

"Anthem!"

Ash: You still don't understand what you're dealing with, do you? Perfect organism. Its structural perfection is matched only by its hostility.

Lambert: You admire it.

Ash: I admire its purity. A survivor ... unclouded by conscience, remorse, or delusions of morality.

Parker: Look, I am ... I've heard enough of this, and I'm asking you to pull the plug.

[Ripley goes to disconnect Ash, who interrupts]

Ash: Last word.

Ripley: What?

Ash: I can't lie to you about your chances, but... you have my sympathies.

— **"Alien" (1979)**



Det. 'George' Francisco: You humans are very curious to us. You invite us to live among you in an atmosphere of equality that we've never known before. You give us ownership of our own lives for the first time and you ask no more of us than you do of yourselves. I hope you understand how special your world is, how unique a people you humans are. Which is why it is all the more painful and confusing to us that so few of you seem capable of living up to the ideals you set for yourselves.

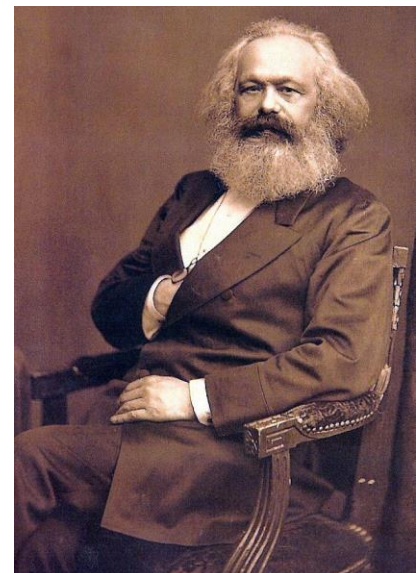
— **"Alien Nation" (1988)**

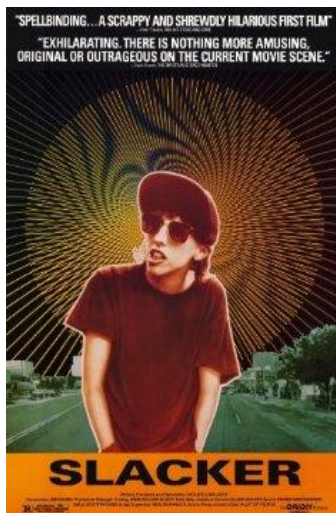


The less you eat, drink, buy books, go to the theatre or to balls, or to the pub, and the less you think, love, theorize, sing, paint, fence, etc., the more you will be able to save and the greater will become your treasure which neither moth nor rust will corrupt—your capital. The less you are, the less you express your life, the more you have, the greater is your alienated life and the greater is the saving of your alienated being.

— **Karl Marx on Alienation, "Economic Manuscripts" (1844)**

The paradox and the tragedy of modern man. When we spend rather than save, we live more fully. We avoid the alienated life. But we create our alienated being, which is far worse. Without savings and capital, our labor is reduced to a commodity, something we must sell to our dying day simply to live. We must work to live, rather than work to BE. Our labor, our government, even our very thoughts become an alien thing to us, and us to them. Sound familiar?



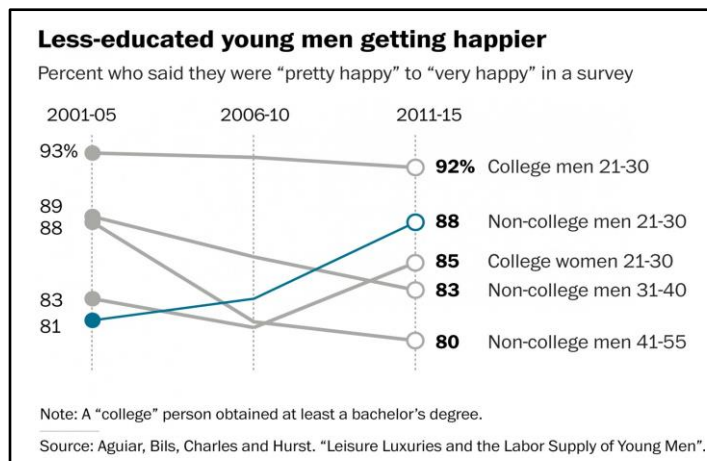


Most of the blame for the struggle of male, less-educated workers has been attributed to lingering weakness in the economy, particularly in male-dominated industries such as manufacturing. Yet in [new research](#), economists from Princeton, the University of Rochester and the University of Chicago say that an additional reason many of these young men — who don't have college degrees — are rejecting work is that they have a better alternative: living at home and enjoying video games. The decision may not even be completely conscious, but surveys suggest that young men are happier for it.

Young men without college degrees have replaced 75 percent of the time they used to spend working with time on the computer, mostly playing video games, according to the study, which is based on the Census Bureau's time-use surveys. Before the recession, from 2004 to 2007, young, unemployed men without college degrees were spending 3.4 hours per week playing video games. By 2011 to 2014, that time had shot up to 8.6 hours per week on average.

A few decades ago, an unemployed person might be stuck on the couch watching TV, isolated and depressed. Today, cheap or free services such as Facebook, Snapchat, YouTube and Netflix provide seemingly endless entertainment options and an easy connection to the outside world. *Video games, in particular, provide a strong community and a sense of achievement that, for some, real-world jobs lack.*

— **Ana Swanson, Washington Post, “[Why amazing video games could be causing a big problem for America](#)”, Sept. 23, 2016**

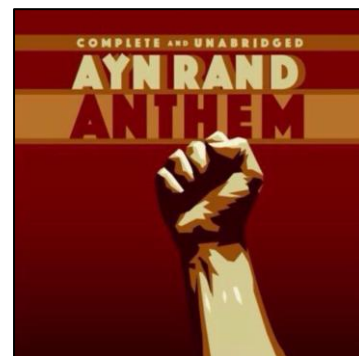


Robert Putnam (one of the good guys in academia, btw) wrote a famous book called [Bowling Alone](#), where he chronicled the dissipation of civic groups (like bowling leagues) that had — truly — made America great. But today, community is back! It’s just not IRL, as the kids would say. The Marxist revolution isn’t coming out of Venezuela or some such failed state. It’s coming out of *Call of Duty*.

At first, man was enslaved by the gods. But he broke their chains. Then he was enslaved by the kings. But he broke their chains. He was enslaved by his birth, by his kin, by his race. But he broke their chains. He declared to all his brothers that a man has rights which neither god nor king nor other men can take away from him, no matter what their number, for his is the right of man, and there is no right on earth above this right.

— **Ayn Rand, “Anthem” (1938)**

Believe it or not, I’m actually not a big Ayn Rand fan. I appreciate her thesis. Really, I do. But man is a social animal. We are hard-wired to care about the We as much as the I. [Unless you’re damaged.](#)





Any writer, I suppose, feels that the world into which he was born is nothing less than a conspiracy against the cultivation of his talent — which attitude certainly has a great deal to support it. On the other hand, it is only because the world looks on his talent with such frightening indifference that the artist is compelled to make his talent important.

— **James Baldwin**, *“Notes of a Native Son”* (1955)

On the other hand, I’m a big James Baldwin fan. Here’s a man who experienced profound alienation, from his family and his church and his country (Baldwin’s FBI file was almost 2,000 pages long ... talk about a badge of honor). Yes, the world is both a conspiracy and frighteningly indifferent to everything, including talent. Baldwin’s answer: get over yourself already. *Make your talent important.*

Gerald O'Hara: And what does the captain of our troops say?
Ashley Wilkes: Well, gentlemen, if Georgia fights, I go with her. But like my father I hope that the Yankees let us leave the Union in peace.
Man: But Ashley, Ashley, they've insulted us!
Charles Hamilton: You can't mean you don't want war!
Ashley Wilkes: Most of the miseries of the world were caused by wars. And when the wars were over, no one ever knew what they were about.
Gerald O'Hara: [the other men protest] Now gentlemen, Mr. Butler has been up North I hear. Don't you agree with us, Mr. Butler?
Rhett Butler: I think it's hard winning a war with words, gentlemen.
Charles Hamilton: What do you mean, sir?
Rhett Butler: I mean, Mr. Hamilton, there's not a cannon factory in the whole South.
Man: What difference does that make, sir, to a gentleman?
Rhett Butler: I'm afraid it's going to make a great deal of difference to a great many gentlemen, sir.
Charles Hamilton: Are you hinting, Mr. Butler, that the Yankees can lick us?
Rhett Butler: No, I'm not hinting. I'm saying very plainly that the Yankees are better equipped than we. They've got factories, shipyards, coalmines... and a fleet to bottle up our harbors and starve us to death. All we've got is cotton, and slaves and... arrogance.
Man: That's treacherous!
Charles Hamilton: I refuse to listen to any renegade talk!
Rhett Butler: Well, I'm sorry if the truth offends you.
Charles Hamilton: Apologies aren't enough sir. I hear you were turned out of West Point, Mr. Rhett Butler. And that you aren't received in a decent family in Charleston. Not even your own.
Rhett Butler: I apologize again for all my shortcomings. Mr. Wilkes, Perhaps you won't mind if I walk about and look over your place. I seem to be spoiling everybody's brandy and cigars and... dreams of victory.



— **“Gone with the Wind”** (1939)

Now that’s the way a real man ends a Twitter fight. Lots of words and arrogance and dreams of victory going around these days, from the Fed to the DNC to the Trumpkins. Not so much the RNC.

The modern world is not evil; in some ways the modern world is far too good. It is full of wild and wasted virtues. When a religious scheme is shattered...it is not merely the vices that are let loose. The vices are, indeed, let loose, and they wander and do damage. But the virtues are let loose also; and the virtues wander more wildly, and the virtues do more terrible damage. The modern world is full of the old Christian virtues gone mad. The virtues have gone mad because they have been isolated from each other and are wandering alone. Thus some scientists care for truth; and their truth is pitiless. Thus some humanitarians only care for pity; and their pity (I am sorry to say) is often untruthful.

— **G.K. Chesterton, “Orthodoxy” (1908)**

Chesterton is so right ... the social problems of the West aren’t (mostly) from rampant vices, but from alienated virtues. It’s the pitiless truth of Silicon Valley technologists and Wall Street financial engineers. It’s the truthless pity of Davos political elites and Jackson Hole central bankers.

That clean but lonely feeling when there are no other cars.
The traffic lights changing just for you.

— **Don DeLillo, “Libra” (1988)**



Lee Harvey Oswald, the modern alienated man in full. A pawn for whatever political anthem is trumpeted into his ear. [Erdogan gets it](#). But the political anthems of the modern West are like the music of the modern West — bittersweet songs played in a minor key. We need a new anthem, something we can whistle to. Otherwise the Trumpets are going to get louder still.

The other week I was driving in downtown Los Angeles, late for an appointment. The road I needed to turn onto was just past the freeway overpass, but I got confused and turned onto the freeway on-ramp. My GPS app promptly started recalculating my route and informed me that for all practical purposes I could no longer reach my destination. I was basically trapped on the freeway, and just getting back to my starting position would take at least 20 minutes, probably more.

Now this is probably because I’ve played way too many videogames in my life, but here’s the thought that popped into my head: no problem, let’s just hit the reset button. I’m not sure when I last saved the game, but it’s gotta be better than what I’m faced with now. Shoot, with the way autosave works these days, I bet I restart really close to my idiotic mistake to take the onramp. These were the thoughts I couldn’t shake for the next 20 minutes. And these are the thoughts that I can’t shake today.

It’s time for a reset.

I’m not talking about this misbegotten election. Both parties took the wrong on-ramp, and like my LA

misadventure, there's no way to walk (or drive) this back. At least I only lost 20 minutes of my life and missed an appointment. We're going to lose four years of our political lives with this election, and the alienation that each and every citizen feels with his or her government ... the alienation that each and every investor feels with this market ... is just going to get worse, regardless of who wins.

Okay. So apparently things aren't just going to magically get better on their own. Apparently, life is not a videogame, no matter how much unemployed young men (and I) wish it were, and we're fresh out of reality reset buttons. Sorry 'bout that. What's to be done?

I'll tell you what's to be done. It's time for us to get over ourselves. It's time to get up off the basement couch in our parents' house. It's time to stop shaking our heads at our Twitter feed and thinking of wry bon mots to express our indignation at a frightfully indifferent world. Yes, I'm raising my own hand here. It's time for us, as James Baldwin wrote, *to make our talent important*, whatever that talent is. It's time for us to channel our inner Scarlett O'Hara, if not our inner Rhett Butler: tomorrow is another day.

I'm talking about a reset of our investment thinking, so that we survive the policy-driven markets of today and the policy-controlled markets of the next four years. My crystal ball is broken, as is yours, so we have no idea whether we're going to see a market of Ice (deflation), a market of Fire (inflation), or more of this Long Gray Slog of markets turned into political utilities. But what we will never see is the Yellen or Draghi press conference where they say, "Sorry. We tried our best but it just didn't work out. Good luck out there!" Policy intervention is our investment reality, not our investment dream or nightmare or whatever. They are IRL (in real life, for everyone over the age of 40), and we must engage with that reality, not wish them away or pine for the good old days.

I'm also talking about a reset of our political thinking, although that's an even bigger fish to fry than our investment thinking. After my last note, "[Virtue Signaling](#)", I had a lot of people ask if I were supporting a third party candidate. Ummm ... no. Gary Johnson is Chance the Gardener, and Jill Stein is Ralph Nader, minus the passion and the brains. I wanted to like them so bad. I gave them so many chances. But both are is-this-trolling-at-a-Jedi-Master-level? disasters. No, I'm sitting this presidential vote out, and I'm in no hurry to engage with an existing third party. The disintegration of the Republican party today and the disintegration of the Democratic party tomorrow will create a really interesting broken field of political identities. The thing in short supply won't be political organization, which is usually the rare bird, but coherent political IDEAS with the power to motivate and inspire. I can't wait.

The common denominator in these reset efforts, whether we're talking about investing or voting, is the common enemy: *alienation*.

This was Marx's most profound observation about the human condition, that our labor becomes a separate and hungry beast in a capitalist world, bursting from our chests and eating us alive. (Well ... that's my hyperbole because I love the movie *Alien*. Marx's language is a lot more restrained, but only because he lived in a pre-Ridley Scott world. Trust me, he'd be all over this analogy!) So many of us objectify our work and come to despise it, as we work to live and live to work. So few of us work to BE. So few of us find intrinsic and sustaining satisfaction in our work, such that it connects us to the world and we would pursue it whether or not our economic masters tossed us a bone or not. When we are separated from our work and our time, we are separated from ourselves, from what makes us unique. This is alienation. It is a separation from what makes a human being ... human ... and we begin to regard not only other people as cogs and objects, but also — and this is the really tragic part — we begin to regard *ourselves* as cogs and objects.

Sorry for the crash course in Marxism, but it's important. It's important because our alienation doesn't stop with our labor. For many of us, it pervades every aspect of our lives, both public and private. Our participation in politics has been begrudging and forced for a long time now. When was the last time you were excited to cast a vote or — imagine this — contributed your labor and time (money doesn't count ... it's not **you**) in a joyful and self-fulfilling way to a political candidate? Have you EVER done this? I haven't.

It's the same thing with our participation in markets. Does anyone reading this note still get a rush from fundamental investing? Do you still get an intrinsic pleasure out of reading Q's and K's and trying to figure out the puzzle of a company and connecting all that with a stock price? I know you used to. Do you still? Or is it your JOB, something that you do because it supports the comfortable life that you've built?

I used to be a patriotic guy and I used to be a fundamental investor. And then 2008 happened. And then the pretty skin of our banking and market system was ripped away to reveal the naked sinews of power beneath. In many respects, the 2016 election has been like an acid flashback to 2008. It doesn't impact me as personally as 2008 did because I'm in the investing business, not the media business or the politics business. But I see the skin being ripped away, again. I see what lies beneath, again. And I become alienated from my country and my work, again.



The common denominator is also the common solution: *anthem*.

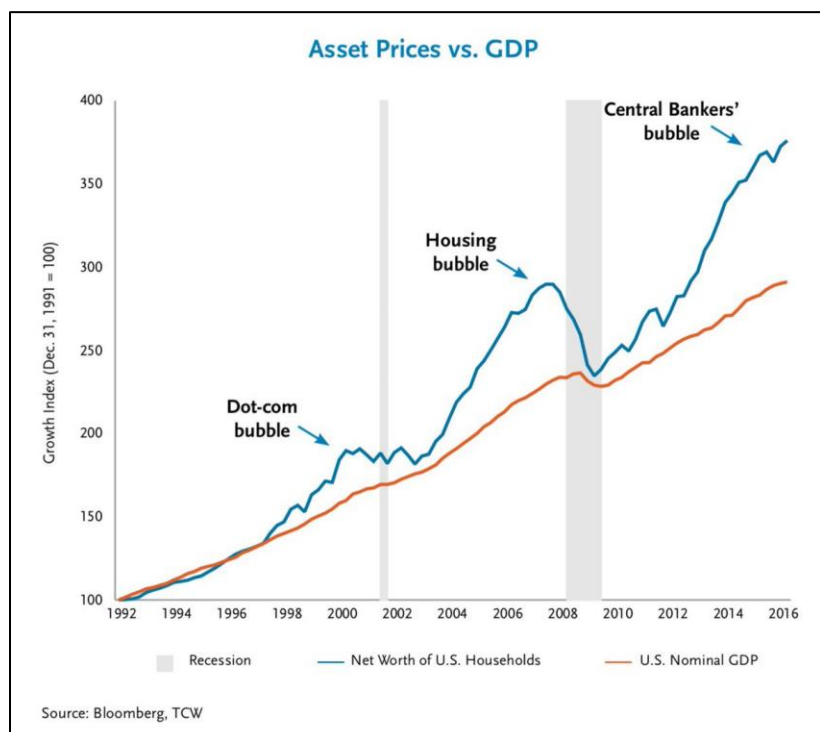
I want to be a patriot again. I want to be a fundamental investor again. It won't ever be exactly like it was before, but that's okay. A renewed faith can be a stronger faith. It just won't be a blind faith. It has to be a faith based on my own labor and my own time, a non-alienated patriotism and a non-alienated investment strategy. It has to be a political participation and a market participation based on who we are, not who we are paid to be.

Who's the "we" and how do we arm ourselves? Like Rhett Butler, I have no interest in fighting a war without a cannon factory. Politics and markets are social institutions, and voting and investing are social behaviors. They only make sense as organized, group activities, and that's why we have to employ *anthems*. It's not enough to have an idea about politics or investing that resonates personally. It has to be a Big Idea, a marching song in 4/4 time in a major key. It has to be a Narrative that motivates the We.

Over the next two notes I'll be describing two anthems, one for investing and one for politics. Regular readers will have heard me hum some of these tunes before, particularly on the investing side, in notes like ["Hobson's Choice"](#), but it's time to get more focused with this. More action oriented.

Why? **Because a reset — both in markets and in politics — is coming whether we like it or not.** We can either prepare for the reset ... we can shape the reset as best we can ... or we can let the reset shape us.

Here's the most impactful chart I know. It can't be fudged. It's a measure of US household net worth over time, compared to US nominal GDP. Is it possible for the growth of household wealth to outstrip the growth of our entire economy? In short bursts or to a limited extent, sure. But it can't diverge by a lot and for a long time. *We can't be a lot richer than our economy can grow.*



But that's exactly what's happened. Again. Like the Housing Bubble of 2004–2007, we've gotten a lot richer than our economy has grown. But unlike the Housing Bubble, the riches of this latest bubble haven't been as widely distributed. This latest bubble blown by our central bankers has been in the form of a stock market triple and bond prices at record highs, it's been almost entirely in the form of financial assets, not real assets like houses. In 2007, everyone who owned a house was rich. That's a lot of people. In 2016, the rich are the people who owned stocks and bonds in 2009. That's a lot fewer people. **If you don't see the pernicious impact on our *politics* from this distributional difference in the bubbles, you're just not paying attention.**

Beyond the simple mechanics of who got the goodies in this latest bubble, the Narratives associated with the Dot-com Bubble of 1998–2000 and the Housing Bubble of 2004–2007 were structurally different from the Narrative associated with the Central Banking Bubble of today. There were *anthems* associated with the Dot-com Bubble and the Housing Bubble, anthems of a fundamental change in the real economy that brought all of us along for the ride, *anthems that fit the political culture of the United States*. **Over the last six years, on the other hand, all we've heard is a statist, top-down, European-ish, tinny song of [Central Bank Omnipotence](#) that doesn't fit the political culture of the United States, and that's why the Central Banking Bubble is the most hated and mistrusted bull market in history.**

From the perspective of both [the Economic Machine](#) and [the Narrative Machine](#), our current market and political standing is untenable. Unlike prior wealth bubbles, this one is reshaping our political system in ways we haven't seen since the 1850s. Yes, that's right, the pre-Civil War 1850s. One way or another, this is going to be a bumpy ride. But that's life. It's not a video game. It's not a simulation. It's IRL. We can't control when and where and to whom we were born. Often we can't control where we end up. But we can control our own attitude and our own minds. We can control whether or not we allow ourselves to become alienated from our labor, our time ... from our being. We can control whether or not we participate actively in The World As It Is, or whether we withdraw to our parents' basement couch and play some more *Call of Duty*. We can help write a new anthem for our investing and our voting, or we can [watch while the alt-priests of fascism and totalitarianism play their anthems louder and louder](#).

It's time for a reset.

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