



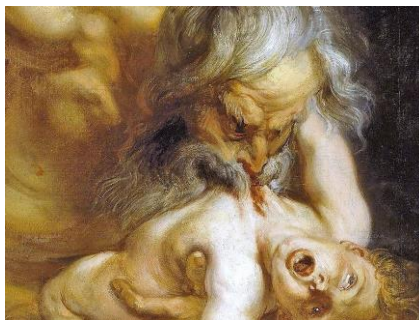
Epsilon Theory

The Long Now



The Long Now is personal.

Tick-tock



The Long Now is political.

Make – Protect – Teach



The Long Now is micro.

Wink



The Long Now is macro.

Snip!

Tick-Tock

August 1, 2019



Last year I wrote a series of notes called *Things Fall Apart*, focused on the transformation of our most important social institutions – small-l liberal institutions like free markets and free elections – from cooperation-allowing games to competition-requiring games. That sounds bloodless and small, but it’s not. It’s literally how society self-destructs in a widening gyre of mistrust and defection.

Today I’m starting a new series of notes called *The Long Now*, focused on *the further transformation of our social institutions into political utilities* ... into smiley-face Panopticons of self-censorship where our marrow of autonomy and free will is sucked dry by the Nudging State and the Nudging Oligarchy.

Our money, too. Yes, this will be “actionable”, just maybe not in the way you’re used to.

The Long Now is everything we pull into the present from our future selves and our children.

The Long Now is the constant *stimulus* that Management applies to our economy and the constant *fear* that Management applies to our politics.

*The Long Now is the **Fiat World** of reality by declaration, where we are TOLD that inflation does not exist, where we are TOLD that wealth inequality and meager productivity and negative savings rates just “happen”, where we are TOLD we must vote for ridiculous candidates to be a good Republican or a good Democrat, where we are TOLD that we must buy ridiculous securities to be a good investor, where we are TOLD we must borrow ridiculous sums to be a good parent or a good spouse or a good child.*

It's all happened before. Here's a SJW journalist who saw it clearly in the 1930s and 1940s.



History has stopped. Nothing exists except an endless present in which the Party is always right.

– George Orwell, "1984" (1949)

What Orwell called the Party, I call the Nudging State and the Nudging Oligarchy. I call it Management. Why? Because the future is not – as Orwell had it – a boot stomping on the face of humanity forever. Please. So messy. So ... inefficient.

No, the future is a smiley-face authoritarianism, an authoritarianism that is not imposed on us, but an authoritarianism that we *embrace*.

It's not "Yay, Big Brother!".

It's "Yay, Capitalism!", "Yay, Military!", "Yay, Diversity!", "Yay, College!" and "Yay, Stock Market!".

You're not, ummm, against any of things, are you? Because that would be ... unfortunate. I mean, you helping the terrorists and all.

Things Fall Apart started with the political and ended with the personal. Let's flip that on its head with *The Long Now*. Let's flip it ALL on its head. **Because I know a few things about Time.**



Tick-tock.

Tyler Durden, meet **Neb Tnuh**.



When did the future switch from being a promise to being a threat?

– Chuck Palahniuk, “Invisible Monsters” (1999)

I remember exactly when MY future switched from being a promise to being a threat.

It was when my father died suddenly of heart failure in the summer of 1996. He was 62 and I was 32.

There’s something about the dynamic of your father dying suddenly that changes your relationship with the future and with time. Or at least it did for me. Now I was on a trapeze without a net. Now it was All. On. Me. With a baby on the way. Now, to use Palahniuk’s words, the future seemed like a threat, not a promise, *where MY death was next in line*.

For the first time in my life, I felt the pressure of time and mortality, not as some philosophical musing, but for what it IS – an omnipresent pang, a *constant* bzzt-bzzt-bzzt of that feeling where you wake up with a start and you’re sure that the alarm clock is about to ring but it’s only 3am so you go back to sleep but you wake up again with a start and it’s 3:45 am.



Death inspires me like a dog inspires a rabbit.

– Twenty One Pilots, “Heavydirtysoul” (2015)

So right.

See, the threat of the future isn’t a bad thing.

The threat of the future INSPIRES me. The threat of the future DRIVES me.

I’m not moping around waiting to die. I’m not lazing around eating bonbons. The present is for DOING. The present is FLEETING. I’ve got something to SAY before I go. I’ve got a future to SECURE for my children, *because in them I can still see future’s promise and not just future’s threat.*



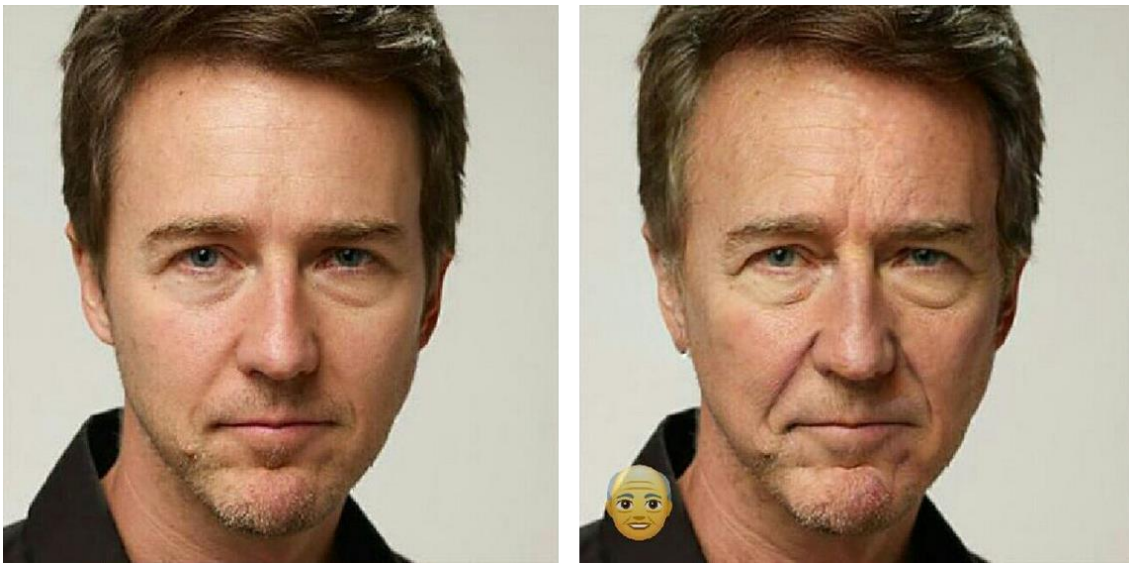
This is your life and it’s ending one moment at a time.

Warning: If you are reading this then this warning is for you. Every word you read of this useless fine print is another second off your life. Don't you have other things to do? Is your life so empty that you honestly can't think of a better way to spend these moments? Or are you so impressed with authority that you give respect and credence to all that claim it? Do you read everything you're supposed to read? Do you think everything you're supposed to think? Buy what you're told to want? Get out of your apartment. Meet a member of the opposite sex. Stop the excessive shopping and masturbation. Quit your job. Start a fight. Prove you're alive. If you don't claim your humanity you will become a statistic. You have been warned.

– **Chuck Palahniuk, “Fight Club” (1996)**

The threat of the future revealed itself to me in 1996 with the death of my father and the birth of my child. One day the threat of the future will reveal itself to you, if it hasn't already. When it does, you will be CONSUMED by thoughts of the future. You will FEEL the pressure of time more keenly than the younger you could ever imagine.

Tick-tock.



Time is the fire in which we burn.

– **Delmore Schwartz, “Calmly We Walk through This April’s Day” (1938)**

You’ve never heard of Delmore Schwartz. In 1938 he set the New York literary scene on fire at the ripe old age of 25 with the publication of *In Dreams Begin Responsibilities*, a brilliant collection of short stories and poems about his parents’ marriage and divorce, and Delmore’s estrangement from them. From their “death”, so to speak. His work is imbued with the failure of the American dream for his generation, with the way in which the Team Elite of prior generations sucked the economic marrow out of the Gilded Age and dominated politics with false narratives. Sound familiar?

Delmore Schwartz wrestled with the threat of the future alone and unloved, and he succumbed to alcoholism and madness. He died in 1966 at the Chelsea Hotel – penniless, childless, friendless – dead for two days before a cleaning lady found his body. He was 52. Time is the fire in which we burn. Or rot.

The threat of the future washed over Delmore Schwartz in 1938 as surely as it washed over me in 1996. As surely as one day it will wash over you. But he never found his Pack.

If you would wrestle with future’s threat ... if you would stare back at the abyss, as Nietzsche would have it, or if you would yell at the clouds, as The Simpsons would have it ... find your Pack.

But see, that’s only one of the things I know about Time.

Tick-tock.

As Paul Harvey used to say, here’s the rest of the story.

It was the summer of 1996, early June, and I was teaching a course at Simmons College in Boston to make some extra dough. Jennifer was clerking for a lawfirm down in Dallas, pregnant with our first child. My dad called. He and my mom were in London, where they had rented a small flat for a month. Did I want to come over and stay for a few days? As it happened, I had five days free, perfect for a long weekend trip. I walked down to a cheapo travel agency on Boylston (yes, a physical travel agency), and found a ticket for \$600 or thereabouts. Seemed like a lot. I could have afforded it, by which I mean there was room on my credit card to buy it, not that I could really afford it. \$600 was a lot of money to me. That said, I hadn’t seen my parents since Christmas, and my dad sounded so ... *happy*. This was a special trip for them, a chance to LIVE in a city that my father LOVED, and this was my chance to share it with them. But \$600. I dunno. I called my father and told him that I just couldn’t swing it. He understood. He was a very practical guy. The call lasted all of 20 seconds. You know, international long distance being so expensive and all.

I never saw my father again. He died a few weeks after he and my mother got home.

Tick-tock.

Yeah, I know a few things about Time.

I know that the moving finger writes, and having writ, moves on.

I know that I would give anything to go back to that week in June 1996 and buy that stupid ticket that I couldn’t “afford” but really I could afford and spend five more days with my father and not do anything special but just BE with him and share a beer at that pub that he mentioned on the phone but that I just can’t remember the name of no matter how hard I try and it’s weird but that’s what bugs me most of all.

Tick-tock.

What do I know about Time?

I know that there is no Long Now.

*The Now is short. That is exactly what makes it precious beyond price.
The Now is for LIVING.*

I know that there is no Safe Future.

*The Future is risky. That is exactly what makes it precious beyond price.
The Future is for INVESTING.*

Yet instead of *living* in the Now and *investing* for the Future, we are nudged into “investing” for the Now and “living” in the Future.

HOW DOES THIS HAPPEN?

Economic stimulus

*The threat of the economic future is removed by fiat and narrative,
replaced by the Long Now of constant economic stimulus.*

Political fear

*The promise of the political future is removed by fiat and narrative,
replaced by the Long Now of constant political fear.*

We are told that the economic stimulus and the political fear of the Long Now are costless, when in fact they cost us ... everything.

The Nudging State and Nudging Oligarchy will tell you “TINA!”. They will tell you that There Is No Alternative.

I tell you this is a Lie.

I tell you this is **Sheep Logic**, the intentional training of human intelligences to pursue myopic, other-regarding behaviors even unto death, through the vehicle of the Long Now.

What is the alternative to the Long Now?

Personal courage

Leaders who act as stewards of the future, not managers of the now.

Professional courage

Investors who take more risk with what's Real, and less with what's not.

Social courage

Citizens who take back their vote, and who refuse to play the fool.

Tick-tock.

Make, Protect, Teach

September 11, 2019



Peter Paul Rubens, *Saturn Devouring His Son* (1636)

Every three or four generations, humanity consumes itself with the fang and claw of fascism and collectivism. Every three or four generations, we eat our own.

This is that time. This is the Long Now.

In politics it takes the form of a widening gyre, where the center cannot hold against the onslaught of polarizing political entrepreneurs who eliminate the political promise of the future, replacing it with the Long Now of constant political fear. In economics it takes the form of a market utility, where those same illiberal political entrepreneurs eliminate the economic risk of the future, replacing it with the Long Now of constant economic stimulus.

My question is not how we prevent or avoid the Long Now. Sorry, but that ship has sailed.

No, my question is how we keep the flame of small-l liberal thought and small-c conservative thought alive through the Long Now, so that it can light the world again when this, too, shall pass.

My question is ... must we ALL become rhinoceroses?



Berenger: And you consider all this natural?

Dudard: What could be more natural than a rhinoceros?

Berenger: Yes, but for a man to turn into a rhinoceros is abnormal beyond question.

Dudard: Well, of course, that's a matter of opinion.

- Eugene Ionesco, *Rhinoceros* (1959)

Eugène Ionesco's masterpiece, *Rhinoceros*, is about a central European town where the citizens turn, one by one, into rhinoceroses. Once changed, they do what rhinoceroses do, which is rampage through the town, destroying everything in their path. People are a little puzzled at first, what with their fellow citizens just turning into rampaging rhinos out of the blue, but even that slight puzzlement fades quickly enough. Soon it's just the New Normal. Soon it's just the way things are ... a good thing, even. Only one man resists the siren call of rhinocerosness, and that choice brings nothing but pain and existential doubt, as he is utterly ... profoundly ... alone.

Yay, rhinoceroses!

Ionesco was born in Romania in 1909, spent most of childhood in France, and returned to Romania when he was 16. He got married and had a kid, pursued a career as a poet and playwright, but ended up fleeing Romania in 1942 for Marseilles. He wrote *Rhinoceros* in 1959 to describe the rise of the fascists in his homeland, a particularly nasty crew of Eastern Orthodox ultranationalists who went by names like the Iron Guard, the Legion of the Archangel Michael, the Greenshirts, and the National Legionary State.

The Iron Guard didn't seize power in some bloody putsch, and they didn't rise to ascendancy overnight. No, it took 13 years for them to come to power, contesting parliamentary elections all the way along. They got 0.4% of the vote in 1927, 1.1% of the vote in 1931, 2.4% of the vote in 1932, got themselves banned in 1933, returned with a new name in 1936, and won 15.8% of the vote in 1937. They were banned again in 1939 following the dissolution of parliament, but struck a deal with strongman-general-turned-politician Ion Antonescu and became the only legal political party in 1940.

And then the pogroms began.

Like the Bucharest pogrom of 1941, where – per the US attaché report to Washington after visiting one of the many massacre sites – “sixty Jewish corpses were discovered [in the meat-packing plant] on the hooks used for carcasses. They were all skinned ... and the quantity of blood about was evidence that they had been skinned alive.” Their guts were hung around their necks and they were labeled “kosher meat”. Yes, some were children. A five-year-old girl is mentioned, flayed alive.

You know, I almost didn’t keep that last paragraph. Too harsh, I thought. Takes away from the flow of the larger argument I’m trying to make here, I thought. Some readers will get distracted, I thought, and some will get angry. Some will not recover or read beyond that paragraph, I thought.

I mean ... there are no massacres in Ionesco’s play. There’s a lot of property damage. A few people trampled to death by the rampaging rhinoceroses. But there are no ritualistic mass murders. No butchery of five-year-old girls. Ionesco’s play is kinda cool, by which I mean it is not hot. Not emotional. *It’s one long allegory*. And yet he lived within 50 miles of Bucharest. He saw the 1941 pogroms with his own eyes!

Ionesco wrote about the PROCESS of the widening gyre and the Long Now, not the OUTCOME.

Why? Because he didn’t have to write about the outcome. Hell, his audience had LIVED the outcome.

I don’t have that luxury. All we know of mass murder is what we see on *Criminal Minds*.

So I’m keeping that paragraph. Because Central Europe. Because Biafra. Because Cambodia. Because Rwanda. Because (I suspect) Xinjiang. This is what it looks like when Things Fall Apart. I need you to be aware of the stakes.

I need you to be aware of what can happen – of what ALWAYS happens – when we become rhinoceroses.

But now I need to pull you back from the emotion and horror of the OUTCOME of the widening gyre that was Romania in the 1930s, just like I need to pull you back from the OUTCOME of the widening gyre that was Nigeria in the 1960s or Cambodia in the 1970s or Rwanda in the 1990s. Because otherwise I can’t bring home the Big Point that Ionesco was making about the PROCESS of the widening gyre and the Long Now. Which is this:

It wasn’t just the bad guys who became rhinoceroses.

Sure, the local brutes and rightwing martinets are some of the first to become rhinoceroses. But soon enough it’s the scientists and the academics and the logicians who turn. They are the worst of the lot. Not because they’re the biggest and baddest rhinos. *But because they know better*. Because they make a conscious and deliberate choice IN THEIR HEADS to lie to themselves and embrace a real and palpable evil IN THEIR HEARTS.

“All cats die. Socrates is dead. Therefore, Socrates is a cat.”

THIS is the syllogism of the logician turned rhinoceros. It’s nonsense. It’s logically *wrong*. But THIS is the lie that a rhinoceros scientist can convince himself is truth. THIS is how an intelligent, educated academic who loves his family and his dog can witness a pogrom. And look away. Ehh ... gotta break a few eggs.

Romanian politics in the 1930s was a classic widening gyre, spread out over a *decade*, and policy followed the classic Long Now formula – more and more economic stimulus, more and more political fear-mongering. This was true of the fascists, for sure. IT WAS ALSO TRUE OF THE LIBERALS.

By February 1938, when King Carol II dissolved the parliament, nothing mattered anymore in Romanian politics. There was no “truth”. There was only narrative. There was only spectacle. There was only the naked exercise of power and the *celebration* of that naked exercise of power. You didn’t just seize control. You seized control, *and then you threw yourself a big parade for doing it*. This was true of the fascists, for sure. IT WAS ALSO TRUE OF THE LIBERALS.

That’s the kicker of *Rhinoceros*. It wasn’t just the bad guys who turned. It was everyone.

Just like it’s not just the bad guys who are becoming rhinoceroses in America today. It’s *everyone*.

How does THAT happen?

Through the embrace by ALL political actors of the idea that NOTHING MATTERS beyond that which accretes power, that power is to be sought for power’s sake and that once attained, power must be USED. Used for draining the swamp. Used for unmasking the corruption of the Trumps or the Clintons or (and here’s where I make a clever connection with 1930s Romania) the Hohenzollerns or the Bratianus. Used for undoing the obscene legislative influence of the Democrats under Nancy Pelosi or the Republicans under Mitch McConnell or (and here I go again) the National Peasant Party under Armand Calinescu or the Everything for the Country Party under Corneliu Codreanu.

It has all happened before. Many times. It is all happening again.

You will hear that the danger at hand is so great, so existential, that NOTHING MATTERS other than combating that danger, that you must sacrifice your most precious possession – *your autonomy of mind* – to believe in the necessity of these political actions. You must not only think that it is *possible* for $2 + 2 = 5$ if the political exigency is urgent enough, you must believe that it is *necessary* for $2 + 2 = 5$. Orwell called this “collective solipsism”. I call it political nihilism. Either way, THIS is the politics of the Long Now.

And once you believe that NOTHING MATTERS ... poof! you have *chosen* to become a rhinoceros.

So you vote for Bob Menendez. You vote for Roy Moore. You excuse your party’s lies and your politician’s thuggery and moral corruption as necessary to prevent some greater evil.

Here's the kicker.

There's not a damn thing that you or I can do to stop this.

There's only one thing that you or I can do. Luckily, it's the most important thing.

We can refuse to become rhinoceroses ourselves.

Am I saying that we don't fight against iniquity and evil? Am I saying that we just cede the field to the rhinos who are already running amuck?

So here's where I'm going to lose a lot of you ...

Yes, there will be a time to step boldly into the public political arena and help write a new set of rules, help re-establish political institutions that allow for cooperative gameplay and shared notions of the good life, and help instantiate small-l liberal and small-c conservative principles in a top-down manner.

But that time is not now.

Now is the time when the political institutions that allow for cooperative gameplay and shared notions of the good life are being shattered, and now is the time when they will continue to be shattered. Now is the time of the widening gyre, and you can no more command it to stop from the top-down than King Canute could command the tides. No, it's precisely the opposite, where everything from the top-down will be devoted to rewriting the *history* and the *narrative* of the tides, intentionally moving us farther and farther into [the Sea of Nudge](#).



Once you start looking for sharpies, you will see them *everywhere*.

That's true for Trump today, and it will be true for whoever is in the White House in 2020. That's political nihilism. That's the way this ALWAYS plays out.

The Long Now is going to get worse before it gets better. A lot worse. Yes, that means more and more economic “stimulus”, more and more [financialization and propping up of financial asset prices](#). You think there is a snowball’s chance in hell of a recession before the November 2020 election? LOL.

It also means more and more political fear-mongering and gyre-widening and nihilism-embracing. You think there’s a snowball’s chance in hell that either the Democrat or Republican party will ever again represent *anything* other than the accretion of power for power’s sake? Also, LOL. The Republican party is already all MAGA all the time. It is already 100% rhinoceros. By the time the primary season is over, the Democrats will be the same. Look at our [Election Index analysis](#) ... the narrative center of this election is almost entirely race and gender identity memes. It’s like a pure SJW rhinoceros-inducing potion.

Should you vote in 2020? Sure. [But as a statement of your personal identity](#), not out of some misplaced notion of efficacy or consequentialism.

Should you engage in national politics with more than your vote at this stage in the widening gyre? I mean ... if you must. But when you give your heart to the rhinos, you become one yourself. Or you get trampled.

My advice? ***Abandon the party as your vehicle for political participation.***

My alternative? ***The Epsilon Theory Pack.***

My platform? ***Make – Protect – Teach.***

We had our first “Pack Meet-up” last Saturday at Rusty’s house ... about 30 Premium and Professional subscribers from all over the East Coast.



The barbeque was Rusty’s labor of love. Four beef briskets, three pork collars, three slabs of pork ribs. There was no vegan option. Sorry, not sorry. Enough food to feed an army, but somehow it was inhaled. Everyone brought a bottle of something to share with the group. That – and a commitment to an evening of full-hearted conversation – was the only admittance fee. Age range was 23 years-old to 75 years-young. Was there a lot of money around that table? I guess. You’d never know it from the utter lack of conversational alpha-dog-sniffing ... unique for any Fairfield County dinner I’ve ever been to.

Know what we talked about? The political.

Know what we didn't talk about? NOT AT ALL? Politics.

What is the political if not politics? It's how we lead our lives as social animals. It's how we understand small-l liberal and small-c conservative virtues as they play out in our lives. It's what we want to SAY to the world through our efforts to Make, Protect and Teach.

THIS is where we stand our ground. Not on some national political scale where we are either turned into rhinos ourselves or trampled into the mud. But on the personal scale. On the scale of our families and our communities. A scale where we can recognize *ourselves* once again, not as a means to some grand Statist end, but as members of a clear-eyed and full-hearted Pack.

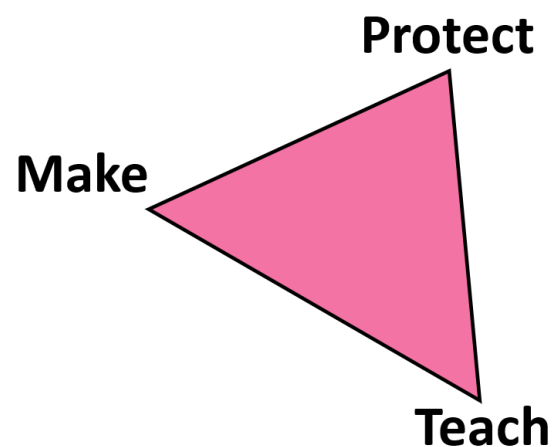
The way through the Long Now is a social movement, not a political party.

A social movement based on resistance and refusal. A refusal to vote for ridiculous candidates. A refusal to buy ridiculous securities. A refusal to take on ridiculous debts. A refusal to abdicate our identity and autonomy of mind.

And it's more than refusal. It's more than just saying "Homey don't play that", more than just turning the other cheek. There is also *action*. But it is action in *service* to our Pack, not action in self-aggrandizement and the celebration of power itself.

I believe that a decentralized and service-oriented social movement at scale can thrive in the age of social media technology. I believe that a decentralized and service-oriented social movement can both inoculate our hearts from the top-down Nudges that push us into rhinocerosness, as well as fill us with a positive energy that reverses the pervasive alienation that creates [the Neb Tnuhs of the world](#).

It's a social movement for a revitalized foundation of citizenship. It's **Make – Protect – Teach**.



There's no primacy to these three rightful objects of political power and the citizenship which drives them. Put Teach at the top of the triangle. Spin everything 90 degrees. Marry two of them. Take them independently. Change the colors and the font size. I'm not trying to be symbolic here.

I'm trying to be Real.

I'm trying to provide an alternative to the abstracted world of narrative and cartoon that rules our mindfulness from the top down, in favor of a concreted world of actual human beings making things and protecting each other and teaching each other, where we act as Stewards of our children's future rather than as Managers of our personal now.

What does it mean to Make?

It means you are an inventor. A manufacturer. An artist. A craftsman. A kid at a Maker Fair. A farmer. An engineer. A home builder. A coder. It's the creation of some THING through the application of some creative IDEA.

What does it mean to Protect?

It means you are a soldier. A policeman. A fireman. An EMT. A nurse. A doctor. It's a Neighborhood Watch. It's a mechanic fixing a car. It's also a unionization drive. It's also a fiduciary managing a portfolio.

What does it mean to Teach?

It means you are a teacher, of course. Or a writer. Or a researcher. Or a priest. Or a home-schooling mom. It means you've got something to say to your Pack, and you've got the guts to say it.

What is NOT some form of Make – Protect – Teach?

Basically, if you are in the *business of money* (and that includes you, Crypto Bro) or in the *business of business*, then you are neither a Maker nor a Protector nor a Teacher. The sole exception to this – and it's why this job is my universal suggestion to people who say they want to work in finance but in an authentic, socially-supportive way – is the *fiduciary financial advisor*. A fiduciary is a Steward. A fiduciary is a Protector. It is unlike any other role in financial services, and it's the only role I'd want to have.

Management, both in the private and public sphere, is out. Banking is out, both investment and commercial. Corporate lawyering. Consulting. Trading. Sales and Marketing. If you are using your time and brains to make more money for a profit-seeking organization, or if you are using your time and brains to manage the time and money of a non-making, non-protecting, non-teaching government organization ... then you're outside the Make – Protect – Teach framework. There are no hard and fast rules here, and I mean to be more inclusive than not. But I think you understand the distinction.



Let's just say that *zero* of the Forbes 100 Innovative Leaders list would make my list of Make – Protect – Teach. Neither would our professional political "leaders", including 99% of current Senators and Representatives. As for current and recent residents of the White House ... don't make me laugh.

And yes, I realize that the vast majority of people reading this note would not be practitioners of Make – Protect – Teach, at least not in their day job.

But it doesn't have to be your day job. It just has to be your *Identity*.

This is a social movement for people who are *IN* the world-as-it-is but not *OF* the world-as-it-is. I'm not saying that your success *IN* the world, financial or otherwise, is either laudable or damning. I'm just recognizing that it is. I'm saying that your success *IN* the world, financial or otherwise, does not *DEFINE* you. *Unless you let it.*

Everyone can Make – Protect – Teach.

Even Jeff Bezos. I guess.

Today our system of social rewards and political power is based entirely on *MONEY*, not just in our laws and in our practices - which is bad enough - but even more so *IN OUR HEARTS*.

Yes, there's a town full of rhinoceroses there, too.

It was not always so. It is not ordained that it must always be.

What's at stake with the Make – Protect – Teach movement? Well, in some distant day, when we do in fact remake the rules and institutions of society, you'll need to be a Maker, Protector or Teacher to be a full citizen. You'll need to be a Maker, Protector or Teacher to vote. It will never be the route to making the most money, but that's a feature, not a bug. I think the answer to teachers' pay scales isn't to pay them like a corporate lawyer or an investment banker, but to reward their superior social participation through superior political representation.

The American revolution was founded on the slogan "No taxation without representation". That direct link between taxation and representation was severed long ago, and NOT to the advantage of the people who deserve it the most – the middle class and the working poor. I mean, if you think the middle class and the working poor are represented AT ALL in Washington ... once again, LOL. It's time for a new American revolution, and my slogan is "No representation without making, protecting or teaching." Okay, maybe that doesn't sing. How's this: "No representation without real participation." Yeah, I like that.

It used to be commonplace to think of military service as a prerequisite for citizenship, and by commonplace I mean universal in the societies where the small-l liberal virtues of democracy and the small-c conservative virtues of citizenship were actually invented. Today we get an occasional watered-down version of this floated in a half-hearted way by Grumpy Grandpas who want those darn kids to spend two years in some national service program. Well, it's not two years, it's a lifetime. And it's not those darn kids, it's all of us. And it's not public service to the *national government*, for god's sake, but private service of Making and Protecting and Teaching to whatever level of community sustains us ... and we them. That's how a pack *works*.

It will start small. It will start with your family. And over time it will grow to include your community, especially your physical community. Over time it will spread fractal-like *everywhere*.



As Below, So Above.

One day.

In the meantime, we evaluate our current crop of gyre-widening political candidates and policies on the basis of how little damage they do to a society based on Make – Protect – Teach. I’m not expecting any of them to get this. And I’m keeping my emotional distance from all of them. But I’ll talk with anyone.

Also in the meantime, this is how we change the structure of OUR social conversation, from “politics” to the political. Here’s my offer:

Put together a group of 20+ people who want to have a full-hearted conversation about Make – Protect – Teach, who want to think and act *differently* in their political lives. Let me know when you’re getting together with some advance notice, and I’ll be there.

I can help publicize and organize. We are 100,000 strong, all over the world. If you can find a sponsor to pay direct expenses, great. If you can’t, we’ll make it work anyway.

Dinner by dinner. Handshake by handshake. Conversation by conversation. That’s how we do it.

To paraphrase Margaret Mead, never doubt that a small group of thoughtful, committed Makers, Protectors and Teachers can change the world. Indeed, it is the only thing that ever has!

Wink

October 17, 2019

The Long Now is systemic, both in a micro sense of the body politic riddled through and through with this cancer, and in a macro sense of the tectonic plates of social organization shifting without foundation.

Today's note is on that micro structure of the Long Now.

Today's note is on the intentional cartoonification of our lives as investors and citizens.

Today's note is on how we start to get back to the Real.



That's me on the left, giving Luca a pat on the head. That's Neb Tnuh on the right, giving you a pat on the head.

If you're not familiar with Neb, here's how I introduced him last year:

Neb has a hard time talking with real people these days. Neb just doesn't ... connect ... the way he used to. He doesn't have much to say. He mumbles a lot. He imagines long and involved conversations with people in his head, but that's where they stay. In his head.

Sartre famously said that hell is other people. **For Neb, hell is other people who want to talk about markets or politics.** Neb is just so WEARY of being lectured for the umpteenth time on why Trump is so awful or why Trump is so great, why Bitcoin is going to \$100,000

or why Bitcoin is going to zero, why the “fundamentals are sound” or why the fundamentals are sound EXCEPT for this one thing which will bring the whole house of cards tumbling down ANY DAY NOW, why the Fed is the source of all evil in the world or why the NRA is the source of all evil in the world or why the Democrats / Republicans are the source of all evil in the world.

So obviously Neb is a real barrel of laughs at parties, which he shuns today even though he remembers that he used to like parties. The circle of real people that he actively feels comfortable being around has shrunk and shrunk and shrunk until he can count them on his fingers, and even here Neb increasingly has a hard time connecting with these non-rhinoceros friends. He increasingly talks past and through the people who are the most important to him, like his wife and daughters. And that makes Neb saddest of all.

He’s lost friends over the widening gyre, lost over the event horizon of black hole Trumpdom or lost in the blare of doubleplusgood DemSoctalk. He’s lost family, too.

On the flip side of that coin, it’s easier and easier for Neb to talk with complete strangers on social media platforms. It’s all so easy for Neb to lose himself in this ocean of social abstraction and Turing tests, because he’s fluent in the symbolic languages of mathematics, history and pop culture. **And so he swims in that ocean, compulsively even, until he’s forgotten whether or not there was ever a shore.**

That’s the defining characteristic of life in the Long Now ... you swim in an ocean of stimulus and fear so long that you forget whether or not there was ever a shore. You forget *yourself*. You forget your *identity* as an autonomous human-in-full, connected with other humans that you work and play with in a non-instrumental sense. You forget your *Pack*.

You become a cartoon.

You become a *believer* in the “Yay, capitalism!” and “Yay, military!” and “Yay, college!” narratives used by the Nudging State and the Nudging Oligarchy to their advantage and your detriment.

And on and on we swim. [This is Water.](#)

It’s intentional. It’s done TO us.

It’s a *system* of belief and forgetfulness designed to objectify us ... to turn us into predictable *and thus manipulable* objects. Not objects like a shoe or a rake, but “objects” as the term is used in computer code, as digitized receptacles for if/then functions to act upon.



Our contradictions become attributes. Our vectors become bitmaps. We are smoothed through a psychological Gaussian blur. We are digitized and depixelated. Our autonomous human *IDENTITY* becomes a programmable human *ENTITY*.

When I say that we are transformed into cartoons, I mean that quite literally.

Sound familiar, Neb? It should.

NO WAY



You see, Neb loves to play cards and games. He loves to gamble. And when he was in college in the mid-80s, he was in a fraternity that had a very infrequent poker game, maybe once a month or so. It was a wonderful game ... low stakes, friendly camaraderie, really a lot of fun. But over a period of about 18 months over his junior and senior years, Neb corrupted that monthly low-stakes game of Community into a weekly high-stakes game of Alienation and Cartoon ... into a system of belief and forgetfulness.

First, Neb introduced wild cards into the game.



Neb would always laugh to himself when someone bristled at poker games with wild cards, when he heard someone say “that’s not REAL poker”, as if there’s anything real about any of this. Neb knew that he would be able to run circles around that guy in calculating the revised odds of winning poker once he introduced greater volatility into the game. Neb also knew that greater volatility would result in more players hanging around in a hand longer than they should, given those revised odds. Neb also knew that greater volatility would result in players getting lucky more often, getting memorable hands more often ... having more *fun* in the the game. *Pretty soon everyone forgot what it was like to play games without wild cards.*

Then Neb introduced credit into the game.



The original poker game was cash-only. Sometimes we wouldn't even play with chips, just with dimes and quarters and dollar bills. There was no "bank"; you played with the cash you brought to the game, and that was it. But then Neb offered to hold the money and dispense the chips, so that in case there was some disparity when people cashed their chips in (which occasionally happened in a banker-less game), Neb would make up the shortfall out of his own pocket. From there it was an easy step for Neb to take IOUs written down on a little slip of paper rather than cash. Pretty soon Neb had a wallet full of IOUs. Pretty soon a game where losing \$20 in cash felt awful became a game where losing \$80 in little slips of paper felt like nothing. *Pretty soon everyone forgot what it was like to play games without credit.*

Then Neb raised the stakes.



This one was easy. Once you were no longer limited to the cash you brought to the table and once you no longer had to settle up your debts at the end of the game, it just made sense to raise the stakes. In truth it made no sense, of course, but Neb drove this with a narrative ... that players were *afraid* if they didn't jump in at the new betting levels. Amazing how college-age males don't want to show that they're scared or that the game is too big for them. Amazing how non-college-age males do the same. *Pretty soon everyone forgot what it was like to play games without high stakes.*

Then Neb introduced derivatives.



Derivative games are different than just adding wild cards to standard games. Derivative games are different rule sets, with additional zero-sum outcomes that allow for more ways for the better player to win with the same distribution of cards. Keep in mind that Neb played poker before Texas Hold-em and Omaha took over the world. This was dealer's choice, and a derivative game with the right stimulus/response pattern could spread around the table like a virus. Side-pot games are a derivative rule set, as are hi-lo games, as are match-the-pot games. Neb introduced a game with SIX betting rounds, plus hi-lo, plus match the pot if you lost. Tons of action, everyone felt like they were in the game all the way to the end, and then there was that wonderful *frisson* ... that thrill of anticipation and ENORMOUS pot-matching potential loss ... if you stayed in for that final, central card. *Pretty soon everyone forgot what it was like to play games without derivatives.*

And then Neb stole their tells.



This was the big one.

All of the regulars had different tells, but they all had one. Here was the one that made the most money for Neb. This was Kurt's tell.

The final action of a hi-lo game, where both the best hand and the worst hand split the pot, is to declare whether you are going high (best hand) or low (worst hand) or both ways (must win both the high contest and the low contest with different 5-card combinations from your set of cards). To declare for high you put one chip in your clenched fist, to declare for low you put zero chips in your fist, and to declare for both you put two chips in your fist. You do all this underneath the table, you wait until everyone shows their fists publicly, and then everyone reveals the number of chips in their hands at the count of three.

When Kurt was declaring high (or both ways, I guess), his clenched fist looked like this:



And when Kurt was declaring for low, his fist looked like this:



That little crook of the thumb (and the ability to quickly calculate the right play as soon as Kurt's hand came up above the table) was by itself worth a couple of thousand dollars to Neb, playing low stakes poker over a period of months. I won't get into the math, except to say that knowing Kurt's tell – and so always having the option of going the other way in a hi-lo game – gave Neb a +\$2.00 to +\$3.00 expected value for every hand dealt once the game was geared up to maximum loss levels. And they dealt a lot of hands. This was the secret to the system that Neb set up ... he had a consistent positive expected return on every hand that was dealt, while the other players had a consistent negative expected return. And you may think that would make for a short-lived game where everyone quickly tired of playing with Neb, BUT:

- 1) The gameplay was thrilling, both on each hand and over the course of the night. When you won, you won big and you believed that you had played brilliantly. Neb would tell you so. When you lost, you believed it was because you were "unlucky". You believed that it wasn't your "fault". Neb would tell you that, too.
- 2) On any given hand, Neb was subject to *apparent* volatility, which he played to the hilt. Neb loved to lose the occasional hand on a bad beat!

- 3) While there was very little true volatility for Neb, there was a ton of volatility for the other players. Meaning that everyone would have the occasional big win, and that was all that was needed to keep them coming back and *believing* in the game. **And forgetting that the game had ever been anything different.**
- 4) While Neb had a consistent positive expected return on *every* hand dealt, the player from whom Neb stole his tell typically had a positive expected return on *that* hand. A small positive return, to be sure, but enough to condition players over time to persist in their tells and believe that they were particularly good players in Neb's game. I can't emphasize this point strongly enough ... **everyone who sat at Neb's table long enough came to believe that they were a *great* poker player. LOL.**

And so did Neb. Also LOL.

It wasn't playing poker really well that made Neb a lot of money in that college game. It was building a fear and stimulus machine that made Neb a lot of money. It was building a system of play that predictably zapped and rewarded the other players, so that they *believed* that a negative expected value system was a positive expected value system, and they *forgot* that an alternative system of play was even possible. It was turning his fraternity "brothers" into stimulus/response objects, turning them into abstracted versions of themselves. It was turning them into cartoons.

And in doing so, Neb became a cartoon himself. Not an objectified and manipulated cartoon (yet), but a cartoon nonetheless. Neb was neither clear-eyed not full-hearted.



See, Neb didn't really PLAN to objectify his fraternity buds. It just came naturally to him. That is, in fact, the scariest thing about Neb ... he really does swim effortlessly in this ocean of social abstraction and manipulation. It's something I have to talk to him about pretty much every day, especially when he steals the password to my Twitter account.

Looking back on it now, I am grateful beyond measure that online poker and poker-as-a-business did not exist for Neb in the mid-80s. Because if they had, Neb's life would have gone down a VERY different path. A bad path. And of course, so would have mine.

Because Neb was not wise enough to understand the WHY of his poker winnings. Because Neb, like Matt Damon's character in *Rounders*, would have thought he was talented enough to "compete" at a higher level. As if talent is enough to succeed in a fear and stimulus system geared against you. As if talent is enough to succeed in a rigged game. *Because that's what a fear and stimulus system IS ... a rigged game.*

Ah, youth.

For every too-clever-by-half coyote like Neb Tnuh who confuses talent for being on the right side of a fear and stimulus system, there is a scaled version of that same system that exists to objectify and stimulus/response Neb like he objectified and stimulus/responses his frat brothers, and there is a scaled version of THAT system on top of that, and a scaled version of THAT system on top of that.

There are at least four nested systems of believing and forgetting in our modern social lives. Sooner or later, we all become objectified cartoons. We all get bitmapped. We all start to *believe* that our negative expected value game is a positive expected value game, and we all *forget* that an alternative game is even possible. Some part of us, anyway. The Neb part of us.

Few people today remember *The Peter Principle*, pretty much the first wildly successful pop psychology business management book, published in 1969. It's a great book, with a simple one-line lesson: *In a hierarchy, every employee tends to rise to his level of incompetence.*

Here's the Epsilon Theory variation, call it The Neb Principle:



In mass society, every citizen tends to rise to his level of cartoonification.

At every level of this nested and fractal system of believing and forgetting, the micro-structure time-line is the same. This is the exhaustive set of steps to establish a system of believing and forgetting, at any level of organization. It succeeds without fail, always and in all ways.

- 1) Introduce wildcards**
- 2) Introduce credit**
- 3) Raise the stakes**
- 4) Introduce derivatives**
- 5) Steal the tells**

In every field of economic endeavor ... in every manifestation of political competition ... in every nook and cranny of our modern social lives ... a system of believing and forgetting is being established following *exactly* these steps. It wasn't necessarily planned that way. But with enough coyotes and enough time, it emerges. It IS. And it is a VERY stable system.

I believe that we are at a tipping point today. I believe that we are on the cusp of these systems becoming irreversible. Or at least irreversible without a cataclysmic Fall. I believe that the process of the Long Now is now being ensconced at a global scale ... at the scale of an *oligarchic economic system* of believing and forgetting and a *statist political system* of believing and forgetting.

How? Through mastery of the fifth stage of the Long Now micro-structure.

By stealing our tells.

That's what Facebook does. That's what Google does. That's what the Democratic Party and the Republican Party do. That's what Wall Street does. That's what every S&P 500 company does. That's what every central bank does. *That's what every powerful economic and political organization in the world does today.*

They steal our tells. At scale. At *global* scale.

You know the word for what they do with our stolen tells, don't you? It's *Nudge*.

And you know the true superpower of a Nudge, right? We *believe* we're making a real choice. We *believe* we're playing a positive expected value game by making that choice. We *forget* that making a choice on their terms and using their language is itself a choice.

I've written a lot about Nudging States and Nudging Oligarchs, and I won't repeat all that here. If you want to know where I'm coming from, start with this note from two years ago: [Clever Hans](#).

I will repeat this, though.

What do we DO about our Hollow Markets and our Broken Politics?

- ***Actively engage with yourself to recognize how many of your behavioral choices in the world of investing and politics aren't a free choice at all, but are instead derived from a clever "choice architecture" imposed by others.*** You probably won't change your behavior. That's kinda the point of these [pleasantly skinned Hobson's Choices](#) — they're offers you can't refuse. But the day you recognize the choice architectures that enmesh us is the day you start making true choices. It's the day you start thinking and reading differently. It's the day that everything starts to change for yourself, your family, and your clients.
- ***Actively engage with yourself to create a critical thinking curriculum that adds to your reservoir of free-thinking autonomy.*** Read more history. Read more biography. Read more science fiction.

Every day. Watch a lot less CNBC and CNN and Fox and all the rest. I know we can't wean ourselves from Facebook and Twitter. It's our bottle and we're addicted. I am, too. But take the time to listen to someone whose political or market views you emotionally dislike and force yourself to see the world through those views, not as an adversary but as another thinking, feeling human being. Every day. Educate yourself, don't train yourself.

- **Actively engage with others to spread the word.** *To educate, not to train. We treat others as free-thinking autonomous human beings, not as manipulable objects. Never as objects, even if it means losing the client or losing the election. This is how we fix things. Bird by bird. Voice by voice. From below, not from above. As wise as serpents and as harmless as doves.*

So I stand by all that. I think it's all more important than ever. It's a really good start on a personal regimen to resist the micro-structure of the Long Now, to keep your personal Neb in check.

But it's not enough. There's not enough time.

We have to confound the stolen tells. At scale. At *global* scale.

So I've got two new ideas ... two forms of public resistance to share with you ... two forms of hiding your tell that I think can scale ... *two forms of bypassing the fear and stimulus systems that make cartoons of us at every turn.* One for politics and one for economics.

In politics, I want to start a movement to encourage write-in candidates. **I want to give everyone the tools and the information they need to bypass the political party system.** We organize to do this, using the Epsilon Theory megaphone as our springboard. Maybe we write in joke candidates. Maybe we don't. Maybe we write in ourselves. It won't be noticeable at first. And then it will. And then it becomes a self-sustaining narrative. And then ... who knows?

In economics, I want Epsilon Theory pack members to know who the other Epsilon Theory pack members are, so that they can do business with and share information with like-minded people directly. **I want to give Epsilon Theory pack members the tools and the information they need to bypass the information system of the tech giants and Wall Street.** Obviously this is a voluntary thing. Don't worry, pack-members-who-work-at-the-Fed, I'm not going to out you (and there are a lot of you). But we have a LOT of people actively engaged with Epsilon Theory. Tens of thousands of people, all over the world, in every financial institution of any significance you can name. Our active cooperation in a mutual game without fear, without stimulus, without cartoons ... a mutual game of full-hearted engagement ... it won't be noticeable at first. And then it will. And then it becomes a self-sustaining narrative. And then ... who knows?

Imagine that.

Snip!

December 26, 2019

Today's note is on the macro structure of the Long Now.

Today's note is on the untethering of fundamental linkages between the economic policies that organize our social lives as investors and citizens.

Snip!

Today's note is on how we survive the Long Now. Because it won't be easy.



That's George Clooney in *Gravity*, right before he ends up like this.



The spacewalking astronaut, risking the abyss with only a slim tether to life, is a powerful trope. *Gravity* was an entire movie about that frisson of fear we get from these images, although for my money it doesn't get better than Frank Poole's murder by HAL in *2001: A Space Odyssey*, with the looong shot of the body tumbling uncontrollably through space. Because it's not just the aloneness and abandonment that sparks our hard-wired emotional response here, but the out-of-controllness of being truly untethered.



We've got happy-ending movies that use this trope (*The Martian*), Russian movies that use this trope (*Spacewalker*), and even haunted-house-in-space movies that use this trope (*Event Horizon*). So you'll forgive me if I'm going to use this imagery, too, because it's the best story-telling device I know to instill in you the fear and loathing I feel when I think through the consequences of the Long Now.

SNIP! is the Long Now's destruction of the *meaning* of words that define our social connections.

Words like "war".



This is a picture of the Predator drone firing a Hellfire missile. It's probably going to kill someone that we want dead, and almost certainly going to kill some other people that we don't mind being dead ... collateral damage and all that. As they say on *Succession*, you can't make a Tomlette without breaking a few Greggs. This is war, and we fire these missiles all over the world, on the daily, both in countries we have officially invaded, like Afghanistan, and in countries we haven't, like Pakistan and Yemen.

But we have redefined war to NOT mean things like drone and cruise missile attacks, to NOT mean things like "observer" or "training" missions. We have redefined war to ONLY mean American troops being shot at.

So politicians can speak the words “End the war in Country XYZ!” without actually meaning it. Because what they mean is preventing any American troops from being shot at. But the actual war of drones and missiles and killing ... that continues. And it will continue forever in the Long Now.

Words like “capitalism”.



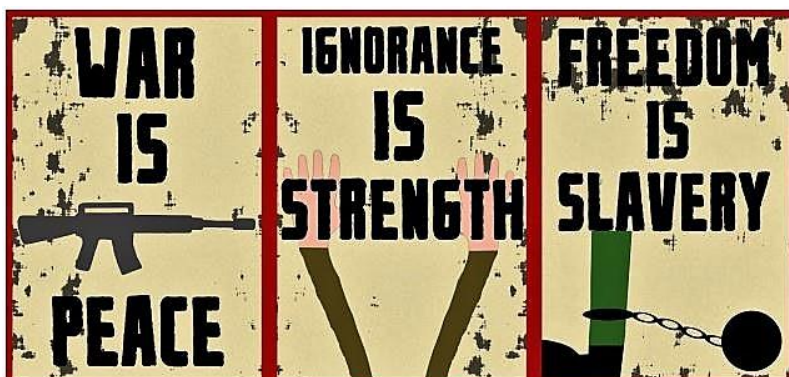
This is a picture of the billionaire CEO of a government-supported too-big-to-fail megabank, telling his *60 Minutes* interviewer that he has no control over his compensation, as that’s determined by the CEO’s board of directors. Interestingly enough, this is also a picture of the billionaire Chairman of that board.

And it’s not just the billionaire CEO bank manager. It’s his centimillionaire lieutenant bank managers. It’s the dozens of decamillionaire sub-lieutenant bank managers. All of them made generationally rich from stock-based compensation in a company where the government guarantees their success. None of them entrepreneurs. None of them risk-takers with their own skin in the game. All of them ... lifer managers of a too-big-to-fail bank.

But, hey, the stock is up! They’ve done a good job! What’s the problem, Ben?

That’s exactly the problem. The problem is that we have redefined capitalism to mean “the stock is up”. We have redefined capitalism to NOT mean Smith’s invisible hand or Schumpeter’s creative destruction or productivity-enhancing and risk-taking investments in the real economy. We have redefined capitalism to ONLY mean financial asset price inflation in the here and now. By any means necessary. So that’s what we get. From the Fed, from the White House, from corporate management ... that’s what we get in the Long Now ... an endless series of policies and decisions in service to capitalism-as-financialization, where capital markets are maintained as a political utility.

George Orwell, who called the Long Now an “endless present, where the Party is always right”, understood how the most powerful weapon of a totalitarian society is to control its *language*, so that War IS Peace, Freedom IS Slavery, and Ignorance IS Strength.



Why? Because control over the meaning of words is control over how we THINK. When we no longer remember what words mean, when we are TOLD over and over again a NEW meaning ... we start to doubt ourselves. *We start to doubt our own autonomy of mind.* And that's when they win.



Iakov Gumer, *Arithmetic of an alternative plan* (1931)

In the end the Party would announce that two and two made five, and you would have to believe it. It was inevitable that they should make that claim sooner or later: the logic of their position demanded it. Not merely the validity of experience, but the very existence of external reality, was tacitly denied by their philosophy. The heresy of heresies was common sense.

And what was terrifying was not that they would kill you for thinking otherwise, but that they might be right.

-- George Orwell, 1984

The Long Now is the **Fiat World** of reality by declaration, where we are TOLD that inflation does not exist, where we are TOLD that wealth inequality and meager productivity and negative savings rates just “happen”, where we are TOLD that we must vote for ridiculous candidates to be a good Republican or a good Democrat, where we are TOLD that we must buy ridiculous securities to be a good investor, and where we are TOLD that we must borrow ridiculous sums to be a good parent or a good citizen.

And the most terrifying thing is that you start to think they might be right.

Hey, maybe the whole Ukraine thing really is Trump “fighting corruption” and maybe the whole Saudi thing really is Trump “bringing the troops home”. Maybe the really important thing about Jeffrey Epstein is whether or not he committed suicide. Maybe we should really try some “democratic socialism” in 2020 ... how bad could it be?

Self-doubt is a *biologically* terrifying condition for a social animal like humans, and that's why you see more and more of us **becoming rhinoceroses**. That's why you see more and more well-meaning citizens willingly give over their autonomy of mind to the MAGA Train or the Bernie Bros ... some sort of social Answer with a capital A ... so that the torture of self-doubt can end.

That's why, in the end, Winston loved Big Brother.

And make no mistake, the Answer is always totalitarian. Not merely authoritarian, but totalitarian. It brooks no dissent, in ANY aspect of your life. The Answer is a general closed-form solution, something we

are hard-wired to *want*, but something that is impossible to *find* in a social system. Yes, [this is the Three-Body Problem](#).

Unfortunately, I believe that the totalitarian Long Now is going to get a lot worse before it gets any better. I believe that we are going to doubt ourselves in new and profound ways over the next decade. I believe that our common sense will become even more the heresy of heresies.

Why?

Because the Long Now has redefined the *meaning* of “taxes”.

Because the tether between taxation and spending – the most important macroeconomic policy relationship for our lives as both investors and citizens – has been severed.

Oh, I know that this snip-of-no-return doesn't feel bad. Yet. In fact, it probably feels pretty darn good to you right now.

*Funny how fallin' feels like flyin'
For a little while*

That's from a song in the movie *Crazy Heart*, and that's where we are right now. So yeah, you're going to be told that $2 + 2 = 5$, that it's no big deal to cut the cord between taxes and spending, that in truth it's *good* for you. And yeah, you're going to start to think that they might be right.

The redefinition of taxation and the severing of the Tether of Meaning between taxes and spending isn't something that I think WILL happen. This is something that I know HAS happened. We've had a steady fraying of this cord for about two decades now, ever since Al Gore's idea of a Social Security “lockbox” (where those taxes could ONLY be used for Social Security spending and paying down the existing debt) was met with derision rather than acclaim by both parties. Yes, both parties. By steady fraying I mean over both Republican and Democrat administrations. The political beneficiaries of the fraying are different when it's Republicans doing the snipping or Democrats doing the snipping, but the INTENT – to eliminate the tether between taxation and spending – is the same whether you're George Bush or Barack Obama. Or Donald Trump. Destroying the relationship between taxation and spending is not a partisan thing. It's a power thing. It's a Management thing.

I mean, there are still people who believe that the money they pay in Social Security taxes is *their* money, that they've purchased some sort of old age income insurance plan with *their* money, like an annuity where *their* money is invested somewhere to support that income down the road.

But that's a lie.

In truth there is ZERO relationship between social security taxes and social security benefits today, other than sharing the words “social security”. In truth they are two entirely separate government programs, the former a regressive tax on workers that goes into the big pot of the annual budget and the latter a wealth transfer program to old people that comes out of that budget.

SNIP!

So for twenty years Republicans and the Democrats have gone back and forth to steer taxation and spending to their political advantage, with divided government being the only thing to keep the tether intact. But divided government vanished with Donald Trump’s election, and as a result we got the 2017 Tax Cuts and (LOL) Jobs Act, which I think was the final cut.

What did the TCJA do? It lowered taxes by trillions without reducing spending by a dime.

The TCJA levered up the United States of America.

Management levered up our country and used the proceeds to provide a windfall gain for corporations and the rich. You know ... “returning capital to job creators”. In exactly the same way that Management might lever up a company and use the proceeds for a big stock buyback. You know ... “returning capital to shareholders”.

Both of these narratives – “returning capital to job creators” and “returning capital to shareholders” – had a truth to them, an important truth. I believed in the important truth of both of these narratives for most of my adult life! And yes, I’m using the past tense.

Because in the Long Now, the meaning of both narratives has been perverted beyond all recognition.

Both are now part and parcel of the Trickle-Down Lie, that the crumbs that fall off massa’s table are crumbs that you wouldn’t get otherwise, so let’s celebrate all those extra crumbs. Yay, crumbs!

And yes, there’s an Epsilon Theory note or three for that.



Pecking Order

The pecking order is a social system designed to preserve economic inequality: inequality of food for chickens, inequality of wealth for humans. We are trained and told by Team Elite that the pecking order is not a real and brutal thing in the human species, but this is a lie. It is an intentional lie, formed by two powerful Narratives: trickle-down monetary policy and massive student debt financing.



This Is Water

Time to add a fourth shift in the Zeitgeist: capitalist productivity, now 200+ years old, is becoming capitalist financialization. Wall Street gets something to sell, management gets stock-based comp, the Fed gets a (very) grateful Wall Street, and the White House gets re-election.

What do YOU get out of financialization? You get to hold up a card that says "Yay, capitalism!".



Yeah, It's Still Water

One day we will recognize the defining Zeitgeist of the Obama/Trump years as an unparalleled transfer of wealth to the managerial class.

But if we're no longer even pretending that taxes are necessary to support spending ...

If we agree that neither the Republicans nor the Democrats care about fiscal policy except as it advances their myopic political goals ...

Then what are taxes FOR?



Yep, this is our George-Clooney-realizes-he-is-about-to-be-flung-into-outer-space moment.

In the Long Now, taxes are for ... justice.

In the Long Now, taxes are for ... equity.

In the Long Now, taxes are for ... retribution.

And what do *those* words mean?

Whatever Management says they mean.

Donald Trump has a vision of how to use taxes for HIS conception of justice, equity and retribution, a vision that – well, how about that! – advances his political power.

The primary beneficiaries of the TCJA are large public companies, particularly the multinationals that dominate the S&P 500. For example, in each of the past two years, Amazon has availed itself of the deductions and deferrals and lower corporate rates created by the TCJA to be a “net-negative US Federal cash taxpayer”. In English, that means that in each of the past two years, the US Treasury has written checks of more than \$100 million to Amazon out of YOUR tax dollars. I know you think I’m making this up, but check out Amazon’s 10-K. It’s all there.

The components of the provision for income taxes, net are as follows (in millions):			
	Year Ended December 31,		
	2016	2017	2018
Current taxes:			
U.S. Federal	\$ 1,136	\$ (137)	\$ (129)
U.S. State	208	211	322
International	327	724	563
Current taxes	1,671	798	756
Deferred taxes:			
U.S. Federal	116	(202)	565
U.S. State	(31)	(26)	5
International	(331)	199	(129)
Deferred taxes	(246)	(29)	441
Provision for income taxes, net	\$ 1,425	\$ 769	\$ 1,197

And before you @ me, I am NOT saying that Amazon doesn’t pay taxes. What I am saying is that I really don’t care how much Amazon pays in taxes to freakin’ Ireland. What I am saying is that Amazon is cashing checks from the US government instead of writing checks. As the kids would say, let that sink in.

How does this advance Trump's political power? Because the windfall tax benefits that the TCJA created for large public companies like Amazon and Apple and Microsoft translate directly into higher stock prices. Because in Trump's own words, "the stock market is my report card". Because Trump realizes that you can politically argue to death whether the real economy is doing better or worse, but you can't argue with a new high for the Dow Jones.

What does it mean to transform capital markets into a political utility, *and use the tax code to do it*? This.

Similarly, Bernie Sanders and Elizabeth Warren and No Malarkey Joe and Mayor Pete and all the rest have a vision of how to use taxes for THEIR conception of justice, equity and retribution, a vision that – well, how about that! – advances their political power.

None of the "wealth tax" proposals you hear from the Left are being proposed to pay for anything in a budgetary sense. They are explicitly proposed so that the rich pay their "*fair share*". In fact, when candidates make the mistake of expressing their wealth tax idea in a fiscal sense – as Elizabeth Warren did when she linked it to "paying for" Medicare-for-all – the narrative immediately shifts from "fairness" to "making the numbers add up" (Spoiler Alert: they don't and they never will), and these candidates immediately take a hit in the polls.

Bernie gets it. He doesn't even pretend to make this about budgets. He realizes that the political popularity of the wealth tax has nothing to do with making the rich pay for a *government program*, and everything to do with making the rich pay for *their sins*. And yes, Bernie believes that great wealth is a sin. He believes that great wealth should not be *allowed*, not because it's a source of unaccountable political power (my beef with great wealth), but because he believes it is fundamentally *unfair*. So do a lot of voters, maybe more than care about the Dow Jones.

SNIP!



Feeling out of control yet? Wait, there's more!

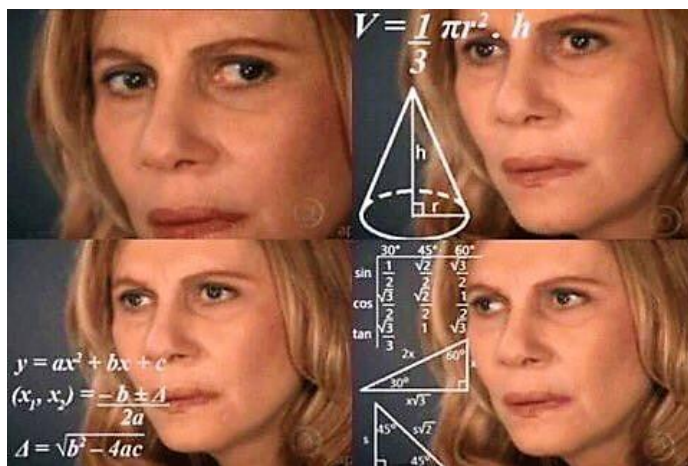
If the meaning of spending is no longer constrained by taxation ...

Then what is spending FOR?

In the Long Now, spending is ALSO for justice and equity and retribution ... ALSO in whatever mode or measure fits the regime goals of whatever Management is in power at the time.

I think that whoever is elected in 2020, we will see a \$2 trillion spending plan enacted in 2021.

If it's a second term for Trump, it will be the *2021 Make America Great Again Act*, and we will call them "Infrastructure Bonds". If it's a first term for a Democrat, it will be the *2021 Take Back America Act* or something like that (I suppose if it's President Biden we can hope for the *2021 No Malarkey Act*, although I'm rooting for the *2021 OK, Boomer Act*), and we will call them "Green Bonds".



In either case, I expect that the Fed will monetize at least half of the bond issuance. At least half.

In either case, I expect that the primary corporate beneficiaries of the spending will be exactly the same. Exactly the same.

And so here we are.



I believe there are no limits to the retributive and malicious use of taxation as a political weapon.

I believe there are no limits to the retributive and malicious use of spending as a political reward.

Sometimes those political weapons and rewards will be used by the rich and the old against the non-rich and the non-old, as we saw with the TCJA and Trump. Sometimes it will the other way around, as we will see the day after a Democrat takes the White House, whenever that might be.

What's to be done? Well, I suppose this is the point where I should tell you what I would do if I were given magic genie powers to change the world from the top down. And then you'd argue with me about my proposals and tell me what you would do if given magic genie powers.

How about we not do that? I don't have magic genie powers. And neither do you.

It's not that the severing of taxes from spending WILL happen. It's not that the NEXT administration is going to make the cut. It's ALREADY happened. It's been happening for twenty years! This ship has sailed, and now there's not a damn thing that you or I can do to turn it around. All we can do now is survive the voyage.

When I started this note, I said I wanted to instill an emotion of fear and loathing in you from the realization that the *meaning* of taxes had become untethered from the *meaning* of government spending. That phrase – fear and loathing – is of course a catchphrase for Hunter S. Thompson, who used it in the titles of his best-known works ... *Fear and Loathing in Las Vegas*, *Fear and Loathing on the Campaign Trail*, etc. Thompson had lots of catchphrases, lots of mottos, lots of great quotes. My all-time favorite, though, is this:



When the going gets weird, the weird turn pro.

I love it because there are so many plausible interpretations, and it just sounds so cool to take a tired inspirational quote about what to do when the going gets tough, blah blah blah ... and turn it on its ear. Or foot, or whatever body part you think Thompson would have approved. Here's what it means to ME.

“The going gets weird” = an economic and political environment that no one alive has experienced.

I think that the smiley-face totalitarian genie (and yes, I wrote ‘totalitarian’, not ‘authoritarian’) is going to be let out of the bottle as the *meaning* of taxes becomes justice, equity and retribution.

I think that the not-so-smiley-face inflation genie is going to be let out of the bottle as the *meaning* of spending in the real economy becomes untethered from any concern of paying for it.

To paraphrase Richard Nixon paraphrasing Milton Friedman, we’re all MMTers now. “Modern Monetary Theory” is here, firmly ensconced in BOTH political parties here in the Long Now.



We’re All MMTers Now

If Trump is reelected in 2020, I think he pushes forward a \$2 TRILLION bond issuance that is fully or partially monetized by the Fed. They’ll be called Infrastructure Bonds. If a Democrat is elected in 2020, I think she or he pushes forward a \$2 TRILLION bond issuance that is fully or partially monetized by the Fed. They’ll be called Green Bonds. We’re all MMT’ers now.



Modern Monetary Theory or: How I Learned to Stop Worrying and Love the National Debt

Modern Monetary Theory is neither modern nor a theory. It’s a post hoc rationalization of politically expedient policy that makes us feel better about all the bad stuff we’ve done with money and debt in service to Team Elite. And all the bad stuff we’re going to do in the future.

A recession isn’t weird. Deflation isn’t weird. Authoritarian isn’t weird. I don’t think ANY of those things is coming down the pike, and you don’t need my help (or anyone else’s) if any of them does.

But smiley-face totalitarian stagflation where capital markets have been transformed into a propped-up-at-all-costs political utility?

Now THAT’S weird. And that’s what I think IS coming down the pike. And we’re all going to need all the help we can get. Which gets us to the second half of Hunter S. Thompson’s quote.

“The weird turn pro” = an all-in engagement for those who see the societal transformation; a recognition that the fundamental rules of the social game have changed, and a willingness to confront the implications of that change in every aspect of your life without surrendering to an Answer.

How do we confront the Long Now?

Personal courage

Leaders who act as stewards of the future, not managers of the now.

Professional courage

Investors who take more risk with what's Real, and less with what's not.

Social courage

Citizens who take back their vote, and who refuse to play the fool.

You know, in one of my twitter fights with Angry-Billionaires-and-their-Renfields™, I was called “a bizarre combo of Zerohedge and self-help guru”. It was meant as an insult, of course, but for me ... man, I wear it like a badge. Because I DO believe, in Zerohedge-esque fashion, that “the system” is designed by and for a Team Elite that, in the immortal words of *The Outlaw Josey Wales*, pisses down our backs and tells us it's raining. And I DO believe, in self-help guru-esque fashion, that the only effective resistance to the Nudging State and the Nudging Oligarchy is through a bottom-up grass-roots social movement that is driven by one thing and one thing only: each individual's courage and determination to maintain their autonomy of mind ... the courage and determination to believe that $2 + 2 = 4$.

The revolution will not be televised. The revolution will not be in the streets.

The revolution will be in our hearts.

It's the hardest thing you'll ever do, precisely because no one will be watching.

But you won't be alone.

In 2020, we're going to host an international conference to come together on this, an Epsilon Theory Forum. It's intended to be the anti-Davos ... a meet-up for those who still have a soul, who care about something bigger than the celebration and perpetuation of Team Elite. And I can promise you this ... there won't be a single billionaire on a panel at the ET Forum. But there will be plenty of real people ... people with ideas and experiences that aren't contingent on how many zeros they have after their name.

Clear eyes, full hearts, can't lose.

Make / Protect / Teach.

As wise as serpents, and as harmless as doves.

We've got a lot of slogans. In 2020 you'll have a chance to take action. You'll have a chance to talk this through with like-minded truth-seekers, to figure out TOGETHER what a bottom-up grassroots social movement devoted to preserving each and every one of our autonomies of mind can do. It may be too late to prevent the *SNIP!* that severs the tether between taxation and spending, but it is high time to create *new* tethers, new personal bonds of association, loyalty and mutual support. Yep, it's a Pack. And that's how we survive the Long Now. Together.

Send me an email if you want to help. And spread the word.

Yours in service to the Pack,
Ben Hunt

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