we'll call it release valves, sending kids to school, or abusive spouses going to work, to let a reprieve are no longer allowed in this environment, and so you're bottling up all this negative tension in these households, not to mention the fear of the virus and the stress of the economy. It's a recipe for disaster. Do you think it accelerates as we prolong this or does it kind of hit a plateau or what are your thoughts on that?

Jackie Deason: I don't have any. I couldn't have any research on that because this is a little bit unprecedented, right? There's so little to look to because there's no country quite like ours and there's no reaction quite like this one. I mean, in 1917 or '18 Spanish Flu was a different world. It's really hard to find any quality research, but I have to believe if you're at month one, and now you're looking at how do I pay the electric bill and how do I pay the rent because I can't go to work, what's happening by month six? I'd say your situation is far worse. It's very hard for the people in the lowest third income wise to adapt. I mean, people like you and me can work from home. We're professionals. But if you're waiting tables or doing something where you have to go to a work site, and now it's closed down, you don't have a lot of options.

Ryan Morfin: No, no that's absolutely right. I think for anybody listening, if you can, buy takeout or go out to eat if you feel safe. I think you're going to really make an impact in people's lives in the travel, leisure and food industries. I think one question for you is so what is your view of how this is going to go? I mean, so some states are opening up right now. Some states are going to remain closed, like Virginia and New York. And then, you've got just a cacophony of noise coming from all these different governors of these different policies. What are your thoughts about how this is going to play out as we start to slowly reopen and experimental phase in.

Jackie Deason: Well, the beauty of the federalist system is that the states are the laboratories, and we have states that are dramatically different, governors that are dramatically different in their approach, so we're going to find out who's right and who's wrong when it comes to the best results. Either staying shut down and restrictive gives the best result, or being open gives the best result. And what I'm trying to do in my advising of government officials, state and federal, is to say when we start assessing what is the best result let's not just look at COVID-19 deaths and cases. Let's look at all these other ill effects, because you know what's going to happen. It's very easy to myopically focus on what you can easily quantify, which is a COVID-19 death. Is anyone going to be writing stories about let's say Texas, our state opened early compared to most states. You can go to restaurants right now. You can do a lot of things. At 25% occupancy. But maybe Texas has a far better suicide rate six months from now for this year or at the end of the year than New York, right? Is anyone going to be looking at that? Is anyone going to be considering that? And I want to make sure that we do because it's all important.

Why is a mental health doctor not just a relevant to this conversation as an epidemiologist or a neurologist? I think that you're going to find that the states that are opening now, if they flatten the curve, right? And Texas has, are going to have a good result. And the reason I say that is today is such a different circumstance than January or February because we now have data that we know we can trust. Back then, we had data that we probably knew we couldn't trust. It's coming from China and the WHO.

I was on a call earlier this week, or last week, with the Houston YPO, the Young Presidents Organization, and I told them what I thought was amazing news. I said, "Hey, we now know that the fatality rate for COVID-19 is less than 1%." Well, there were some people who laid into me on that call and just basically said, "Your facts are wrong. You don't know what you're talking about. I'm not listening to anything else you have to say."

I didn't have it at the ready at the time. Let me read to you, since I guess the press is not getting this out, even to CEOs, even to people who you think would be the most informed. Here is a quote that I lifted from a CNBC article. It says, "While COVID-19 deaths across the state," this is New York state, "Have begun to level off, the number of lives lost is breathtakingly traffic. Cuomo said, 'Mortality rates remain high. At 7.4%',", and then they go to the numbers of cases, according to Johns Hopkins. Then he says, "The antibody testing indicates that the actual death rate is far lower, less than 1%," Cuomo said. That's CNBC reporting. You have studies out of Stanford University saying the same thing. I found studies on WebMD saying the same thing.

Here's the issue. Like a general in a battlefield, our leaders have to make decisions with partial information. They can only act on information they have, and they're not going to have it all. In February or January, we had so little. I mean, there have been viruses in the past that had up to 50% fatality rates. Who knew what we were looking at?

At this point, New York state I think has the best testing because they did an antibody test, right? Literally took thousands of people at random and tested them to see have you had COVID-19? Are the antibodies in your blood? Can we see that?

And it turned out that at least where they were testing, about 13 to 14% of New Yorkers have had COVID-19. They had no idea they had it. They were asymptomatic. And when you took that percentage and then looked at the death rate, you had less than 1% fatality.

The issue is we can't test the whole country right now. We can't test 330 million people. The truth is we don't know what the fatality rate is, but New York probably has the best indicators.

Ryan Morfin:

No, and that's I think the big dilemma here is first of all, I don't think we have a proper framework of how we should be analyzing the data, right? I think it's very disjointed, and it still has been. But the data, I don't know if you saw this weekend, the CDC on their website reduced the death count substantially. [inaudible 00:14:46] posted it. Did you get a chance to see that in the news cycle this weekend?

It's interesting. There's some soft data, I say soft data because it's coming second-hand, that healthcare workers in New York City, health professionals and even doctors are complaining that they're both forced, if you will, or convinced that they should put COVID-19 on the death certificates in a lot of different places. A lot of the healthcare professionals disagree with that approach. And so, I think the lack of trust of institutions for political gain or political gamesmanship is I think unfortunately, buried in the psyche of the American consumer today. I think that's a real trust issue that people have. I think the other I'd...

Jackie Deason:

There's a second reason why you shouldn't trust that data and the cause of death. Inside the CARES Act, there was a provision that if a death is COVID-19 related, you get reimbursed hospital three times the amount you would be reimbursed otherwise. That's a major financial incentive, and right now, the hospitals are suffering so terribly, right? You're seeing this everywhere because people don't want to go to the hospital. They're afraid of getting COVID-19, and because the hospitals here like in Dallas, UT Southwestern, right? All my appointments there got canceled in March to make room for COVID-19. And we turned the convention center into a hospital that the National Guard was going to run. Here's what happened.

About three weeks ago, I'm talking to the president of UT Southwestern. I said, "I'm just curious. What percentage of the ICU is COVID patients?" He said 10%. That hospital is empty. Where are these cases? I mean, everyone told us we're going to be New York City. We're not. We're just not. I don't know how much time we have. I can go into some reasons why.

But back to your point. It's not really purely political posturing. I'm sure some of it is. But these hospitals are trying to stay alive, and they can get three times the reimbursement for a COVID death. Well, my gosh, of course they're going to mislabel them. You're hearing stories all over the place where even they'll go to sometimes life, and a fireman says, "Yeah, call that a COVID-19 death." They haven't even been tested, right?

Our death rates are much higher because no one's holding anyone accountable for doing things like that. And then you've got the doctors out in, what, the ER in California with that viral video where they were saying things like, "Look, someone might have COVID-19 and they might die. But they didn't die of COVID-19. They died because they smoked cigarettes for 55 years. They have COPD, emphysema, diabetes, they're basically a healthcare train wreck, and then they get COVID. That's the straw that breaks the camel's back. But if they

didn't have all of those comorbidities, they'd still be alive." You know what I mean?

The death [crosstalk 00:17:58].

Ryan Morfin: Absolutely.

Jackie Deason: ... different than the death chances for a different person.

Ryan Morfin: Well, and the nursing homes too, if they're a government payer, I think they get something like 40 to 50% higher monthly rate if they think the person has COVID. Yeah, the economic incentives are perverse to overestimate the data, I agree with you.

You brought this up on the YPO call that you just joined. You got kind of a very hostile reaction similar to the President from that Yahoo News reporter who came at him with some wrong numbers, wrong statistics. And a lot of the journalists just kind of quote each other from an echo chamber, but don't go into the underlying data. Maybe you could, because you deal with the media a lot and you deal with policymakers, maybe two questions. One is which journalists do you think get it right? And then two, how do we fix journalism to start going back to facts versus conjecture and partisan kind of viewpoints?

Jackie Deason: I tell you what, because of the First Amendment, which I treasure, people can say anything they want. There's no accountability, including for lies. The only accountability there is for lies is if you're selling something, you commit fraud, or you defame someone. Aside from that, it is a free for all, and the idea is because I am a constitutional lawyer, even now, the idea is that we have a marketplace of ideas and the majority of the people will be smart enough to know who to listen to. That's as good as it gets. There will be no fixing the press, especially if they're permitted to get things like bailout money, like NBC did back in the day. Government money going to press, really, really bad idea. And creates poor incentives. But to who I trust, when I'm going for my news, I go to the Wall Street Journal, Fox Business depending on the issue, and RealClearEnergy because you know I do energy environment for a living.

And I really think that presidential press conferences can be very confusing because I have my doubts about Dr. Fauci. I used to think he was amazing. Over time, I think that what happens is you take a pandemic, which is by definition a threat to our health. And so, you put somebody like Dr. Fauci on it makes sense, but what about everything else you have to worry about in this pandemic? Like the economy, like these other deaths I'm talking about, and I just feel like all that gets left out of the press conferences. I mean, I think they're good. I watch them.

But for example, why... I guess, I don't watch them every day. Maybe the President is doing this, but why is the President not telling everyone that

Governor Cuomo says there's a less than 1% fatality rate in New York, despite the financial incentives to over document COVID deaths? Why isn't that a headline everywhere? Everyone should know that. I should not have been attacked on a YPO call by CEOs who should know better telling me that I just didn't know what I was talking about. What they're really saying is Governor Cuomo doesn't know what he's talking about, and he's the guy holding the data.

Yeah, the fact that I would get such a hostile audience for sharing, they're not my facts, but they're reported. I don't know. Anyway. I believe Governor Cuomo when he says this. I just do. I don't believe everything he says all the time. He's not my favorite governor, but he's in the middle of it, and he's the chief executive. The buck stops with him. And he doesn't have a [inaudible 00:22:03].

Anyway, I just... Yeah, it was a very bizarre hostile reaction that I got from the CEOs. And so, there were only a couple of them that came after me. But I was told after the call that one of them was a rabidly liberal New Yorker who really just got mad because I was, as you might have heard, criticizing pretty heavily the New York City chair of their health committee for their city council who deserves it. And I mean, every American should know what that man did. This is not Governor Cuomo. Their health committee chair, at the end of February, goes onto Twitter and says, "Let's all meet up in Chinatown to show defiance for this coronavirus scare." Those are his words. "Defiance, coronavirus scare, and show solidarity with the people of Wuhan." And so he shows photographs of people in Chinatown, and they're packed in there shoulder to shoulder like sardines knowing there's a pandemic on the way.

The President about 30 days earlier had shutdown travel from China and declared a national health emergency over the pandemic, and I just felt like what the New York City health official was doing was turning up a metaphorical middle finger to the President and his advice. I mean, I still believe that.

And so, that political correctness, which is completely inappropriate for a health official. They should stay out of politics. They should only care about what's best for their people.

I think it's reasonable for New Yorkers to rely on the health official. I don't blame the people who went. He told them they should be there. And at the same time, Nancy Pelosi was telling the San Franciscans the same thing. And as we know, San Francisco became a hotspot according to Reuters and others, and New York City is famously a hotspot too. I can't help but believe that that kind of leadership is responsible. Mayor Bill de Blasio is doing the exact same thing.

And so, I mean, one of the CEOs attacked me is that I was saying that New Yorkers deserved it. Well, no I wasn't. My criticism is for the leadership. I think New Yorkers have the right to rely on their leadership. He's the expert. He says it's great. He was there himself. I don't think that they were being reckless, but I do think people who had responsibility were. And so, I'm saying the hotspots are not random.

Ryan Morfin:

Well, I think you're bringing up a point about leaders need to take some accountability, and on the flip side of the coin too, I mean, even the protesters in Michigan who are showing up in very close quarters protesting without masks on. There is some undeniable facts. There is a virus going around, there's a pandemic. And yes, people want to get back to work. But I think as we go through this kind of experimental phasing in back into the economy, I think it's important for individuals to take some ownership of their health and still get your point across, still go to work, get back commercially viable, but be cautious and careful about not only yourself, but your neighbors, and spreading this community spread.

One question for you is, and I don't know if you're hearing this conversation from policymakers that you advice, the R factor, community spread as a monitor tool to turn the light switch on or off for kind of shelter-in-place guidelines locally, are you following that and do you have any thoughts on that?

Jackie Deason:

Yeah. In Texas, where I am, so I'm paying the closest attention here, and also in Ohio where I'm from because my family is keeping me up to date on what Governor DeWine is doing, which is quite restricted compared to what we're doing here. Very different approach.

Here, we can go to museums, libraries, restaurants, whatever, as long as we're in 25% capacity and no more. I have a map of Texas that shows all of the counties that have no COVID-19 cases at all. It's a lot of them. It's a whole lot of them. I'm not sure that those places need to have a blanket policy like we do here in Dallas. I mean, Dallas/Fort Worth is one of the most congested metroplexes anywhere. Clearly, and then the northeast corridor, like New York and New Jersey. That's a different story. I totally understand why they would behave differently.

I think this is why it's important to let the governors decide, and frankly, I even like local initiatives. I don't like the way that the Dallas authorities have decide things, but overall, the government is best that governs close to home. They know what's good for their people.

I mean, if you look at Texas, you can fit just about the entire continent of Europe into the state of Texas. This is a huge state. And most of it is quite naturally socially distanced since the beginning of time. I don't understand why we need to have a one size fits all policy, especially for a state this size. I mean, if you're Rhode Island, okay.

Think about this. The state boundaries are arbitrary, right? The state boundaries are totally arbitrary. Texas and all the way up to Colorado used to be Mexico. We drew up lines because of wars, because of conflicts, because of Louisiana Purchases and things like this. I don't understand why we should follow these lines that are from something long ago when really we can be looking at what is this region's assets? What is the population density? Can it handle an outbreak if it does happen?

And so, I think Texas is trying. I know there's an effort here to have the different parts of the state treated differently, and I think that you're not going to see a whole lot of that. Most people default to the governor being in control. There's a reason for that, right? I mean, legally the people don't realize this, but the governor is the tip of the sphere most of the time. It is the role of the states to see to your health and safety, not the federal government. It is really not Donald Trump's job to tell the governor of Texas how to protect Texas. It's his job to keep threats from coming from other countries through the border, and then interstate traffic, he has a role in that. An educational role, a coordination role, but the truth is that under the law, the governors are in charge.

Ryan Morfin: Well, you brought up education. I want to hit on that. But I mean, before we go to education as a cost, I've got some thoughts that I'd like to ask you about policy-wise. Are you having those conversations about making it more regional, more granular, turn on, turn off conversations? Because I do think you're right. I think the best way for us to leverage back into the economy is to let the people go back to work where there's no activity, and then try to quickly quarantine and take control of a site that's got an R factor greater than one.

Are people starting to get that granular in their approach?

Jackie Deason: Oh yeah. Yes, definitely. Because I mean, if you look at, as I say, if you look at Texas, I'm seeing spades of the state literally have taken an hour to drive across, and there's no COVID-19 there as far as we know. Their medical assets are not being taxed whatsoever. It just seems silly at this point to tell all of them that they can't go to school and they can't work their jobs.

And by the way, we know now some things that we did not know before as I was saying. We have studies coming out of Switzerland, Netherlands and Iceland showing that kids are very poor transmitters of COVID-19. I actually get a great email from Steve Moore called Prosperity Unleashed, and he shares information like this.

But in one case, they said that there's not a single instance of a child infecting parents, at least in Iceland, a country of only 400000 people. Maybe that makes it easier to track, I don't know. But Switzerland says the same, Netherlands says the same. That's I think a big change from what we used to believe. I remember being briefed by people out of Washington early on saying, "Hey, kids are not going to die from COVID-19, but they can transmit it to grandma," and that was the big concern. Turns out that if the Europeans are right, that's probably not the case.

Ryan Morfin: No, there's a lot of analysis that needs to go on. But going to this children aspect of this, the kids that aren't going to school, they're being schooled at home or on I'll call lack... it's not for lack of best efforts, but the outcomes leave a lot to be desired, and I guess the question is what do you think the cost could be or should be? How should it be evaluated from a policymaker standpoint as there's a lot of kids who, for the last month, two months, rest of the school year, aren't

going to be getting their educational requirements fulfilled? Are we setting them up for failure? What are your thoughts on that?

Jackie Deason:

Education is not my area, but I know I've been watching a lot of traffic in the email specifically on advising the governor of Texas on what to do about schools. I'll tell you. I think that you would see dramatically mixed results as far as a period of homeschooling goes. There are some kids who will do dramatically better with one on one instruction with their parent who's involved, invested and cares, making sure this happens. And then you're going to have kids who have parents who do not take that attitude. They shouldn't be penalized for that.

I think you're going to find the data is very mixed, and the question is we have in developmental psychology these concepts of critical periods. There are critical periods for the development of the human brain. Most of them happen between the ages of zero and six, and you have growth spurts. And in those growth spurts, you have to get the stimulation that you need to expand that part of the brain, whether it's vocabulary, or basic math, or whatever. If you don't get it at the critical period, you're probably never going to get it. Things like language acquisition, stuff like this.

And then, there are more. It doesn't end at age six. There are others. And so, for those people in those periods, they're going to have a higher consequence if they're not adequately stimulated. And so, I really think getting the schools back in session is critically important. I mean, now we're headed into the summertime, so maybe it's less relevant. For now we can table that conversation a bit. But in the fall, for crying out loud, if the Europeans are right, and I don't have any reason to doubt the quality of Swiss science for sure, then we need to send the kids back. It's good for them psychologically, socially, and the parents want them to go back. I promise you that. If I'm hearing that, people are like, "I can't do this anymore."

And by the way, there are a lot of parents who are not capable of tutoring a 17-year-old in trigonometry. It's just not going to happen. I'm strongly in favor with the kids being the safest demographic from this virus, strongly in favor of getting them back to school.

Ryan Morfin:

Yeah. I think teachers appreciation and value have gone up in most value across the country given the lack of school.

Well, shifting gears a little bit on energy policy, I know that's an area that you're an expert in. It's a very dynamic period of time right now in the energy markets. The supply war between Russia, China, trying to maybe squeeze out marginal producers in America. What are your thoughts of what's going on and what's your view of kind of the outlook given that a lot of this demand is kind of slipped away?

Jackie Deason:

The biggest concern for oil and gas producers here in Texas is the response to this coronavirus which is creating an artificial depression of demand. I mean, that for them is the end all, be all. Interestingly, very few of them are talking about Saudi Arabia and Russia warring against each other because the virus is just positive to their demise. If we don't get this economy moving, we lose our domestic industry in large part. These people cannot survive. Transportation fuel is still 90% oil derived, and we're the number one oil producer on earth. When the price is right, people don't realize that. The Shell Revolution [inaudible 00:36:02] Saudi Arabia and Russia, and they've been trying to figure out a way to make us less the competitor since the beginning of the Shell Revolution. And so, sure, Saudi and Russia are kicking us while we're down. There's no question. And people who are in the business who deal with those countries really don't like me talking like this, right?

They will say, "No, no, see they're warring against each other. It's not that the Saudis are trying to harm us, they're trying to harm Russia." Well, they're trying to harm us both because we're both competitors. They're absolutely is no comradery or brotherhood that they're showing toward us and saying, "Oh, I really hope we don't have collateral damage with the American energy producers." No. That's not what they're saying. They tried to kill American energy back in 2014 by driving the price down, and there was a record number of bankruptcies, but we came back stronger. We produced cheaper. The strongest companies survived. Some of them went into bankruptcy, they came out with clean balance sheets stronger than before. And so, maybe the Saudi strategy did not recognize US bankruptcy law and how it works. I don't know. But we survived that one.

We can only survive this one for so long. And this is really our government's policy depressing the economy, keeping us at home instead of traveling wherever we need to go for work or whatever. We have to open the economy if we want to save our energy sector, and we have to do that because otherwise, we become dependent again in large part on hostile foreign regimes that do not have our best interests in mind.

The members of OPEC generally are dictators in countries where the government owns all of the oil and natural gas. This country is amazing because millions of Americans own the oil and gas, whether it's the land owners or it's the pension holders whose pension is invested in oil, or your IRA is invested in oil, or whatever. Millions of us own that and benefit from that.

In the state of Texas, every school district gets oil money. The state rainy day fund has billions of dollars sitting there from oil money. In a bad year, during the last downturn, the University of Texas and Texas A&M got \$200 million annually in oil royalties in a bad year. There's so much benefit, especially to an oil and gas production state. And by the way, there are 36 of those. People tend to think of Texas or North Dakota. Actually, there are 36 states that produce fossil fuels. I guess maybe if you're throwing in coal too, or some kind. And so, that's a

benefit. States like New Mexico practically live off of oil revenues and that's it, and natural gas. I think it's far more than half of their budget.

We can't afford to lose this. It's 10 million American jobs. We have this amazing energy, it's not independence really, but it's energy security. Our imports have gone down from a record around 2005 of our height at imports to a low, and now most of our foreign oil is coming from Canada, not OPEC, which is great. Canada, stable regime, relatively friendly, not going to be a state sponsor of terrorism against the United States like some of the OPEC members. It's great. I love trading with Canada.

I'm not against trade. I'm not against foreign oil. By the way, after Canada, Mexico is a huge provider to the US and Colombia. We're kind of a western hemisphere consumer now. OPEC is still in there, Saudi Arabia bought our largest refinery in Port Arthur, Texas in 2017. I think things like that are really bad, and my pre-market friends, which I consider myself thoroughly free market, but I get booted out of the club sometimes for some of the things I think about strategic commodities like oil. I think that CBS, the federal agency that's supposed to be protecting things like our port security, uranium trade, and strategic assets like our largest refinery should be stepping in and saying, "Wait a minute. We don't want to be checkmates on something that we need to survive."

The US military is the largest consumer of fossil fuels worldwide as a single institution. Do we really want to have to look to state sponsors and terrorism to fuel our military? No. This is so simple.

Ryan Morfin: Well, no I was going to just mention that. I mean, do you think now is a good time for the US government to be expanding a strategic petroleum reserve since prices are so low?

Jackie Deason: I mean, it would be hard to argue. I think we do need a strategic petroleum reserve because... Some people think we don't because we have so much oil in this country, but guess what? Foreigners can come buy up that oil, especially right now. If I were them, that's what I'd be thinking. Yes. The US should buy and keep in reserve a strategic reserve, and like Trump was saying, when's a better time to buy than now for the taxpayer? I think it's great. And it does take some of the oil and store it there because we have a major storage problem as you know right now, which is part of what's killing everyone out here. So sure, by all means, buy it cheap. If you have to sell it anytime, sell it high. I mean, it's just basic stuff.

Ryan Morfin: It's interesting. A lot of these OPEC countries have these sovereign wealth funds, and it seems to me if we were ever going to do something like the Alaska Permanent Fund for these kind of special opportunities, this is the time for the US taxpayer to make a fortune by buying oil reserves, buying mineral rights, buying distressed assets. Is there any talk going on about setting up a vehicle

with treasury to just gobble up some of these assets? I mean, this is a once in a generation's opportunity to grab assets for the US government.

Jackie Deason:

The answer is yes. And some of that would be purchasing assets that remain in the ground. [inaudible 00:42:37] get produced, and so this isn't just oil and it's sitting in a pipeline somewhere waiting to be purchased as if to go to a Chevron station or something. This is minerals still in the ground. Just as you would if you went to the [inaudible 00:42:55] conference or something. And so, yeah. I think it's a good idea because you can look at it a few different ways. A lot of people don't like the government competing with the private sector, and I agree with that most of the time. Here's the problem. The government here is a market participant in that it's a consumer, a huge consumer of oil and gas. And as a market participant, even a state can discriminate if it wants to and say, "I want to buy my own state's oil versus other states." There's nothing wrong with this. This isn't America first energy policy I'm talking about. Why on earth when we're drowning in a sea of oil here and natural gas, why on earth should we go anywhere but here?

I want to say something too about the cost because the free market friends of mine, I hate saying that because I'm a free marketer myself. They want to look at me and say something like, "How can you justify such nonsense? The Saudis can lift their oil for \$2 a barrel. You can't lift it in West Texas for less than..." They'll throw out a number. It actually varies a lot depending on who you're talking to. But somewhere between \$20 and \$40 a barrel. Okay, terrific. And then I say to them, "That's right. If you believe the Saudis." But what about the cost of shipping that oil across the ocean? You think that's not billed in? What about the cost of securing that oil in the Middle East?

I saw a study showing between 2000 and 2012, United States taxpayer paid \$5 trillion with a T, trillion dollars to secure Middle East oil. We had to deploy, as you know, more than half a million Americans at a time to be boots on the ground over there, and lay down thousands of American lives. Okay. Do you think we're going to have to pay \$5 trillion to move the military around the United States to secure the oil supply here? Are we going to have pay money to ship it across tankers? No, we're [inaudible 00:45:08] in pipelines that are already there, over two million miles of pipelines. We have military bases all over this country we're already paying for. We already secure our oil supply.

If you took that \$5 trillion I was just talking about and you averaged it over the cost of every gallon of gasoline, it adds \$1.20 to the cost of every gallon of gasoline sold between the years 2000 and 2012 or 2012. That's a lot of money, and nobody's counting that. See, it's a methodology issue. When someone is just talking to you about lifting costs, I think that's highly deceptive, or at least badly under informed as far as the total cost of what Middle East oil is to us.

Ryan Morfin:

That's, I mean, exactly the point we were just talking on the healthcare policies, trying to determine the total cost of a posture that we take with given a policy, and it gets complicated. I think a lot of accounting gets thrown out the window

because it's not beneficial to the outcome or it isn't part of the narrative that they want to go with.

Really, two quick last questions for you, three quick last questions. Has there been a lot of new reserves found in Syria? Is that why Russia and the great powers are intervening there?

Jackie Deason:

Oh, well I promise you that's why Russia's there. Sometimes it's not really about new reserves all the time. It can be about something as simple as pipeline routes or just... I mean, the Russians were kicked out of the Middle East for so long because of us, and everybody wants to be there, whether it's Syria or it's Syria's neighbors. Yeah, Saudi Arabia. Think of it this way. Saudi has the big pot over there. Big Sunni power. Then Iraq in the center, a strange mixed Sunni and Shiite power. And then you've got Iran, which is also monstrous in terms of production. Those are the top three countries in OPEC in production, and Iran being a Shiite power.

Well, think about it. The Shiites occupy the oil-rich regions of many countries over there. The Syrians are aligned with the Iranians, a Shiite power. It's very easy to ignite sectarian divisions in that part of the world when it's convenient for some people. I mean, for most of our lifetime, if you're Russia, you are a petro state. You live or die by the price of oil and natural gas. Well, so does OPEC. They have this in common. For all of our lives, for at least since 1960 when OPEC was created, all you needed to spike the price of oil and line your pocket as a petro state dictator is a little civil war, a little skirmish, or a big war.

And so, there was a lot of incentive to cause problem. And now with the US Shell Revolution, for the first time in our history, my history of being alive, whatever they took off market for a civil war or whatever, we can put right back on and take that market share. Well, they can't have that, but they're going to do anything they can to put a stop to that. Because I mean look around, you ask yourself, I mean, how many wars does it take now to spike the price of oil? Look at the Middle East since the Shell Revolution began. You had stuff springing out. I mean, everything from ISIS in Iraq and Syria, or the fighting in Yemen, the attacks on Saudi oil fields. Then a whole lot of weird stuff going on in North Africa that probably the Iranians are [inaudible 00:48:55] up for their own reasons.

And yet, the price of oil wasn't spiked. That old trick doesn't work anymore. These bad guys can't just sell arms into a region, send some militant down there to brainwash everybody and set off a match, and then kaboom, the oil price goes up and they all make money. They can't do that anymore, and they hate that. They hate that. For as long as America can produce, it doesn't work anymore.

I really think that [inaudible 00:49:26].

Ryan Morfin: That's energy independence right there. That's energy independence for sure. One question, and I don't know if these kind of longterm projects are thrown out the window given pricing today, probably are. But what is your view on the arctic? Are there tremendous reserves there? Or have technology costs come down to extract? Why is the arctic such a valuable, geopolitical chess board right now?

Jackie Deason: I just interviewed a friend of mine who is from my little hometown in southern Ohio, and he just became the president of the trans, the Alyeska company, right? The pipeline development company up there. And he's the former chairman of the pipelines and hazardous material safety administration. Pardon me.

Alaska's actually been off my radar screen because I'm a Texas kind of controversy girl. I talk about fracking, and pipelines, and endangered species, and things like that. I have not been focused on Alaska at all. But from what he's telling me because he just went up there and became the CEO, he's feeling really good about life and how things are looking. As you know, you have a President right now who is pedal to the metal when it comes to any American strategic advantage. He's not shy about doing things that others wouldn't.

And so, Alaska has a big ally in the President right now. That might not be true, right, in November. We could have a changing of the guard. And Alaska is like for whatever reason, for decades now, one of people's favorite political footballs because I think it's had so much coverage among the activist groups. It doesn't need a lot of explanation. You say Anwar, people have a knee-jerk reaction. It's very convenient for it to be politicized. If your current President is reelected, he'll let things proceed. If he's not, I would be less optimistic about Alaska.

Ryan Morfin: Well, I guess one other question given that you were legal counsel on the subcommittee on the Constitution in the House. Question for you is as Americans, how should we be looking at the balancing of we'll call it the people who are protesting and being told when they can and cannot shelter-in-place, contact tracing, privacy around that. What are some of the civil liberties that we think may be at risk right now in your opinion, given some of the policies that are going on globally that we should be aware of right now?

Jackie Deason: I think there's a huge risk to civil liberties. It's exactly times like this where people have a lot of fear, or times like after 9/11 where people have a lot of fear. Or times like the Civil War, where people have fear of soldiers storming their backyard. That's when people will choose their security over their freedom because they think they're doing it for just a certain amount of time. And it is necessary to survive. Often times, it's actually not. Right now, it certainly is not.

There's not a lot of precedent on the books that's directly applicable because right now what you're hearing from democrats and republicans is that they just have emergency powers to do just about anything they want. I mean, we had an

official down in Houston issue the most outrageous order I've ever seen where she was going to fine people \$1000 if they weren't washing their hands in their own houses and if they touched their face. Okay. I mean, the wheels have come off completely, right? Thank God there was a freedom-loving Houstonian, and a doctor, who challenged it in court, and it was immediately knocked down.

We have courts, thank God, that's why they're there. They're a check on those executive powers. And so, that was a good result. But unfortunately, we actually have to go to court and stand up and fight for it all the time. It's a nonstop thing.

I would tell you a few things. Number one, your Constitution does not permit a lot of what's going on right now. It does not. As I said, I mean, when was the last time we had a pandemic like this where we could look to court cases that ruled on the constitutionality of things? I don't think that World War I is directly applicable. It's a different world completely. We didn't have GPS tracking on your cell phone and things like this.

But I would implore Americans, please thinking this through to protect you, and to protect the vulnerable members of our society like my grandmother, right? Who's 86-years-old. She smoked for 45 years. She has COPD. I don't want her to die. What is the best thing for her? It's not that the governor of Ohio fine her for touching her face, which by the way, Governor DeWine would never do. But I'm saying laws like that don't protect her. What protects people is they have to take responsibility for isolating themselves.

My grandmother needs to decide, and she has, she hasn't left her house in two or three months. She's not going to. That's her responsibility, and that's what she's going to do. And we don't go over there. My dad will drop some groceries on the front porch and leave. That's the way that vulnerable people need to live.

What I'm saying is American individual choice is the key to protecting us, and I think that we've all got the message because there was a poll that came out from [inaudible 00:55:31] like three weeks ago saying that 72% of Americans claim they're not going to go to a sporting event until there's a vaccine for COVID-19. Well, that tells you that we kind of... Yeah, I mean that shocked me. But what it means that there's a significant amount of caution, there's a lot of education that's happened. People care. They're making cautious decisions. We're safer trusting Americans to do the right thing.

The one exception to what I'm saying I think is let's imagine you're in an assisted living facility or a nursing home and you either have dementia, or you're in a coma, or whatever. You're not fully in control of your own decision-making environment. I think we need special protection for people who are unable to, who are wards of the state, or who have guardians. Those people need heightened protection because they can't decide for themselves, and it's not an insignificant number of people I'm talking about. In those kind of situations, I feel bad about it.

But the flip side, if you're a... I had this discussion on my show this week. If you're an 85-year-old grandmother and you're healthy right now, you might believe you've only got one or two years left to live. Maybe you want to spend those years with your grandchildren and your children and the people you love. Maybe it's more important that you spend your last days with people you care about than you be protected from a virus that might or might not ever really kill you. I just feel always it's wrong to decide for people what's important to them, and I think freedom is worth the price that some people might decide things that are not in their own best interest. Let's keep the freedom for the rest of us and let everyone decide.

Ryan Morfin:

Yeah. No, there's been horrible stories about people who otherwise would have had another few days with loved ones in hospice not being able to go out of the hospital, and dying alone. Just like I think the President's offered up the right to try experimental drugs, I do think these types of individual choices, especially in conversations around life and death, really do need to be protected at the individual level.

Final question for you, Jackie, is what books are you reading? What's kind of shaping your views and what makes you optimistic over the next three to five years in America?

Jackie Deason:

Okay. I'm always reading lots of books at any given time. In fact, yesterday I cleaned 200 books outside of my 3000 that I won because I have to do the dusting on them, keep them preserved. There's a science to that.

Let's see. I'm reading some nutrition books. I won't bore you with that, but I'm learning how to have good habits now that I hope will serve me for the rest of my life. Nutrition and biochemistry is one of my hobbies on the side.

I'm reading The Plant Paradox, which is pretty cool. I've got Robert Bryce's book I still haven't finished, which is all about the rollout of electricity around the world and how it lifted billions of people out of poverty. I mean, billions. When you and I were kids, you'd watch those marathons for Ethiopia, fundraisers for the third world, just this horrific poverty. And that kind of poverty has gone down. I don't have the percent in front of me. I think it's greater than 80% since 1970. I mean, it's shocking advancement for human kind, and it's really because the rollout of power, and right now with technology as it is, the only way you get that is with fossil fuels and nuclear energy. You cannot power the world on wind and solar that way right now. I'm not saying you can't later, but I'm just being quite honest. I used to be in the solar business. Right now, the technology is just not there.

Anyway, I'm not going to speak for Robert Bryce, but it's a very cool book that I'm reading. What else is here? Stealth War, which is all about China and us. That's going to be taking on a lot greater interest than in the past.

You ask why I'm optimistic. Three to five years from now, we're going to have learned some lessons from what has happened here because we will survive this virus. I'm quite the optimist on that. We're going to look back at the critical moments that we have like right now and ask, "Did we make the right decision for lives," and for when I say the economy, I'm talking about people's livelihoods and their future, their future. This isn't just fat cats on Wall Street. This is everybody.

And so, I really think that we're going to make some basically the right decisions. I'm actually feeling pretty good about how things are going between now and November. After that when there are new governors and there's a new President maybe, and there's... I don't know what decisions we'll make. But for right now, things are going pretty well.

I also think that we have a growing world population still. The fundamentals are still strong in terms of more people, more demand, and the people who are already here are going to demand more over their lifetimes, right? You're in China or India, you might be a poor person, but those populations are getting richer all the time. They're going to demand a more modernized and a more motorized lifestyle. And what that means is energy demand will stay strong, so demand for oil, demand for natural gas, I don't care what anyone is telling you, I don't care who's talking, the demand is going to go up. Just like it's always gone up until coronavirus. We're going to turn the corner on this.

Oil and gas is still a very good business to be in as far as demand side, and the truth is the most strident environmentalist does not want to live one single day without fossil fuels. They couldn't do anything that they do including use a computer, which is made of oil, or send an email, which has quite a carbon footprint to it, by the way, when you look at the servers that have to send that email around. It's just a dose of realism.

The truth is we're all in the same camp when it comes to enthusiastic use of fossil fuels and nuclear energy. People who don't like my show, which is very pro energy, in fact agree with me completely. I can tell by looking at them because they're wearing clothes made of polyester and other oil products.

[crosstalk 01:02:18] right? If you're in the business, if you can hang on and stay alive for another year, this is going to be tough for a lot of American producers. I'm not optimistic for all of them, especially if they're heavily indebted, but I'll tell you what else. There are a lot of people here in Texas who are buying assets right now, right? This is a great time if you've got the money to buy them up because you can buy them cheap. And they're going to pay off later. I'm optimistic for that. That means I'm optimistic that people around the world would continue to come out of poverty and have a more civilized and wealthy, not just wealthy, just plentiful or meaningful existence with opportunity economically.

Ryan Morfin: Well, I think it goes without, people would rather an average Joe today than a king in the dark ages, so we are living in gray times. My mind was just running as you said the carbon footprint of an email, that's an interesting conversation, but Jacki, we thank you so much for your expertise and sharing your policy ideas with us. And we'd love to have you back on the show in the weeks and months ahead.

Jackie Deason: Anytime. It's been a lot of fun.

Ryan Morfin: Thanks, Jacki. Talk to you soon. Bye-bye.

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