

## “More Probable Than Not”

The only thing that I ask from this group today and the American people is to judge me from this day forward. That’s all I can ask for.

– **Alex Rodriguez press conference, February 17, 2009, regarding his steroid use from 2001 – 2003.**

I’m ready to put this chapter behind me and play some ball.

– **Alex Rodriguez “apology” letter, February 17, 2015, regarding his steroid use from 2010 – 2012.**

**Brady:** I would never do something that was outside of the rules of play. I would never have someone do something that I thought was outside the rules.

**Reporter:** So you never knowingly played with a football that was under 12.5 pounds?

**Brady:** No.

– **Tom Brady press conference, January 22, 2015.**

Now, we all know that air pressure is a function of the atmospheric conditions. If there is activity in the ball relative to the rubbing process I think that explains why when we gave them to the official and the officials put them at let’s say 12.5 ... once the ball reached its equilibrium state it’s probably closer to 11.5.

– **noted physicist and football coach Bill Belichick, January 24, 2015.**

That is an allegation [FOMC quashing their own General Counsel’s investigation of leaks] that I don’t believe has any basis in fact. I’m not going to go into any detail but I don’t know where that piece of information could possibly have come from.

– **Janet Yellen press conference, March 18, 2015.**

The Board’s Inspector General and the Department of Justice are in the midst of an investigation into this matter [FOMC leaks to journalists and market consultants]. We are cooperating fully with them and look forward to the results of their investigation. ... I had one meeting with Ms. Regina Schleiger of Medley Global Advisors during the period covered by the staff review. As Vice Chair of the Board, I met with Ms. Schleiger on June 11, 2012, to hear her perspectives on international developments.

– **Janet Yellen letter to Rep. Jeb Hensarling, May 4, 2015.**

Mr. Bernanke said that he was sensitive to the public’s anxieties about the “revolving door” between Wall Street and Washington and chose to go to Citadel, in part, because “it is not regulated by the Federal Reserve and I won’t be doing any lobbying of any sort.” He added that he had been recruited by banks but declined their offers. “I wanted to avoid the appearance of a conflict of interest,” he said. “I ruled out any firm that was regulated by the Federal Reserve.”

– **New York Times, April 16, 2015.**

**Senator:** Fletcher, there’s an old saying, to the victors belong the spoils.

**Fletcher:** There’s another old saying, Senator. Don’t piss down my back and tell me it’s raining.

– **“The Outlaw Josey Wales” (1976)**

My father was a doctor who spent his entire career in a small hospital built by the Tennessee Coal and Iron company in Fairfield, Alabama. He was an ER doc way before emergency medicine was its own thing, which meant that he saw a wide gamut of cases, from knife fights to car wrecks to heart attacks. But it also meant that he saw a lot of ordinary colds and various infectious diseases, as the emergency clinic then – as now – was the only on-demand medical facility available for people who couldn't afford or didn't have access to private physician practices. Now one of my father's great joys in life was watching sports on our grainy black and white TV, miraculously upgraded to a grainy color TV when I was 12. I'm sure he spent hundreds, if not thousands, of happy hours watching sports. Unless, of course, the hapless TV commentator made the mistake of excusing the absence of, say, Larry Bird from a Celtics game by saying that Bird "had a touch of the flu" and so was too sick to play, which was *guaranteed* to send my father into a 10-minute tirade.

"A touch of the flu? A touch of the flu? You mean he has contracted the influenza virus? Are you out of your mind? Do you have any idea what it means to have the flu? Do you have any idea how sick you are if you have the flu? People DIE from the flu, you moron! What does that even mean ... a touch of the flu? Is Larry Bird in the hospital? Because if he has influenza, you sure better get him to the hospital! I hope you've got a saline IV hooked up to Larry Bird's arm right now! No, he's not in the hospital. Do you know why? Because he has a COLD. That's right, you idiot, he has a COLD! Not the flu!"

Honest to god, this would go on for quite a while. Somehow it never got old to my father to rail at what he perceived as the *mendacity* – to use a good Tennessee Williams word – of a TV commentator elevating Larry Bird's status from an ordinary human wrestling with a common cold to a heroic struggle with influenza. Even today, 30 years later, I can't help but laugh at these memories of my father whenever I read or hear about a player out for the game because of "flu-like symptoms."

I've inherited a lot of my father's traits, and one of them is his intolerance for this mendacity of language, this intentional failure to call things by their proper names, this linguistic exercise in self-puffery and cover-up. Unfortunately for me and anyone else who shares this peculiar sensitivity, mendacity of language has never been more rampant in all of our social worlds, from sports to politics to markets.

With the advent of always-on mass media that projects [the illusion of a one-to-one personal connection with cartoons like "Tom Brady" and "Jim Cramer"](#) – corporate entities that are connected

with but distinct from human beings like Tom Brady and Jim Cramer – language intentionally designed to influence rather than inform is now ubiquitous in the *business* of sports and politics and markets Why? Because it works. It delays sanctions until after you play in the Super Bowl, until after you sign a quarter of a billion dollar contract. It deflects attention until after your term in office is over, until after you cash in with a book deal and hedge fund consultancy.

To use the ponderous, legally parsed language of the NFL's Wells Report on "deflate-gate", language which I think wonderfully encapsulates the pinched spirit of our age, here are four things that I believe are "more probable than not":

- 1) Alex Rodriguez has routinely used steroids and PED's of various stripes since he was a sophomore in high school.
- 2) Tom Brady has routinely bribed equipment managers with autographed jerseys and new shoes in order to receive footballs deflated well below what he knew was the legal limit.
- 3) Janet Yellen has routinely leaked market-moving information to favored private sector conduits, and has also sought to quash internal investigations of same.
- 4) Ben Bernanke is for sale to the highest bidder.

But here's the thing. I'm not that worked up about ANY of these issues. Yes, A-Rod has been juicing for 25 years, and Tom Terrific breaks the rules he thinks he can get away with breaking. Okay. Them and about 5,000 other professional athletes. Janet Yellen, the prime author of Fed "communication policy" (the intentional use of words to influence market expectations), leaks her viewpoint as part of that communication policy and then tries to kill an internal investigation. Okay. Her and every other senior politician and bureaucrat in the history of human civilization. As for Bernanke ... a former President of the United States and the leading candidate to be the next President of the United States have *personally* received more than \$100 million in "donations" from mega-corporations and foreign governments, and I'm supposed to be outraged about Ben Bernanke cashing a big check from Ken Griffin?

What I AM worked up about, though, is the mendacity ... the utter lack of character and authenticity ... on full display in ALL of these cases. All of these cases and so many, many more.

You want to go work for Citadel? Fine, go work for Citadel. But OWN IT. Don't insult my ... I'm not even going to say intelligence, because it's not an assault on intelligence we're talking about here ... don't

insult my 50 years of life as a reasonably self-aware human being by claiming that you're taking the high road here by working for Citadel instead of, say, JP Morgan. I mean, the notion that access to the Fed's regulatory authority over big banks is somehow the defining characteristic of why Ben Bernanke is a sought-after commodity, or that any public outrage here is clearly misplaced because, after all, he won't be a – gasp! – bank lobbyist, per se ... it's all just horribly insulting to anyone with the common sense to know that the sky is blue, that  $2 + 2 = 4$ , and that you don't meaningfully change the air pressure in footballs by rubbing them vigorously. It's mendacity and inauthenticity in the first degree.

You want to embark on a conscious policy of manipulating market expectations (yes, manipulating is a strong word, but it's exactly accurate) by planting a carefully constructed Narrative with journalists like Jon Hilsenrath at the *Wall Street Journal* and consultants like Regina Schleiger at Medley, journalists and consultants who you know will be influential *precisely because* they are trumpeting their exclusive access to you? Fine. I totally get it. Once you've hit zero on short rates and pushed your balance sheet up over \$4 trillion in LSAP's, jawboning is the only bullet you've got left in the gun. But OWN IT. Don't tell me that you're meeting with Regina Schleiger at Medley because you want to hear HER perspectives on monetary policy! I'm sure that Ms. Schleiger is a very smart person. I'm sure that she is an insightful observer of the international economic scene. But – and I'm trying to say this in the kindest possible way – there's not 1 in 100,000 investors who even knows who Ms. Schleiger is, and fewer still who would be willing to pay money or time to hear her personal opinion about the proper course of monetary policy. The exception, we are told, is the Chair of the Federal Reserve, in many respects the most powerful person on the planet ... she, of course, is terribly keen to hear Ms. Schleiger's views on international economics.

And yes, I know that Fed governors have these consultant meetings all the time. I know that their guests do most of the talking. But I also know, because I've done it, that professional investors and allocators are willing to pay tens of thousands of dollars to consultants like Medley, solely to glean a scrap of insight as to what the Fed is thinking, solely to be a willing host of the Narrative virus that the Fed is trying to spread. More to the point, Janet Yellen knows it, too, which is why she has these meetings. The act itself is not a horrible thing ... not for A-Rod, not for Brady, not for Yellen, and not for Bernanke. It's not a crime, or at least not a crime that will shame your children or your fan base. Certainly it's a difficult and unpleasant thing when you're revealed, because now you've got to deal with the Roger Goodell's and the Bud Selig's and the Jeb Hensarling's and the Elizabeth Warren's of

the world – petty tyrants, all – but you knew there was this chance when you made the decision to break the rules, (or the “rules” in Bernanke’s and 2009 A-Rod’s case). But don’t turn a difficult situation into a personal capitulation to mendacity. Far better to own it.

Believe it or not, I’m not just venting my spleen at the outrageous displays of mendacity that assault us at every turn. I think that there’s an enormous political opportunity today (and I mean political in the broadest sense of the word, a sense that clearly includes the Fed, and arguably includes the NFL and MLB) to embrace authenticity, even if you are authentically an unlikable or – to use the insult du jour – a “polarizing” person. Not only am I convinced that we are each more likely to be successful in our chosen field when acting authentically (don’t you think that if Tiger Woods had embraced his authentically heel-ish nature in 2009, grown a goatee and moved to a casino suite in Vegas, that he’d still be winning majors today?), but also specifically within the chosen field of politics I think there is such a hunger for authenticity that ANY display of honest conviction when confronted with adversity, even if the adversity is well-deserved for breaking a rule, quickly becomes an enormous asset. Maybe this will turn out to be a more interesting election in 2016 than we think. Then again, with the vast campaign coffers already accumulated by Clinton™ and Bush™, two profoundly inauthentic corporate entities, maybe not.

Sigh. I know I’m not going to change anything by writing about this stuff, any more than my father was going to change a sports commentator’s patter by yelling at the TV. Like my father, though, I just can’t help myself. It’s never easy to be authentic. It’s never easy to call things by their proper names. It’s never easy to own it. But here in the Golden Age of the Central Banker, it’s never been more important. Or more politically savvy.

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