

The Financialization of Everything



Africa, 2018

I was hitting the delete button so hard it was about to fly off. In my mind I was standing up, using my keyboard as a club, smashing everything around me, screaming my war cry, and flipping my desk over. I had to go to the gym. Wouldn't fix this, but would take the edge off.

One of my guys, been with us for eight years, married, three kids, wife pregnant with their fourth was in the hospital going through his third surgery. Doctors were trying to save his arm; they already knew he would never have full use of it again.

A kid walked up to him, pretended to ask for directions, ripped open an envelope he had in his hand, grabbed a knife, and started stabbing him to death to take his rifle. The officer fought for his life for over thirty seconds before his buddy could get to him and shoot the kid.

I was angry at the world. Angry ISIS told a desperate kid who didn't have anything or anyone looking out for him to prove his loyalty by killing one of the special unit police officers working with the Americans, angry at the locals protesting against us for being fooled by ISIS propaganda that we enjoy shooting kids, angry at myself thinking I was making any sort of difference in this maelstrom of chaos, totalitarianism, and poverty as tear gas was shot at protestors who were just poor and as angry at the injustice in world as I was, and angry with the US bureaucrats I was having to fight with to get money for the officer's family.

And now, as I was breaking my keyboard, angry with my superior telling me to take “ISIS inspired attacker” out of the report because it didn’t fit the narrative in DC.

I was reliving the nightmare I thought I left behind on another continent.

US hegemony was failing and no one seemed to care except us on the ground level trying to do our duty with near zero support while mid-level supervisors and most Americans lived in a fantasy world of narrative being reality.

It felt like we were risking our lives for the ungrateful, who were at brunch drinking mimosas, thinking the world would always go on as they are accustomed, requiring no effort on their part besides voting for the red or blue team every four years in a political super bowl.

If you couldn’t even tell the truth about what was happening on the ground anymore, how were decision makers making the right decisions?

What would happen when reality finally caught up to the illusion?

This is why Peter Zeihan’s *Disunited Nations* makes sense to me; I lived it at the ground level.

The Illusion of Narrative

The last two weeks have not been fun.

One close friend was able to get an interpreter who worked with us for 15 years and his family out of country, another friend was helping two families who had the bad luck of being killed in the bomb blast at HKIA, then he lost contact with a third family, husband, wife and their five children.

I tell myself they are in hiding, not killed by the Taliban. I know that isn’t likely.

Worked through my feelings to gain clarity the way I always do, a strict, unscientific regiment of pushing myself in the gym until I see spots and taste iron, followed by bad twitter takes which I then delete later.

I now understand what bothers me so much about the last two weeks besides the loss of people who believed us when we promised to stand by them, the murders and rapes of their families, and the general mass suffering still to come as the country runs out of money, food, medicine, and likely spirals into civil war after the most humiliating defeat in US history.

Realizing the focus on narrative over reality is now widespread in every sector, from journalism to financial markets, the Federal Reserve to colleges, from scientific research to social media, from consumer products to the Pentagon.

I keep asking myself, why won't the results we just witnessed in Kabul as the Pentagon was no longer able to maintain their narrative be the same across other sectors when reality catches up to their illusions?

The leadership across the different sectors are all the same. They all go to the same schools, the same MBA programs, war colleges, think tanks, consulting firms, and sit on the same boards.

The process for advancement and the culture is the same. You are promoted if you are a team player, and you are a team player if you support the narrative.

Doesn't matter if it is scientific studies afraid of having their funding pulled if they release a result counter to the current narrative, media personalities paid tens of millions of dollars having a heavy incentive to stick to the narrative, or politicians and central bankers telling you the average inflation rate will be 2.4% for 2021, it is all the same.

The result of this is devastating to a lot of people, but to say the reality doesn't match the narrative out loud, even though we all see and feel things are not right in our own lives despite making the right decisions, is to be told we don't know what we are talking about by people whose idea of managing risk is not getting fired.

I've managed real risk in life and I trust what I am seeing and feeling because it has saved lives.

You should too.

People who tell you that you don't understand reality are the ones who consistently almost blow up the world and then say no one could have seen it coming when reality catches up to us.

The only difference between the Pentagon and other sectors is the Pentagon was not able to keep their narrative going any longer and reality finally caught up to the illusion that was Afghanistan.

<https://mattstoller.substack.com/p/the-war-in-afghanistan-is-what-happens>

This is the financialization of everything.

Human Nature Is Constant

When we are wrong, our first reaction is to be angry, not self-reflective and honestly evaluate what went wrong so we can learn lessons.

We get angry, say we were right, and make excuses for why we were not wrong despite losing and it is everyone's fault but our own or just bad luck and no one could have seen it coming.

One of the only environments where this is not true is when you are betting your life and the lives of men you are responsible for on the outcome of your actions.

When the results of being wrong are permanent and the enemy hopes you don't learn any lessons so they can keep killing you the same way, you quickly learn arrogance on our part makes their job much easier with less risk and work required to win and try at all costs to avoid that.

Betting it all is the only environment that leads to fast self-reflection, no matter how painful or wrong you are, because to not confront mistakes and learn lessons is to continue losing.

This is why the best investors are ones with substantial amount of their own money at risk and treat their capital as irreplaceable because if you lose that money, you cannot get the years back it took to earn it.

That is Anthony Deden's approach, and resonates with me because I recognize it from overseas.

https://www.youtube.com/watch?v=a4_U6bS-cU4

As a nation though, we will likely not be self-reflective or extrapolate the lessons learned from Kabul to other sectors of our country and economy. The electorate will likely continue to vote for their chosen narrative because human nature is constant.

History shows us the likely path. Hardcore History's *Death Throes of the Republic* series does an excellent job showing how this situation played out in Rome. Both sides continued with their chosen narrative until people went through so much pain, were so scared, they just wanted the government to function again and welcomed empire for peace.

<https://www.dancarlin.com/product/hardcore-history-death-throes-of-the-republic-series/>

A superpower cannot keep humming along business as usual when we no longer provide facts from the ground to decision makers and have created a culture of narrative being reality across all of our institutions and sectors.

The Individual Level

As always, I distill down events with my own experience and then try to determine if it changes anything in my personal life as I try to do the best I can to be a wise steward of my savings in what seems like an increasingly insane world as I continue to learn.

I am sure most who lived through the volatility at the end of an age and the start of a new epoch felt the same. It will be interesting to look back on these articles decades from now.

Hopefully we are all laughing at how I was managing for risks that did not materialize.

I wrote an article a while back looking at risks with China and bitcoin. Since then China has cracked down on bitcoin and some miners are moving to the United States.

<https://www.radigancarter.com/dispatches/bitcoin-weighing-risks-and-life>

Watching the total collapse of the narrative in Kabul over a weekend puts me in the dilemma of now weighing what I view as a very real systemic risk in the US against China.

I am left saying I don't think there is much difference between the two in my mind now.

The cruelty and incompetence the US government, media, and military leadership have exhibited the last two weeks has been breathtaking to me.

This cements in my mind that money creation will continue until it is absolutely no longer possible and I don't really care about interest rates. They can go up, they can go down, but all roads lead to Rome. Just a matter of if we take the direct route or the scenic route in my mind.

Money creation is an irresistible tool politicians use to promise the electorate more while raising taxes on the wealthy that tends to kill productivity since 88% of millionaires are self-made.

The truth is politicians do not need to concern themselves with the redistribution of wealth. Most families do spectacular jobs of that all on their own with over 70% of wealth earned being completely redistributed and gone by the third generation. Old money is incredibly rare.

We now have two toxic events merging in real time. After the pandemic, the electorate has a taste for free money and will want more, and after Kabul, I hold out no hope anyone in positions of leadership across US institutions will do the right thing.

Money creation will continue, taxes will go higher on the wealthy, and life will get harder for the poor as both of those combine for less opportunity resulting in a reinforcing cycle as everyone continues to vote for their narrative as politicians continue to promise more to stay in power.

This means while I am not adding anymore to the crypto portfolio, I am certainly not selling any.

In addition, I am now starting to measure my net worth against the S&P500 instead of in dollars.

The reason is simple. Governments will continue creating money that flows into assets, so using the S&P500 as the benchmark for if I am getting wealthier in real terms against my peers makes more sense than CPI which is nothing more than a narrative and does not match my reality.

I no longer trust what institutions tell me, so I am finding my own way of measuring real returns.

If you want the full details on what helped me decide to do this, read this article by BowTied Bull.

<https://bowtiedbull.substack.com/p/crypto-vs-global-money-supply-and>

Yes he is a cartoon bull with a bowtie; no I don't have any idea who he is. If you think that is weird, wait till you venture into the jungle.

And we both know you spend money a year on Starbucks than the \$100 it costs per year.

I like to barbell the research I pay for just like I do my portfolio and the other subscription I have is Grant Williams *Things That Make You Go Hmm*.

https://www.grant-williams.com/ttmygh_newsletters/

I pay my own money just like you. I like how a cartoon bull and Grant balance out in the reality we now live in. In a lot of ways they are not far from each other philosophically I don't think, they just choose different weapons with which to fight the insanity that we have been given.

If you are in the Fortress you know I will be moving the gold portion of my portfolio overseas. This gives me a built in geopolitical hedge, not going to talk more about it publicly right now.

This is a slight change from what I said in the Decentralized Future article below. I'll keep the six months emergency fund in US dollars, and I am taking the gold allocation higher to meet the minimum requirements for overseas storage.

<https://www.radigancarter.com/dispatches/back-to-the-decentralized-future>

I just don't see the point having any more cash than needed for a six months emergency fund.

What matters is cashflow per month.

For the equity side, still focusing on a mix of individual companies and ETFs.

I have been talking with Mike Green, and waiting to see what he builds out at Simplify to switch the EFT allotment over. I'll write more about that when it happens.

What I am hoping for is something along the lines of a 100-year portfolio in ETF form, specifically because of the tax efficiency of the regulatory change allowing short-term options to be taxed at long-term gains rate inside an ETF.

Similar in thought to what Artemis and Mutiny are doing. A friend of mine recently invested in the Mutiny fund, so interested to hear how that goes for him.

<https://www.artemiscm.com/artemis-dragon>

<https://mutinyfund.com/cockroach/>

Overall, the portfolio percentage I am working towards remains the same from before the summer, 70% equities and 30% crypto/gold.

What I've really been focusing on is diving deep on individual companies this summer, determining which ones I want to own and how to value them when money no longer has value.

So much of this is more art than science. Working on that article for the Fortress.

If you want to do it on your own and enjoy months of reading, you will likely arrive at the same conclusions I do reading the last ten years of Edelweiss Journal articles. I printed them out, and they are in a three ring binder and highlighted with notes.

<https://edelweissjournal.com/>

So really only minor course corrections I think. Trimmed the sails, still pointed due west, sailing in Ulysses wake, following him beyond the sunset.

I am rebalancing slowly over time with cashflow to gold and equities to be the most tax efficient possible since if I sold crypto to rebalance, then I would be starting out at a 20% deficit after paying long-term gain taxes to get back to even before even starting to make a profit.

For me, less stress just rebalancing over time with cashflow and my time preference is zero.

I have the rest of my life to get this right and my favorite hobbies (gym, reading, and writing) are mostly free and I don't like owning a lot of belongings. I don't care about lambos, I just want a one nice piece of property and an S05 Beretta shotgun, so this works for me.

One Last Thing

I think you read what I write because I am authentic. I say exactly what I think and distill it down to what I am doing personally.

In our modern world, information is now free to the point we are drowning in it. What has become scarce and valuable in this world is authenticity and integrity.

That is why you are here reading this, or at least what I hope comes through in my writing.

I never thought I'd find a mission I enjoyed as much as I did overseas, but this is it, and that is because of you, so thank you.

If any of this plays out, it will scare a lot of people. Most will not be expecting it, and scared people do really dumb things. Not because they are bad people, it is just their emotions dialed to eleven as they look for a simple answer to a problem they never imagined was possible so they can feel safe again. Fight or flight.

I keep getting asked what can we do and how am I not bitter after seeing years of my life and sacrifices friends made be for nothing.

The truth is being bitter doesn't do any good and people don't want to be around it.

It is just a choice you got to make. Took me a year or so to get there, takes time.

As one of my best friends says, "Be a fun fountain, not a fun sponge."

As for what we do, we keep putting in the work, get strong, build beautiful lives that are resilient, and are people those around us can depend on and want to be around.

What we don't do is worry about being happy every day. We aren't children.

This whole idea of happiness being the highest goal of your life is new-age Instagram bullshit meant to get you to a state of emotional insecurity so AI algorithms can steal the building blocks of wealth from you to add to the stacks of their billionaire masters. Don't let them.

Or at least that is how I look at it.

Find happiness in your confidence to handle whatever life throws at you and being the friend all your friends say you are someone they can count on and wisely use your own building blocks.

Remember, we either spend money or use that money to buy more assets and cashflow for the future.

I prefer to embrace the current disadvantage for a permanent advantage in the future.

It becomes a game after a while.

On why I have crypto, gold, individual equities, ETFs, and interested in a 100-yr portfolio, I never bet on any one thing since when it comes to control over our own lives, the stakes are too high.

If we are strong, responsible, with resiliency built into our lives, we have control.

If we don't, a bureaucrat has control. Terrible place to be.

The important thing is to be someone others can find in this storm of information swirling around them when they are looking for integrity and authenticity so more of us make it.

BE THAT PERSON.

See you out there, Radigan