YOUNG VOICES

Young Voices Review

Inflation, the Supply Chain, and China

Perspectives on the American Economy



Plus: Media Spin, Chip Shortages, Diplomatic Decoupling, and the Monster Dorm the Internet Hates

Letter from the Executive Director

Dear Supporter,

Welcome to the first issue of the *Young Voices Review*!

At Young Voices, we are eager to highlight the important work our writers and commentators do promoting the message of liberty in the media. You should already receive our biweekly media roundup by email, but clicking links isn't quite as satisfying as holding a physical product like this in your hand. That's what motivated us to start the *Review* – for our friends and partners to see and feel the impact of their support promoting liberty.

Each issue will feature a curated list of what Young Voices' editors believe to be our highest quality publications from the last quarter, printed in full. We'll also include a roundup of our best broadcast hits with Bitly links to easily watch the full clips online.

In these pages, you will read about pressing issues of our day including the pernicious inflation the United States is experiencing, the supply chain issues with semiconductor chips that threaten to disrupt the tech world, and a proposal to counter China's human rights abuses through decoupling rather than war. As always, a full list of every one of Young Voices' media hits is available at our website, young-voices.com.

Here's to this first edition and many more!

Sincerely,



CASEY GIVEN
Executive Director



Editorial Note: As a nonpartisan organization, Young Voices does not endorse specific legislation or politicians. The views expressed by our writers in this issue and elsewhere do not necessarily reflect those of our entire network. In the spirit of free speech, Young Voices seeks to facilitate a healthy policy dialogue among our writers and the public.



NATIONAL REVIEW

The Beltway Inflation Spin

BY DANIEL CHANG CONTRERAS

NOVEMBER 22, 2021

Weeks ago, former White House Council of Economic Advisers chairman Jason Furman tweeted that such economic issues as inflation and supply-chain disruptions were merely "high-class problems." The contention was just as shocking then as it is now. Worse yet, though, the tweet was later shared by none other than White House chief of staff Ronald Klain.

A few days later, press secretary Jen Psaki shared a similar sentiment by mocking concerns over the increasingly chaotic supply chain as "the tragedy of the treadmill that's delayed." Transportation secretary Pete Buttigieg went even further, suggesting that the shortages are actually a demonstration of the success of the Biden administration's economic plan.

Most recently, *MSNBC* tweeted – and then deleted – a post titled "Why the inflation we're seeing now is actually a good thing." Although the headline has since been changed, the article, by opinion columnist James Surowiecki, is still live on the site. Here, again, we find the notion that the inflation scare is being overblown. Surowiecki evidently conceives of inflation as being a consequence of the post-COVID economic recovery, reinforced by the fact that the COVID recession left most Americans in far better shape financially than is usually the case after a downturn:

"As people shift[ed] their habits drastically in response to the pandemic, they spent much less and saved more. Even though millions of Americans lost their jobs, enhanced unemployment benefits and stimulus payments left many of them better off, not worse. And the stock market, after initially falling, boomed."

And so:

"American consumers are, relatively speaking, flush, and it's that strong demand for goods and services that is sending prices higher. But it's taking manufacturers and food producers time to increase supply after cutting back production during the pandemic. When you have high demand, and relatively low supply, prices go up. The inflation we're seeing is not, then, some mysterious affliction that's descended on the economy. It's the predictable product of the economy's rapid recovery, and its costs have been offset, to a large degree, by robust wage growth and government policies."

While the thrust of that economic argument might be true, the fact remains that asking people not to be too concerned – "sort of concerned" will do, apparently – about rising prices, which is arguably the most palpable economic metric that people have to face in their day-to-day lives, is somewhat out of touch. Missed in conversations about "transitory inflation," too, is that while inflation rates might be temporary, higher prices are permanent, and not everyone will earn the higher wages necessary to counter the rise.

Contra Furman and Klain, inflation is a problem that punishes the middle class and the poor the hardest, a phenomenon some have called "inflation inequality." And the effects of inflation aren't abstract terms in obscure white papers. They are real, human, and devastating – something that I've witnessed first-hand, as a native Venezuelan. Indeed, I've had a front-row seat to my country's crash course in inflation and scarcity.

You probably have heard the numbers and the stories, hundreds of times – how Venezuela had an inflation rate of more than 6,000 percent in 2018; how the paper currency was worthless; how prices changed constantly; and how the few goods that were in the markets were incredibly expensive. All of that is true. For example, when my family bought our apartment back in 2015 the cost was about 5 million bolivares, a very large amount of money; however, the last time I went home, in 2018, one bottle of Pepsi was 2.5 million bolivares. Consider that: In three years' time, 5 million bolivares went from buying a house to buying two bottles of Pepsi.

Thankfully, my family was able to weather the heaviest blows of inflation. But the vast majority of Venezuelans were not so lucky. Extreme poverty rose to unprecedented levels in my country.

To be sure, the United States is not Venezuela. Hyperinflation will not come to the states, and you will not see the value of your house fall to a couple of Pepsis. While the United States has been printing a copious amount of money – with the amount of money in circulation in the U.S. rising from $15,000 billion to $21,000 billion in barely a year – hyperinflation is a very specific and rare occurrence. It happens when faith in the currency collapses, and it is usually preceded by a severe economic crisis and grotesque economic mismanagement. The U.S. is facing a period of inflation, but one that's substantively different from the conditions that preceded hyperinflation in countries such as Venezuela or Weimar Germany. In addition, it doesn't hurt that the U.S. dollar is still the global reserve currency.

Nevertheless, single-digit inflation still hurts and will hit working families the hardest. We are already seeing a rise in gas and food prices; the BLS reported a 6.1 percent inflation rate in October; energy prices have increased 30 percent from last year; and goods such as beef, chicken, and pork have increased more than 10 percent in a year, too.

Why, then, do Democrats want us to think that inflation isn't that bad? It's simple: They are still trying to get their trillion-dollar reconciliation bill passed through Congress. If inflation is no big deal, then the massive price tag on the "Build Back Better" bill will seem less scary.

Do not let the partisan spin in Washington, D.C., fool you: Inflation isn't just a problem for the "high class." It's bad for all Americans.



DANIEL CHANG CONTRERAS

Daniel is a Political Science and Economics senior from the University of South Florida. He worked as a congressional intern to Rep. Gus Bilirakis (FL-12) from January to May 2020, as a research intern for the William J. Perry Center for Hemispheric Studies in 2021, and as a contributor to *El American*, a digital media outlet. His main area of expertise and interest is in the field of International Affairs and Foreign Policy.

CITY A.M.

When the chips are down: the tiny piece missing from our supply chains

BY ALICE CALDER

NOVEMBER 30, 2021

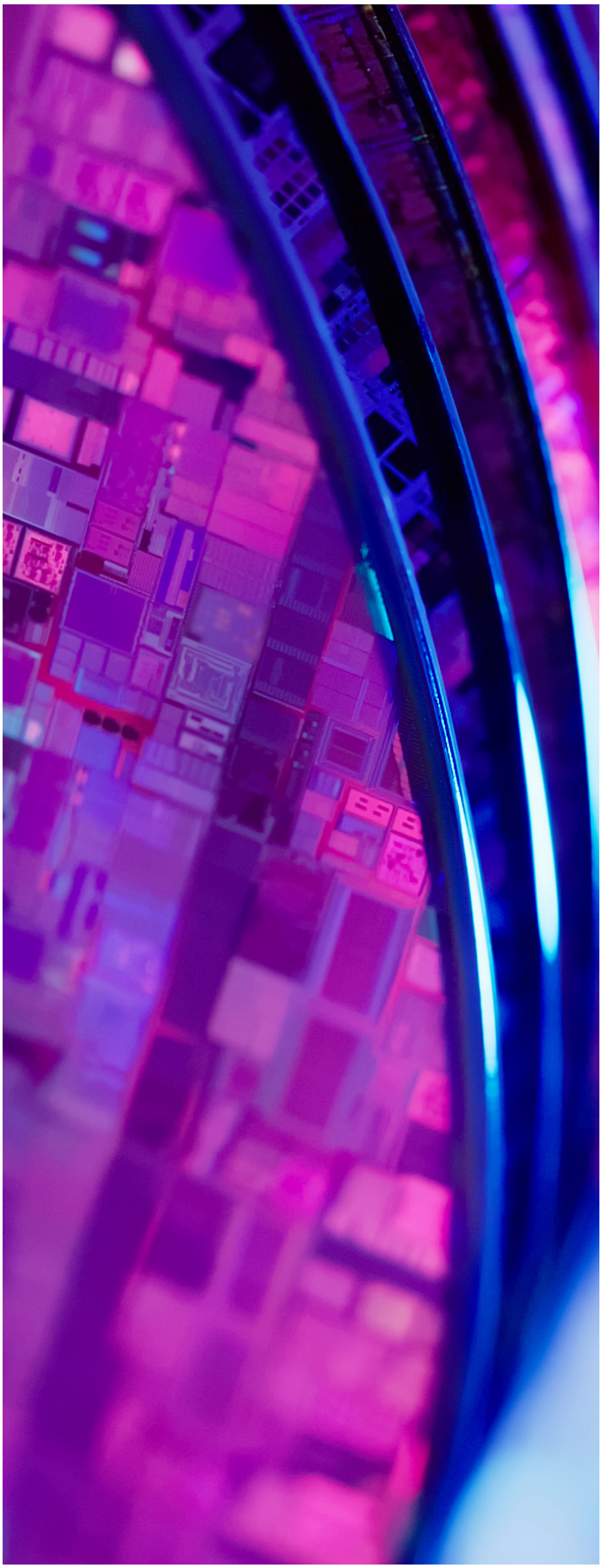
If you haven't already bought your tech gifts this Christmas you may have to come up with some more primitive alternatives for your loved ones.

Chronic shortages of chips, the tiny semiconductors that are essential to a myriad of technologies, as well as high labor and transport costs, mean that Christmas gifts this year such as video games, consoles and iPhones, will be much harder to come by. Retailers and chip manufacturers alike are warning that the situation does not appear to be resolving itself anytime soon.

The chip shortage is a significant contributor to the global supply chain issues that have plagued the world since Covid hit. While the latest figures show that things are improving in the US, supply shortages in the UK and euro area are only getting worse, with the orders-to-inventory ratio at factories and shops across Europe continuing to rise.

The list of goods affected by the chip shortage spans all sectors.

One key industry is cars. According to Alixpartners, the cost of the chip shortage is set to cost automakers around $110bn, with the average vehicle containing 1400 chips. And Elon Musk has criticized the largest chip manufacturers for the supply shortages, which have hampered Tesla



production.

Video game producers have also been hit especially hard, as the chips are essential for their output. Nintendo had to drastically cut its production plan of consoles due to the shortage, and stocks of the next-generation consoles, Xbox Series X and PlayStation 5, have been continually running low since the beginning of the pandemic.

The heavy start-up and running costs of semiconductor plants mean ramping up production, through new competitors, is difficult. Instead a few behemoth firms exist. Most of the largest chip producers are based in Asia, including Taiwanese TSMC and South Korean Samsung.

The US, which once produced 37 per cent of the world's semiconductors and now accounts for just 12 per cent, is fighting hard to regain some of its market share. Bipartisan legislation has been passed by the Senate which includes $52bn towards chip manufacturing and the formation of a National Semiconductor Technology Center to focus on research and development.

The UK on the other hand is, for all intents and purposes, out of the race altogether. Brexit meant the UK missed out on a new semiconductor factory from Intel, who instead decided to focus on the EU market.

The factors driving the shortages have grown out of an environment changing at such speed, without enough time to catch up. The increased reliance on technology prompted by the pandemic caused a spike in demand for devices, from laptops to monitors to facilitate home-working and communication.

While the rollout of 5G increased demand for chips more broadly, demand for new devices which took advantage of the network soared. The current shortage has since had knock-on effects on this rollout.

Last year, the Trump administration effectively banned the sale of chips and other technologies to Chinese tech giant Huawei through to April this year - an executive order President Biden has kept in place. This meant chip makers outside the US were flooded with orders.

There were also a string of other setbacks including disasters in Texas and Japan which slowed production. Simon Segar, CEO of one of the world's largest chip manufacturers, ARM, says that even the billions of extra spending to add capacity won't be enough to overcome these issues.

The ongoing crisis is a stark reminder of how important these tiny semiconductors are to our everyday lives, and of the importance of supply chain resilience and competition. The lack of goods is not the only consequence, as the stability of workers' jobs is jeopardized as factories face having to close while they wait out the storm of shortages.

Billions have been pledged to try and remedy the situation, and get things back to normal. For now, expect longer wait times for the latest gadgets and new cars and a few disappointed faces this Christmas.



ALICE CALDER

Alice has spent the last few years working at liberty-focused organizations in London and the USA and now explores these ideas while travelling globally. She holds an MA in Economics from George Mason University and a Bachelor's in Philosophy, Politics, and Economics from the University of Exeter. She is a regular contributor for *TradeVistas* where she writes on trade policy and trends. Her other areas of interest are economic sociology, development, and the intersection of economics and culture.

FORTUNE

Trade less, raid less: Decoupling lowers the risk of war with China

BY ALEXANDER WILLIAM SALTER

FEBRUARY 3, 2022



America's geopolitical competition with China will define our foreign policy for years, if not decades. History teaches us great conflicts arise when established superpowers jockey with up-and-coming hegemons.

Any war with China, however limited, would be devastating. We should make every effort to avoid it. The best way to keep the peace is by embracing a counterintuitive strategy: less economic engagement with China.

This runs against conventional wisdom. Commercial ties between nations are widely believed to help keep the peace–the more profitable it is to trade, the costlier it is to raid. This isn't wrong, but it's dangerously incomplete. The evidence primarily comes from the era of U.S.-led internationalism after World War II. Statesmen would be wise to take a broader historical view. Thucydides knew commercial appetites and imperial ambitions often went hand in hand. Thomas Jefferson and James Madison understood American trade with the British couldn't keep the young republic out of war. World War I devastated Europe despite extensive economic integration. Peace through trade is simply too fragile a branch to bear the weight of American strategy.

In fact, commercial engagements could heighten the risk of conflict. Elbridge Colby–recently a deputy assistant secretary of defense and a major architect of U.S. strategy–argues Chinese ambitions for Asian hegemony threaten U.S. interests in his book *The Strategy of Denial*. The biggest danger is economic. Asia accounts for 40% of global GDP, and its rapid growth suggests this share will grow.

"From a geopolitical perspective," Colby concludes, "Asia is therefore the world's most important region." If China achieves regional hegemony, it could use its power to build a commercial bloc that rewards vassal states and muscles out the U.S. Cutting America off from this economically vital region could be devastating for U.S. households and businesses.

To protect commercial interests, the U.S. may very well go to war. This is exactly what we want to avoid. If Colby is right, we should consider sidestepping, not punching back. There's no need to fear Chinese economic stonewalling if we economically integrate with other parts of

the world, preferably far outside Beijing's grasp. Public policy should create incentives to do business elsewhere, so the threat of China's economic shutout rings hollow.

The global division of labor is a good thing. It makes us all wealthier. The trick is protecting supply chains and production lines from political interference. We want to redirect these patterns, not destroy them. The solution is simple: raise the costs of doing business with China. Tariffs and capital controls can help.

As a tool for creating jobs or retaliating against foreign trade restrictions, tariffs are nearly useless. There's overwhelming evidence restricting trade lowers incomes and employment. But for disengagement with China, that's a feature, not a bug. U.S. tariffs on friendly nations should be greatly reduced, if not eliminated. Tariffs on China should increase.

Currently, the U.S. taxes Chinese exports at an average of 19.3%. That figure should rise over several years according to a predictable schedule. Again, the goal shouldn't be to punish China for unfair trade practices, but rather to give cost-conscious firms a reason to create wealth in regions outside the Chinese Communist Party's influence.

The logic for capital controls is identical. The U.S. Treasury maintains a blacklist of companies involved in the "Chinese military-industrial complex." American investors are currently prohibited from taking a stake in 60 Chinese conglomerates. This blacklist should be greatly expanded. As Andrew Stuttaford, editor of National Review's Capital Matters section, wisely argues, "Prohibiting any U.S. investment in Chinese technology companies... must be a priority." As with tariffs, this should occur gradually. We must balance depriving Beijing of capital with giving investors time to adjust. The purpose is reorientation, not punishment.

Let's be clear: These adjustments will hurt. Contrary to the neo-mercantilism currently popular on both the right and left, this strategy would cause material hardships. Restrictions on buying and investing will reduce the purchasing power of Americans at a time of surging inflation. These measures may pinch, but they pale in comparison to the misery a future war with China would cause. Even winning wouldn't spare us the wartime deprivations we hoped would be a thing of the past.

Mr. Colby's recommendation that the U.S. should serve as the "cornerstone balancer" in an anti-hegemonic coalition against China deserves serious thought. If preparing for a "systemic regional war" with China is prudent, steps to avoid war in the first place are even more so.

Redirecting the international division of labor away from China won't make us richer. But it will make us safer and freer. We should take that deal.



ALEXANDER WILLIAM SALTER

Alexander is an economics professor in the Rawls College of Business at Texas Tech University and the Comparative Economics Research Fellow at TTU's Free Market Institute. He is the author of more than 150 academic and popular articles.He is also the co-author of *Money and the Rule of Law: Generality and Predictability in Monetary Institutions* from Cambridge University Press, a #1 best seller on Amazon in Macroeconomics.

Bloomberg

All Hail 'Dormzilla,' the Monster Dorm the Internet Hates

BY M. NOLAN GRAY

NOVEMBER 2, 2021

The University of California, Santa Barbara (UCSB) has a plan to build a new dormitory, and the internet is not happy about it.

Last week, renderings and floor plans of an 11-story building called Munger Hall erupted across social media after the Santa Barbara Independent reported that consulting architect Dennis McFadden resigned from the university's design review committee. In an op-ed for the *Los Angeles Times*, McFadden explained why, calling the building "a misguided experiment that will affect the health and safety of multiple generations of undergraduates who will be forced to negotiate the design's gross miscalculations and unintended consequences."

Many were quick to agree. Architecture critic Paul Goldberger called the proposed building a "jail masquerading as a dorm." Others likened it to a "human rights violation."

But is the mega-dorm – dubbed "Dormzilla" by the Independent, which has been following the story intently – really so bad?

It's true that the proposed design is profoundly weird: The plan is to house nearly 5,000 students in a 1.68 million-square-foot building – the largest college dormitory in the world. This would transform a corner of the UCSB campus into the eighth-densest neighborhood on the planet. Students would get small bedrooms, with eight units sharing a kitchen and bathroom. Much of the building is reserved for common study, dining and recreation



areas. Instead of windows and natural light, most interior rooms would be lit only by porthole-like fixtures. Parking is strictly limited to bicycles.

At $1.5 billion – a mind-boggling per-unit cost of $330,687 – the dorm is partially funded by its mastermind, billionaire investor Charlie Munger, who donated $200 million to the university, with the caveat that his building design must be followed. A vice chairman at Berkshire Hathaway Inc. with a side passion for architecture, the 97-year-old businessman has made similar arrangements at other schools, including Stanford and the University of Michigan. The residence hall for Michigan graduate students that Munger helped fund and design is among the more popular housing options on campus.

And if you can get past its monolithic city-in-a-cube scale, bring the costs down, and hammer out minor issues like fire safety and what to do if the power goes out, Dormzilla is fine.

It's perhaps best understood as an extreme but nec-

essary response to the deepening student housing crisis that leaves one in 20 UC students homeless. As KCRW reported, the problem is especially acute at UCSB, where many students have taken to sleeping in cars and crashing on couches, if not dropping out altogether. The university could soon face legal penalties if it doesn't build more student housing. Dormzilla would help to solve that.

Nor are the proposed living standards particularly egregious. Dormzilla's units may lack windows, but each student gets a private room with a desk, bed and space for personal belongings. (Down at the University of California, Los Angeles, many undergraduates sleep three to a room on bunk beds, and pay handsomely for the privilege.) And for all the stink that has been made over four students sharing a bathroom, this is hardly an unusual ratio for communal living. It may not sound dreamy, but it beats living in a car.

"It's a game of tradeoffs," Munger told Bloomberg News. "If you build a big square building, everything is conveniently near to everybody in the building. If you maximize the light, you get fewer people in the building."

Indeed, say what you will about Munger's architecture chops, but the man has a plan: With its sparse private accommodations and lavish public spaces, the building is conceived to coax students out of their rooms and into the community. That was once understood to be the entire point of the more-spartan dormitories of the past. You go there to sleep and shower, but otherwise, you're out and about on campus. With many new student residences resembling luxury apartments – with astronomical boarding fees to boot – Munger's design is an earnest, if outlandish, attempt to return to that vision of dorm life.

The added irony in all of this is that Dormzilla represents a tradeoff that many urban dwellers understand perfectly well. Like moving into Munger Hall, choosing a dense urban environment over a suburban one often means settling for a cramped apartment and giving up your car, yard and a measure of privacy. In exchange, the restaurants are your dining room, the libraries your office, the bars your parlor, the theater your entertainment room, and the public parks your lawn. In other housing contexts – see Los Angeles' inward-looking bungalow courts – urbanists rightly pine for this space-efficient style of communal living. Is Dormzilla really so different?

Of course, the root cause of this student housing crisis – the reason the university finds itself needing a behemoth like Dormzilla – is the refusal of UCSB's neighbors to allow housing construction. Like so many towns and cities in California, the communities around the university are in the thrall of single-family zoning policies that make multifamily developments all but impossible, forcing students and staff to either live far from campus or pay inflated housing prices. In neighboring Goleta, a segregationist zoning code bans apartments nearly citywide, while in unincorporated Isla Vista, densities are strictly capped at 20 units per acre. The city of Santa Barbara has permitted fewer than 500 apartments over the past half-decade – half as many units as down-and-out Detroit built last year – despite enormous demand. (For further context: Each floor of Munger Hall would have more than 500 units.)

To go out on a limb, Dormzilla is hardly a perfect project. Its location on the periphery of campus is far from ideal. Its costs are comically high, even by California standards. The long corridors seem dreary and repetitive. It's not the dorm that I – or evidently many other people, trained architects or otherwise – would design.

But when you follow housing fights for long enough, you start to realize that there are a million reasons to oppose every new development. This building requires more facade articulation or fewer stories; that one lacks yards and parking. The NIMBY impulse is an unlimited renewable resource, forever coming up with superficially convincing reasons for why nothing should ever be built anywhere. The only way to overcome it is to remain true to one simple fact: We need housing. If we made it easier to build, there would be more to go around. And perhaps some of those new apartments could even come with windows.



M. NOLAN GRAY

Nolan Gray is an advisor for The Center for Market Urbanism and policy fellow at Mercatus in Washington, D.C. He holds a Master's in City & Regional Planning from Rutgers University. His areas of expertise include land-use regulation, development, and urban planning theory.

Young Voices' Interview Highlights

Young Voices Commentators have a lot to say about current events. See below for some particularly memorable hits. You can use the included links to watch the full interviews.



Jason Reed discusses radical environmental protests on the *BBC*. **bit.ly/3HzwwCB**



Jen Sidorova went on *Fox News Primetime* to share her experience as an immigrant landlord and to explain the perils of the eviction moratorium. **bit.ly/3os7o9q**



Satya Marar appeared on *The Michael Knowles Show* for a conversation on COVID and civil liberties in Australia. **bit.ly/3Lt53Fl**



Gabriella Hoffman went on *FOX 5 DC* to discuss small businesses adapting through Covid. **bit.ly/3ow3iNL**



As a guest on *Consumer Choice Radio*, Kir Nuthi expressed her views on antitrust policy. **bit.ly/34F82cO**

Dear Supporter,

I'm Alex Salter, an economics professor at Texas Tech University and a research fellow at TTU's Free Market Institute. I hope you enjoyed my article on US-China commercial relations. America's competition with China is the major foreign policy issue of our time. Now more than ever, we need intelligent and prudent commentators to help guide the national conversation.

That's why I'm so grateful for your support of Young Voices. This program helped me progress as a writer by leaps and bounds. Without the training and feedback I received from Young Voices, my work wouldn't have made it into major outlets such as the *Wall Street Journal*, *Newsweek*, *Fortune*, and *National Review*. The capability and dedication of the Young Voices staff is incredible.

Young Voices will be a major player for promoting the next generation of conservative and libertarian commentators. It wouldn't be possible without supporters like you. From me and all the other contributors, thanks for making this possible!

Best regards,

ALEX



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