The Commentary
March 2014

MARCH 2014

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"The recovery is slowly living up to its name. But hiring and spending are still muted! Cap-Ex is inching-up, but only by low single digits. By concentrating on cost-cutting and share buy-backs, the S&P 500 companies have boosted per-share profits 118% (since '08) but revenues rose just 7%! Where's the top-line growth? Global central banks have pumped nearly $14 trillion into the markets during the past six years. While the Wilshire 5000's list of components has shrunk by half, its total market cap has increased from $11.7 trillion to $22½ trillion! You might call that inflation! With monetary policy, as with a triple-lutz, the ability to spin and spin is handy, but it's also important to stick the landing. When you can end the program without disaster, then you can bask in the applause and bow!"

Kopin Tan, Senior Editor, Barron's

February 24, 2014

Our opening quote draws on five contrasts from the "Up and Down Wall Street's" column:

1. After six years, instead of producing an "Old Normal" recovery, monetary policy has actually suppressed our GDP into a 1%-2% constraint.
2. Where's the Fed? They did their job and more! The equivalent of almost $14 Trillion of new Greenbacks were printed!
3. Where's the inflation? And, why haven't corporate revenues risen? Where did all that money go?
4. It found its final resting place in the stock market: even though the actual number of broadly-represented issues have-halved themselves, their total cap has doubled itself!! (That's why the indices are at record-highs!)
5. Given the above facts, nearly all pundits would have predicted a runaway-inflation rampage! Yet today, official data indicates more deflationary forces than rising pressures on the CPI.

How does one explain all these widespread conundrums? Not only is our GDP restrained, but most other developed nations are also experiencing GDP shortfalls. In addition, they too have tame price-indices! Can these identical effects be attributed to other causes? Perhaps, but a lot of the evidence points to these nations' mountains of over-indebtedness as the cause. Rogoff and Reinhart's book, *This Time Is Different*, demonstrated with convincing evidence that there comes a time when too much of a good thing is bad! When any government borrows beyond its ability to sustain its debt servicing needs, the burden begins to act like a permanent restraining-order. It impedes economic growth and exerts downward pressures on pricing! (Both are deflationary!) Furthermore, any more quantitative easings fail to obtain their heretofore desired effects. While most money-supply

experts encouraged the Fed's three-QE remedies, after five years, the results speak for themselves: sub-par GDP, high unemployment (when adjusted to the pre-recession participation rate) and falling commodity prices that shrink CPI and PPI indices. Inflation is crawling at a 1% annual pace. Pundits fail to understand the whys or what's next; but they can't deny the data and ensuing evidence of the "cause-effect" relationship. It is a conundrum! The real question is, "Is this a permanent economic state?"

March's Focus

Playing the hand we were dealt

This month, we want to revisit the theme we featured last November: "It is critical to deal with the market we have, rather than the one we wish we had." We believe it's important to know and understand the prevailing forces that are shaping today's economy, as well as to apprehend their ultimate impact on our key economic components. We speak of GDP, inflation, deflation, interest rates, employment and earnings. Together all those factors determine our prosperity and standards of living. In turn, it is these conditions that shape our financial markets and stock prices.

Too many investors think it is the other way around - that stock price levels determine our economic health! They don't! They only reflect what the key economic elements engender! Thus, it is vital to discover what is restraining our GDP growth and confining today's inflationary forces! Unless our GDP (economic growth) is able to generate enough decent-paying jobs to create the virtuous circle of growing personal income and spending with sufficient taxes and profits to support higher and higher standards of living, then the required debt service will become a burden too heavy to bear. After all, both borrower and lender know all loans are predicated on the expectations of better or at least sufficient economic circumstance to repay the loan on time with interest. "Kicking-the-can" or robbing Peter to pay Paul is never a viable solution to over-indebtedness. We won't venture into the realm of central banks' printing of money since it's such a well-established fact! In times of stress, the Fed will run the presses until there's no ink or paper left. This reminds us of an analogy: All alcoholics know that "the hair of the dog that bit them" is not a valid remedy for a hangover, but it seems to always provide temporary relief …or so they tell themselves! We've heard that all Fed governors must adopt this philosophy and constantly check the paper and ink supplies!

"It is critical to deal with the market we have, rather than the one we wish we had."

As we see it, Central Bankers' monetary policies have created a "New World" where all investors are, so to speak, "Strangers in a Strange Land." But, few of them realize it! Why? Because they only focus their attention on the stock market, or more specifically, on the US stock market! And, what do their eyes enjoy? Bountiful and ongoing productive results! Stocks are at record-levels, dividends are growing. P-E ratios seem reasonable. Home prices have rebounded. Money is so plentiful, it's actually cheap! Things are as good as they get! Oh sure, there are corrections once and awhile, but they're only pullbacks that let, or more accurately entice, new investors to jump in. Then the uptrend resumes… what more could you want? It's just what the doctor ordered! So, it's so, so easy to believe, "Nothing has changed!"

That's not our way of thinking. Yes, it's true that after six years, our GDP hasn't gained its "escape velocity" to the 3½% (or more) normality, even though we've been assured it would do so "next" year! And, yes, the pundits' rosy forecasts haven't changed, but neither have their batting average. Yet, we still like to examine these unsavory matters. Why? Because we think they matter!

Some investors are annoyed by those of us who dredge-up the bleak data and examine it to find dire outcomes that may be lurking down the road. You know, those telltale signs that spell, this time it *is* different! Yet those deflationary forces keep hanging on and the "escape velocity" has escaped, once again! Those conundrums keep leaving so many unanswered questions. So, here we go again, just like Ronald Reagan said. It's just a few of us in Wall Street who espouse an enduring risk-averse philosophy. We actually like examining those lousy statistics, asking ourselves why? …and what could go wrong? We like conundrums! We won't allow them to go unnoticed or escape a thorough examination and see if it will affect investors' future returns. It's our job, and what's more, we like it! So, let's get to it.

We return to the layout that our long-time readers have endorsed… the question-answer format. With this, we find it useful to "play the devil's advocate," asking "tough" and critical questions of ourselves! It also lends itself to quick shifts in subject matter and reviews of past editions.

Q&A

The hand we were dealt? …where are the risks?

Okay, where are the risks?

As we see it, today's bottom line is simply this: risks are increasing after a very rewarding 2013, as well as the 176% gain from the March '09 bottom of 667 on the S&P 500. Investors' optimism and confidence are at multi-year highs. Money is flowing into equities. Most forecasts call for the US to finally see real GDP growth at 3½% or more versus last year's 1.9% and 2012's 2.8%. Our inability to find "escape velocity" is the greatest hurdle we face! Since 2009, the US has failed to achieve any of the initial average GDP forecasts provided by the "experts." We attribute this failure to our over-indebted status that keeps expanding daily! Let's look at some foreign headwinds.

The '2+2 no longer equals 4' conundrums are a global enigma! Europe, Japan and China are particularly worrisome. Global CPI and PPI are minuscule while commodity prices have and continue to experience relevant declines, even though the equivalent of $14 Trillion was created. Why? …to avoid deflation. Recently Morgan Stanley said there was a 35% chance of Europe experiencing deflation. That was a staggering forecast! If true, we think they should have kept it to themselves. More importantly, two new threats have recently emerged: the geo-political Russia/Ukraine mess and China's slower growth Syndrome. Finally, the EMs (Emerging Markets) are experiencing credit problems such as defaults, tight credit and spiking interest rates combined with falling currencies and new multi-year lows in key commodity prices. All these headwinds add-up to slower GDP growth and impaired financial markets.

What causes bull markets to reverse into something more than "corrections?"

Before you go any further, why not explain how stock markets go from a predominate-upward direction to a down-trending path. That's something most readers would appreciate knowing before you go any further. And please provide one or two historical examples of those instances.

While a bear market has, only recently, been defined as a 20% or more decline from a top to bottom, we don't embrace any specific boundaries. We know them when we see them. History teaches there are four catalysts that generate, for lack of a better term, bear markets.

First, there are **recessions** that cut GDP, jobs, spending and earnings. Most people understand why this causes stocks to decline. The 1973-75 recession and the 1990-91 setback are good examples.

Second, there are sharp and protracted changes in **fiscal and monetary policies**. Paul Volcker's searing and relentlessly tight monetary policies, in the early eighties, successfully quashed the double-digit inflation we were experiencing, but at a high-cost to housing and home mortgages. Another example is when the Fed raised rates in 1969.

Third, there are **over-valuations** relative to what the fundamentals really are! These are usually referred to as bubbles or manias. Besides the 1929 margin-driven mania, the dot-com bubble only somewhat affected the overall indices, but completely decimated the tech stocks.

Finally, there are the virtually unpredictable **exogenous shocks**. These have been characterized as "Black Swans" in a recent business Bestseller. Two examples are the "9-11" terrorist-attack and Kennedy's assassination.

Do you think any of these threats are lurking?

Where are we in relationship to those four catalysts?

Lurking is a good word, but we don't want our readers to think that just because these risks may be "out there", they will be certain to appear in the future!

We'll start by eliminating exogenous shocks. Other than what's already occurred in Ukraine and is yet to be fully resolved, we can't (nor should others try to) predict the unpredictable.

Our fiscal policy is somewhat stimulative… but it is becoming less so, as time goes by. The deficit has been drastically cut in the past 18 months. And, the Republican Party's efforts to cut social spending may get a second life. Monetary policy has been ultra-loose, but the tapering is making it less and less accommodative as time goes by. Is this a restrictive policy? One man's diminution of an easy Fed is another man's tightening Fed. It's the old "half-full, half empty" viewpoint.

Our objective assessment of valuations encompasses three factors:

✦ A concern of the tiny top-line (revenue) growth, its cause and its solution.

✦ What will 2014-15 real GDP be?

✦ And questions regarding the economic health of our trading partners. For example, how many headwinds will damage China and the Emerging Markets (the "EMs")? Will there be another EU or European Central Bank (ECB) crisis? There are certainly enough catalysts to foster some.

All three of these questions seek to define the probabilities of the US achieving the "escape velocity" we need to obtain a consistent 3½%-4½% real GDP level of growth! That way, we are able to assess whether or not valuations support present PE multiples. The US can't grow our GDP to the "escape velocity" pace on our own.

Why does the US need help to find the "escape velocity?"

Why does the US need help from its trading partners? Why can't we do it in its own?

It's mostly our debt load and the huge loss of capital suffered in the '08-'09 meltdown. The main culprits include the housing bubble with its sub-prime mortgage mess. This is also tied to the derivative debacle caused the failure of Countrywide, WaMu, Fannie, Freddie, Wachovia as well as Lehman and Bear. Throw in Citi, Merrill, GM and AIG for good measure and you have almost $2 Trillion of damage. While our government employed costly "safety nets", these funds came from new debt that was issued by Uncle Sam. And, that's not counting the stock and bond market losses. Investors were "all-in" at the wrong time. These miscues cost our nation too much in permanent losses. All that money is gone, forever! And, there is the enduring psychological damage and repercussions that investors experience. The "New Normal" has added some extra baggage, too. All these factors act to restrain our GDP. Nowadays, the huge baby-boomer generation is becoming savers, not spenders. Due to the multiplier-effect, every $1 that is banked cuts $1.50 from our economic growth (GDP). Deleveraging is still taking place as loans are repaid. Unlike credit creation, closing a loan removes the funds from the spending side of the economy. A reduced deficit also means less spending! Recently, the budget deficit has really declined and will so again this year. The Fed is tapering, our trade-imbalance is improving and more foreigners are putting their funds into our Treasuries. The pundits don't write about these matters, but it's clearly restraining our GDP. We need some help from our global trading partners.

To do that, the major ones need to generate better GDP so they can buy more of our exports. In turn, this matrix rests on their internal growth. We believe much of a favorable outcome is heavily dependent on China's GDP and imports. The US is the best looking horse in the glue factory, but we have a large debt-load on our back and need to generate some horsepower from the other stables. The EU, EMs and China are the key horses, if the "escape velocity" scenario is going to happen! That improvement will do a lot to drive GDP and earnings growth! Our most recent concerns involve the serious headwinds that seem to have come out of nowhere! Hence, we've become very concerned… more on this later.

The US has the winning hand in a poker game that has lots of losers, some of which are running out of options.

Based on previous Commentaries, let me try to summarize the market's risk-reward relationships. I want to highlight some of the rewards after you listed so many risks. I remember you writing, "There will be more risks (in numbers) for the simple reason that, if everything is perfect, there are no 'risks' to correct, so the status quo leaves

very little to talk about!" The US has the strongest economy, the best and most widely trusted currency and is slowly but surely becoming energy independent. These factors will maintain our superiority (with regards to all the major players) and keep our trade deficit moving in the right direction: the surplus side of the equation. For the time being, our fiscal deficit is also improving as spending cuts and the absence of foreign wars help reduce the red ink. There's some evidence that the poor Q1 GDP numbers were affected by poor weather. So, there's strong improvement in lots of areas! There needs to be greater progress in three domains: gaining sustainable economic growth, reducing our outstanding debt load, and dealing with the size and the funding of our entitlements and the liabilities that are already on the books … especially the Affordable Care Act! I'll let you take it from here…

You've provided an accurate assessment of our reward structure, but, the US must get to the "escape velocity" …and the sooner, the better! Once we secure a sustainable-GDP around 4%, we begin to solve nearly all our problems. You'll need to keep three other factors in mind:

✦ It's a global economy and as the economically developed nations go, so goes the world's GDP…they are the workhorses!

✦ A major or ongoing crisis with any major player will hurt all the other nations, to one degree or another. If the significant crisis is allowed to fester and spread, it'll eventually endanger the over-burdened debt structure and threaten the solvency of the weaker players.

✦And, time is not on anyone's side. There is just too much debt and the headwinds are still out there.

Expanding on China's headwinds!

That reminds me. You were going to go into more depth about the slowdown in China and perhaps comment on Europe and the EC…

China is a threat that few want to discuss here, in the West. And, for a lot of reasons: it is a one party State that is run however the powers-that-be decide. They can change their mind, and guarantees are not really assurances in the real sense of the word. Copyrights, patents and the rule of law mean nothing. Corruption and hidden transactions are so commonplace that they are part of their culture. In effect, you have no viable means to challenge what those in power do, and you are powerless to find out what's going on and who is responsible for it. Free speech is very expensive. Criticizing the status quo gets you jail time, big time. While this may make interesting reading to Western do-gooders and reformists, it does nothing but inhibit commerce and cooperation between the East and the West. Clearly, China lacks transparency!!

Our major financial concerns, headwinds, appear to be gathering force. They include: GDP has fallen below their 7%-7½% target and could reach the 4%-5% level for 2014. China is the second largest global economy; any loss of 2%-3% to its GDP is a large number to its trading partners. They simply sell less. Efforts to lift growth back to the target level affects three of the reforms that are officially endorsed by the new leadership. They are:

✦ Reduce pollution. China uses coal to power their (GDP providing) factories. Both goals can't be attained.

✦ Rein-in the out of control "shadow banking system. These financial intermediaries provide non-bank "guaranteed loans" (to less than creditworthy local enterprises) that are funded by investors with publicly-traded notes. These loans help drive GDP towards the hallowed 7½% target. Again, the goals conflict with each other. All banks are owned by the government and controlled by the state. They take the "pick-of-the-litter" lending opportunities.

✦ The last reform is local government efforts to provide "safety-nets" for the impoverished people who have no education or skills. Again, money spent with little impact on GDP. Finally, any GDP-shortfall means, when China sneezes, Australia, New Zealand, Japan, Indonesia, and even, Europe catch a cold! Remember it's a global economy! And, when these nations see their GDP shrink, it affects the US (albeit to a much lesser degree).

Now that we described the economic ebbs and flows, let's see some blustery headwinds that have erupted in China lately. Economic growth is faltering and some of the shortfalls are considerable. Exports fell 18%, woefully missing estimates. ICBC, the largest bank, came to the rescue of a multibillion-Yuan high-yield note that it had distributed. Days later, Solar Energy became the first (onshore) corporate bond to default. In less than seven years, publicly-traded concerns' debt levels have more than tripled to (the US Dollar equivalent of) $1.98Trillion. Much of this grow took place during the global near-recession that stretched itself over the last 6 years. The latest ISM report fell short and the PPI index indicated a deflationary trend. A major housing construction firm simply collapsed over the weekend and most smaller (publically

traded) businesses like them lost 25% of their value. Industrial output declined, retail sales missed estimates and cap-ex spending fell below its target. There are too many signs, both financial and economic, for risk-averse analysts to ignore. We want to use the analogy of an aging Olympic star who, every year, always won his race in less than 10 seconds. In time, the crowd came to expect the under-10, read +7½% GDP, performance. Time and the law of "the enormity of numbers" have caught up with the runner, China. But the crowd's hope lives on!! We are much more realistic… we'd like watch the headwinds while we employ some defensive measures.

Before we get to Russia, update us on Europe and the ECB.

Our longer-term assessment of the EC (European Community) is one of major concern. The three problems are all bound together in one tidy mess. In a few words, they amount to a woefully under-capitalized banking system. Next, the southern peripheries (PIGS) have extensive unemployment and housing problems, as well as unions-rules that make them rather uncompetitive. Finally, there is the lack of a fiscal union, and it will be impossible to craft one that will operate successfully. In effect, it's hopeless to attempt to have a monetary system for more than 17 independent nations and to fashion a system that's fair and productive to administrate banking, tariffs, trade and taxes where the electorate of all the member-nations will accept the structure. There are too many different cultures, rules and economies. And furthermore, the debt-burdens of Portugal, Italy, Greece and probably Spain beg insolvency as the only rational alternative to kicking the can down the road …an endless road!

Today the strong Euro ($1.39) hampers their ability to increase exports. The EC has put the cart before the horse and this is just the opposite of what should have been done. Without a healthy banking system that can generate loans to promote better economic activity, we see an impossible situation. It's estimated that €55 billion is needed to bring the already insolvent banks to parity. Some believe another €225 billion is required for the proper level of capitalization. Where is all this money for bad loans coming from? The powers-that-be have begun to see the problem, but each politician is there to serve his or her electorate. It's the dirty secret that everyone knows and understands the mess they're in, but no one can do anything about… as long as all the nations support the Euro as the only legal currency. They have decided to lock themselves in a closed system.

Their fate, as we see it, is debt that won't be repaid in undepreciated-coinage and/or on time. Instead, they will continue to rollover everyone's bonds with the ECB's near-zero-interest-rate funding while they kick their banking, jobless, uncompetitive unions and lack of fiscal union's issues, "aka "the can" down the road! To us, it's a slow spreading cancer that hasn't hit any vital organs… yet!

The key questions surrounding Ukraine and Putin's Russia.

I know this is a strictly geo-political factor, but it could heavily influence stock if push comes to shove. What are your thoughts on this mess?

We purposely delayed the release of this monthly edition to see how things developed. Since we weigh matters from a risk-reward perspective, let us start with our belief that there are no rewards … economically, politically or financially, that we see out of this evolving confrontation. In addition, there are three critical factors to always remember:

- ✦ This is a very fluid and changing situation. Anything can happen.
- ✦ Putin is a not beholden to anyone at all. Thus, he may do illogical things if he thinks they advance his purposes, whatever they may be. And
- ✦ Putin doesn't have to follow or even consider that what he does will make him the ultimate loser in this game of chess. And if the West ignores this factor, then we may be facing a much more serious and risky game of chicken that almost anyone thinks.

That said …here's our current take. As John Maynard Keynes said, "When the facts changed, I change my mind! What would you do, Sir?"

Here are the key facts as we see them. The Ukraine is the largest country in Europe with 44 million people. While Ukraine is a relatively poor nation, it nevertheless has important economic and military advantages: exports of huge amounts of crop fertilizer; bountiful amounts of foodstuffs, with strategic land and sea passageways that protect Russia's Western borders. Today, both economically and politically, Ukraine is in an unstable and perilous state. It needs at least a $35 Billion "loan" to avoid its unpaid gas bill and its upcoming bond payments.

If Ukraine's people have too few jobs, insufficient food, an unstable currency and no safety nets, they will (not so willingly) take a Russian handout. In addition, Putin controls their vital source of Ukraine's natural gas. It is needed for heating and agricultural basics. If Putin

turns the spigot off for non-payment, it will bring the rest of Ukraine to its knees.

Putin can also get what he wants by waiting and starting a revolution if poverty quickly sets in. There's lots of discord and divided allegiances from opposing interests. A civil war could easily erupt!

More importantly, very critical natural gas pipelines flow through this nation to Germany, Italy and other key nations in Europe. Finally, Ukraine is a very-divided (pro-Western and pro-Russian) nation with each faction dominating certain regions of the country. This outlines the basic chessboard.

Putin and his Power.

Putin (not Russia, its people, its politicians nor its best interests) has decided to completely ignore anything and everything the West threatens and exert his will to obtain his specific goals. He is violating a 1994 treaty that guaranteed Ukraine would always retain their territorial integrity, if they gave up their nuclear arms… which they did. At the time it had the third largest arsenal. Russia and the US were signatories. Today, Putin has complete control of Crimea, its people, landmass and waterways. While he has "assured" one and all that he has no further intent to pursuing other Ukrainian interests, this is in spite of the fact that he has already obtained the right to use military force to protect the rights of all Russians as well as protect its borders. One analyst said that Putin may be including the former Soviet state as part of Russia thereby giving him a way out, if he thinks the rest of Ukraine (minus Crimea) is NATO bound.

Remember, Ukraine is insolvent without financial help. And their debts are the same without any taxes or economic growth of Crimea. Will the US or the IMF make loans to a nation that has such a huge upheaval? Even if they were to do so, isn't that just more money down a rat hole? The country can't repay its bills now and its economy is in almost complete disarray. Without financial aid, they will default on their outstanding debt within a few months.

The risk-reward assessments!!

Now, we'd like to outline the pivotal questions and key risk-reward relationships. They are:

✦ Will Putin be forced to back-down at any juncture? He won't do it voluntarily. And if so, what is that point?

✦ Will one side miscalculate the other and overplay their hand?

✦ Is this crisis-flashpoint just an indication of much deeper and lasting challenges such as all of Ukraine or no NATO? If so, what are they and will they go away?

✦ Is this a fight that Russia must win or Europe and NATO (with the US backing) become too powerful (because Russia fears for her Western flank)?

✦ What will happen next? This is an ongoing question.

And, there is one more question that trumps all the other ones! It's one we can't know but neither can Putin! But, we must, at least, consider it because it changes the focus of this crisis from an annoyance that investors know will eventually just go away into a global emergency where solutions are few and far between. The query is,

✦ "Would Putin risk cutting off all its gas to all of Europe and perhaps also stop selling its oil exports (it's either the #1 or #2 producer of oil exports).

As a reminder, Russia has used its "gas cut-off" to get its way in the past. Some say he'd be committing suicide, so he would have to be crazy to do so. But keep in mind, many people also said that none of the events that have occurred during the last 45 days could happen - that they were impossible!

If he did cut the gas off, energy prices would soar to uncontrollable levels and commodity traders would get long, and the industry itself would get even longer! In a few days there would be so many "longs" there would not be enough oil in the world to make deliveries. Putin's goal would be to "blackmail" the West into submission with him getting what he wants with no sanctions in place. We'd have to give in.

But we don't think this would happen! It's very unlikely given logical and peaceful-loving minds. Germany is so sure that couldn't happen, it's already gone "all-in" with its sanctions versus the loss of its gas-supply. And, while this scenario is scary, all experts argue that would Russia immediately suffer a depression! They couldn't repay international debts. The West would nationalize their assets. A global recession (or worse) makes this scenario ridiculous! No one wins! But, we haven't heard of anyone who disagrees with the logic or outcome. The good news is that the West won't use military force. Hopefully, cooler heads prevail and it all goes away into the history books.

A final word.

Wow, that is a mess. I agree with you, that scenario is extremely unlikely. Putin is not that mad of a mad man. What is the final assessment of all the data and risk-reward assessments you'd presented in this month's extended edition?

Due to the rather slower GDP trends in China and, to a lesser extent, the EC and Emerging Markets, we are taking a more defensive stance with additions to energy, healthcare and specific companies who have control of both their top lines and bottom lines. We'll also take some partial profits in a number of holding where the gains have not only outstripped the market's advance but the valuations have become a bit stretched.

Charles A Knott, Co-CIO
Author
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THE COMMENTARY

This publication is written by Charles A. Knott, Jr. with the support of the Sentinel staff. Mr. Knott has been writing his monthly investor updates for more than two decades and strives to provide readers with unbiased and utilitarian research and advice.

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Investor Newsletter

The Commentary

This summer, the team at Sentinel was able to add a new team member, Charles A. Knott, Jr. Over a 35 year span, Charles Knott has developed and improved-on a unique, macro-economic based investment process that utilizes risk-reward relationships to determine its investment strategy. He is sought and recognized as an expert on the economy, investments and other financial matters. Mr. Knott has been writing his monthly investor updates for more than two decades and strives to provide readers with unbiased and utilitarian research and advice.

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