

Demetri Kofinas: 00:00:00 Today's episode of Hidden Forces is made possible by listeners like you. For more information about this week's episode, or for easy access to related programming, visit our website at hiddenforces.io and subscribe to our free email list. If you listen to the show on your Apple Podcast app, remember, you can give us a review. Each review helps more people find the show and join our amazing community. And with that, please enjoy this week's episode.

Demetri Kofinas: 00:00:48 What's up everybody? Today's episode features two guests who have each made one prior appearance on Hidden Forces: Grant Williams and Ben Hunt. Ben is the founder of the widely read Epsilon Theory, a newsletter and website that's become popular for its insights and analysis into markets and society with a particular focus on how narrative drives our perception of the world and our place in it. Grant is a little harder to pin down, literally. He's always traveling. But also, creatively, he's the long time publisher of a popular financial newsletter, hosts a phenomenal sports podcast called, "Are You Not Entertained." And his long-form conversations with fund managers, investors, economists and other brilliant thinkers are some of the most engaging, thoughtful and well produced interviews you will find anywhere.

Demetri Kofinas: 00:01:44 Today's conversation is broken into two parts, the second hour of which is available to our paid subscribers. I know what you're thinking, "Thank God I'm subscribed." Unless you're not, in which case, there's an easy solution. Just scroll down to the bottom of this week's episode page and click on the link that says, [patreon.com/hidden forces](https://patreon.com/hiddenforces). From there, if you already have a Patreon account, you just choose which content tier you want access to, and "BOOM," you're done. If you don't have an account, you make one, which literally takes 50 seconds. I've done it. The subscription renews automatically on the first of every month. And if you ever run into a problem that Patreon's customer service cannot solve, you can always reach out to me.

Demetri Kofinas: 00:02:34 I bring you this show unfiltered, without sponsors, and without commercial interruptions. Because I want to spend every minute of my time on the things that matter most to you. By not taking a sponsor, I don't have to answer to anyone but you. I just go wherever my curiosity and the story takes me, and that's not something you can find easily these days. And with that, please enjoy this week's episode with my guests, Grant Williams and Ben Hunt.

Demetri Kofinas: 00:03:12 Grant Williams and Ben Hunt, welcome to Hidden Forces.

Ben Hunt: 00:03:16 Hey, man.

Grant Williams: 00:03:17 Glad to be here. What a great little confluence of events this was.

Demetri Kofinas: 00:03:19 Indeed, yeah, this was totally a last minute kind of thing that just came together.

Ben Hunt: 00:03:24 Yeah it was. Now you get to hear my kind of Southern drawl, and Grant, whatever that accent is.

Grant Williams: 00:03:30 [crosstalk 00:03:30]. I'm really from Sheboygan.

Demetri Kofinas: 00:03:32 Both American and Anglo aristocracy.

Ben Hunt: 00:03:35 Yeah. No, I'm really from Boston. I fake the Alabama accent just like Grant fakes the-

Demetri Kofinas: 00:03:40 Hilarious. You were just telling us that you rode down here on a John Deere tractor?

Ben Hunt: 00:03:44 Oh yeah, yeah.

Demetri Kofinas: 00:03:44 How long did it take you to get here?

Ben Hunt: 00:03:46 Well, you know, 30 miles an hour, it took me a couple hours.

Demetri Kofinas: 00:03:49 When you in the bathroom, I was telling Ben that he is up in this great secluded area in the woods, on a farm with his food supply and everything. And he decided to come down in the infestation of coronavirus in New York City. [crosstalk 00:04:02]. But actually, you're the one that lives in Singapore.

Grant Williams: 00:04:05 No, no, no, no no. I haven't lived in Singapore for a while thankfully. And I haven't been to Asia for a while. And so, I should be virus-free. And if I'm not I'm going to blame it on you two guys, so I know where to start.

Demetri Kofinas: 00:04:14 I mean, we have so many things to discuss, I've put together a wide range of topics. What are your thoughts on this coronavirus? It's sort of dominated the news cycle.

Grant Williams: 00:04:22 I'm going to defer to Ben here, because I've watched this thing happen, and all the comments. I haven't tweeted or retweeted any of it. Because I have no idea. And you wrote the single good-

Ben Hunt: 00:04:33 Thank you.

Grant Williams: 00:04:33 ... literally the only piece that I've retweeted about. So, you should talk about this because it's the best thing I've read about it frankly.

Ben Hunt: 00:04:39 Well, thanks. You know, every once in a while, I know you've had this feeling too once, or more than once, right? That you write something that hits the Zeitgeist at just the right time. And so, I wrote this note called, Body Count. And you know, what it's comparing the coronavirus narrative to, because you know that's what I focus on, the narratives of what's happening, it just hit me over the weekend that I've lived this before. And I lived this before when I was six, seven years old. And you're watching the nightly news, the CBS news with Walter Cronkite. And you know, Grant's of an age where he can appreciate this. Every night on this little black and white TV set you were told, with perfect specificity, exactly how many American soldiers had been killed and wounded, or taken prisoner in the Vietnam War, exactly how many South Vietnamese soldiers had been killed or wounded, and exactly how many North Vietnamese soldiers had been killed or wounded.

Ben Hunt: 00:05:46 Now, I think the data was pretty good for the Americans, it was in the right ballpark for the South Vietnamese, it was a complete fiction for the North Vietnamese. And yet, every night, the number was reported with total specificity. The reason being, is that this was how the United States government wanted to win the war at home. Because the common knowledge, what everyone knew, that everyone knew, was that we were winning the war in Vietnam. How, why? Well, didn't you see the body count numbers?

Demetri Kofinas: 00:06:18 They were going to run out of people.

Ben Hunt: 00:06:20 That's right. They're on the verge of giving up, right? We're winning the hearts and minds of people. Because, you know, we would have a soldier or two killed, and they'd have 200 killed on that day, or 203, right? Because it was always very specific. In fact, what was going on... and this is what I mean about the tail wagging the dog, the tail of creating this narrative at home actually drove or wagged the dog of our war fighting policy in Vietnam. So that our policy became one of what they would call, search and destroy missions. Where the goal was to send a marine platoon or two out into the jungle to go pacify a village, kill some North Vietnamese, some NVA soldiers, count them. So, the counting became the war fighting. The tail really did wag the dog, and it was responsible, I really think, for not just the

atrocities that were committed, the My Lai incident and the others, but it made for poor war fighting, right? We didn't win that war.

Ben Hunt: 00:07:25 I think in large part because we were fighting with more than an eye, but with a total focus on maintaining the narrative at home, rather than effectively prosecuting the war on the ground. So, it struck me that what we were hearing from China was exactly like I heard when I was a six and seven year old boy, from Walter Cronkite, about the specific numbers of new cases for the day, and how many people had died. So, it got me thinking, "Well, let's look at the numbers." Because, I don't have, I don't believe anyone has a real world signal or metric for what's really happening, and what the spread of the disease really is in Wuhan and Hubei province, or the other towns that have been under quarantine. There is no data that I can look at and say, "Ah ha, here's the right answer." But here's what I can do. I can see the numbers that are being reported to us. I can analyze those numbers statistically. And I can tell you that it is more likely that the sun will go nova tonight and burn us to a crisp, than that those numbers that are being reported are the actual numbers that would come out from an exponentially expanding virus with quarantine and treatment facilities, right?

Ben Hunt: 00:08:50 The numbers that were being reported, I don't know what the real numbers are. But I can tell you that those numbers were constructed, were fake. And that was the note I wrote, and it has gone, I think, pretty viral now. Then yesterday we had the Chinese Government come out with a new set of numbers. And it's not because they're saying, "Oh, we found more cases." It's just that, "Oh, we're trying out a different methodology here." So, it just shows that these numbers are all constructed, they're all lies, which shouldn't surprise any of us when we think about all the other numbers that we get out of China, right? But for some reason, we were taking the coronavirus numbers as gospel.

Grant Williams: 00:09:31 But they were comfortable numbers for us to read, right? And they're scary.

Ben Hunt: 00:09:35 They were comfortable numbers, and they were reported by the World Health Organization, right? You had this imprimatur, this missionary, this source of authority who vouched for the Chinese numbers. And that says much of the, I think the tragedy, of what's going on and how indicative it is of this world. Where it's what... Grant, I know you talked about this too. It's Fiat world. It's not just our money, it's Fiat money, it's not just printed. Our world is constructed for us. Where opinions are

made up out of whole cloth and presented to us as fact. And this was just a very straightforward case of where you could say, "Look, I can show you statistically." It's impossible for these numbers to be real.

- Grant Williams: 00:10:19 Right. But isn't that all you need though, right? You don't need to know what the right numbers are, you just need to get a proof that the ones you are being given are incorrect. And then the game should be up to you. You realize that you're being played.
- Ben Hunt: 00:10:31 It should be. Yes, it is absolutely, I think without a doubt that we're being played. What that leaves open though, to your original question of, you know, "What do you guys think about this? And am I stocking up on..." whatever it is, in 73 masks. [crosstalk 00:10:46]. Yeah, no, no, no, no, no, no, I'm talking about the actual mask we can actually insulate from a virus, right? Am I stocking up on those \$100 masks? I'm not, because I don't know what the actual spread of the disease is. We don't know. Because what we are being told is a lie and we don't have access to any independent source of verification of what it really is.
- Demetri Kofinas: 00:11:15 It's interesting because, one of the things that has been missing has been any sort of remotely detailed description of what the symptoms are, what the virus is. Have you noticed that? You might have gone digging for it and found it, but-
- Ben Hunt: 00:11:29 And this is all part of the, I'll say the penumbra, meaning the shadows around this virus. Almost immediately, the Chinese Government released the entire genome of the novel coronavirus 2019, or COVID-19, whatever they're calling it these days. So, we know exactly what it is, right? Because we have the freaking genetic sequence of this virus. So, in that sense we know so much about it, and in the other sense, the sense you're describing, what are the clinical attributes supposed to be.
- Demetri Kofinas: 00:12:07 And what does it mean to be sick with this virus?
- Ben Hunt: 00:12:07 Right. What does it mean to be sick with this virus? How does it present itself, and all the real world characteristics of the disease? You're absolutely right, we just don't know. It's why I actually find your old stomping ground, Singapore, to be really interesting in this, because-
- Grant Williams: 00:12:22 Yes, yes it is interesting.

Ben Hunt: 00:12:23 ... I think frankly, they have been quite transparent. And very good at presenting, "Okay, here are the," whatever, "60 cases that we know about. Here's how we've tracked it down to different clusters. Here are the 10 cases where we can't identify any cluster." Of course, those are the ones that give you the most pause, because it's local, it's spread locally. But we don't know how, or through what sort of mechanism. So that's what keeping everyone up awake at night, right?

Grant Williams: 00:12:51 Yeah.

Ben Hunt: 00:12:52 So we're really relying on the small number of cases outside of China for any sort of transparent data on, as you say, "How does the disease present itself and live in humans?"

Grant Williams: 00:13:07 You know, I'm just going back to booking that discussion, going back to the Vietnam War. You know, Vietnam is a spectacular country, and fantastic people. It's just one of my favorite places on Earth. And I went there a number of years ago, and I went to Hanoi. And they have a war museum in Hanoi. And you go there, and it's spectacular. It's like a fifth grade science project, your handwritten signs and stuff. But what they have as exhibits, the rifle with which a certain private shot down five enemy bombers, and the rusty spoon which a private killed 300 American GI's with it, stormed his trench and stuff. So, you know, it works both ways.

Ben Hunt: 00:13:45 Of course it does, yeah.

Grant Williams: 00:13:46 And that's just how it happens, right?

Ben Hunt: 00:13:46 Yeah.

Demetri Kofinas: 00:13:47 Mm-hmm (affirmative).

Grant Williams: 00:13:48 we don't know the numbers. And we kind of can't know the numbers. Because you look at some of the people panicking already about this thing. I understand why they fear letting the real numbers out into the public. But there is a tipping point where it's less constructive to be so closed about it, and so bold-faced false about it.

Ben Hunt: 00:14:07 And this is the thing, Grant. And again, this is something that you and I have talked a lot about, and I know, Demetri and some of the stuff you've written, it's a similar idea. This is what the best and the brightest, to use David Halberstam's term for the American decision makers in the Vietnam War this is what

the best and the brightest always do. They think that we, the people, can't handle the truth. That we're either too stupid, that we're too easily frightened. And so, what the best and the brightest always do, is they construct a story. It's a very carefully formulated communication policy, right? Where they believe, and I believe this is sincere, that they think we just need more time. We can buy time to win the real world war by constructing this story that we know is false.

- Ben Hunt: 00:15:07 And so that we don't get pressure domestically to do something that would be, we think, counterproductive to what we think is to winning the war. But what always happens, again this is what happened in the Vietnam War, is absolutely what I think has happened with Central Bank Monetary Policy, because it's a direct corollary. It's that, again, the tail wags the dog. That you create this monster, right, of the narrative and the story around your monetary policy or your prosecution of a war in Vietnam, or your handling of the coronavirus in China. And it takes over. The monster takes over. Because you realize, we can't change the story, we're now our prisoner to the story we've created. And so, we now have to prosecute the war, prosecute our monetary policy, or prosecute our quarantine policy driven by this narrative that we've created. And this is what always happens, and it always ends in tears.
- Demetri Kofinas: 00:16:18 It's interesting because, well a couple things. One just to reiterate or touch back on something we were discussing about the lack of description of the symptoms, or what it actually means to be sick. What is this coronavirus? You see these people in China, or videos of people spraying on the streets. And it's almost kind of like their... it's again, this mystery virus, you don't know what it is. But, to this point about having this one alternate reality which is the narrative, and then the underlying reality and what happens when these diverge, and how do you bring them into balance, I guess. How do you do that? Like for example, the Chinese now are trying to do that by introducing new statistics. You're saying those statistics are not necessarily any closer to reality.
- Ben Hunt: 00:16:59 Right.
- Demetri Kofinas: 00:16:59 They're just trying to... you know, so-
- Ben Hunt: 00:17:01 I think they probably are closer to reality, because they're higher.
- Grant Williams: 00:17:03 They're higher.

Demetri Kofinas: 00:17:03 So yeah, exactly.

Ben Hunt: 00:17:06 So I think they are closer to reality. But I think they are equally as constructed, that's the main point here.

Demetri Kofinas: 00:17:10 One of the things that was... so in your analogy you brought up Vietnam. That was a time when the consensus view of reality, or the authoritative view of reality was much more readily believed, right?

Ben Hunt: 00:17:24 Yes.

Demetri Kofinas: 00:17:24 We go through these periods, it seems that the most recent... well, the most recent is maybe now, or after the 2008 financial crisis, I think that was a period. We also saw stuff like this in the 1970s. And I only know about this because, in the 2008-2009 period, a lot of stuff from the '70s was coming back out through the internet. So, you could see there always are these periods where the narrative breaks down, and you get all of these counter narratives. And where I'm going with this is that, in the period of 2008-2009, a lot of these counter narratives had much more credibility I think, than they do today. Today it just seems like the entire landscape is full of this information. You can't seem to trust anything anymore. Whereas like, in the 2008-2009 period, you felt like if you were reading Zero Hedge, you kind of had a leg up on what was going on. You know what I mean?

Grant Williams: 00:18:17 Well, I-

Demetri Kofinas: 00:18:17 Does that make sense? Does that resonate at all?

Ben Hunt: 00:18:18 Yeah. You go ahead Grant, I've got lots of thoughts, but you [crosstalk 00:18:20].

Grant Williams: 00:18:20 No, no, no, I think you're absolutely right. One of the things that social media has enabled is the ability to be a conspiracy theorist amongst your brethren, right? In the '60s that wasn't possible. You're just a crazy guy with a tinfoil hat on. Now, you can go out there, and you can put these crazy conspiracy theories online, and you will find your tribe. You will find your pack, they're out there.

Ben Hunt: 00:18:44 That's also problematic. Yeah, no, absolutely. [crosstalk 00:18:46]. Because it's a [crosstalk 00:18:47] something like, you know, I'll give a quick example, right? So, we have... the United States has a bioweapons lab that's 45 miles outside of

Washington, D.C., it's Fort Detrick. They used to call it our biowar facility, right? They changed the name.

- Grant Williams: 00:19:03 Funny that.
- Ben Hunt: 00:19:04 Right? So, now it's biodefense, right. But it's the same program, it's the same everything.
- Demetri Kofinas: 00:19:10 Same thing with the Defense Department, it used to be the Department of War, right?
- Ben Hunt: 00:19:13 Right, right. So, you know, I've been to Fort Detrick. It is an amazing place, with amazing people. And I'm confident that they are working for the defense of our country. But it is a bioweapons lab, that's what Fort Detrick is. And look, if we had an outbreak of a new disease in Washington, D.C., and we were told that the animal population vector for this new disease was let's say, feral cats. And we also knew that research on feral cats was a major program at Fort Detrick, it's not crazy to ask questions about that.
- Grant Williams: 00:19:50 Nope, absolutely not.
- Ben Hunt: 00:19:51 It's not crazy to ask questions about that. And so, replace feral cats with bats, replace the Fort Detrick [crosstalk 00:19:59] with the Wuhan biolab, right?
- Demetri Kofinas: 00:20:04 Absolutely. Is that the largest bioweapons facility in China?
- Ben Hunt: 00:20:06 Well, I know they call it bioweapons.
- Demetri Kofinas: 00:20:08 I've heard this also, I'm just asking like, or bioresearch or whatever it is.
- Ben Hunt: 00:20:12 I mean, it's the only, what do they call it, Biosafety Level 4 facility in China, the only one, the only one.
- Grant Williams: 00:20:18 Right.
- Ben Hunt: 00:20:19 Right? There are four or five here in the states. Fort Detrick is one, right. But it's the only one in the whole nation of China. The researchers are focused on investigating coronaviruses in the bat population. It seems clear from the genetic of this disease, that it is from bats, and it's happening closer to their Level 4 biolab facility than Washington, D.C. is to Fort Detrick. So, I have questions. But if you write that, Grant, to your point, I suddenly get all these fellow travelers on social media and the

like, that I have zero desire to be within a thousand miles of. And you can see the same thing about Zero Hedge. I mean, go look at the comment section of Zero Hedge. I mean, it's a sewer, it's just horrific.

Demetri Kofinas: 00:21:08 Your computer will crash if you go on that, your eyes [crosstalk 00:21:12] and everything.

Ben Hunt: 00:21:12 Yeah, it's going to melt when you read the comment section on Zero Hedge. So yes, one can now have so much more ability through social media and the like, and the megaphones, like you have, Demetri, with this podcast. And, Grant, you and I have with what we write. So, we can say things and we can speak at least our truth and our questions to power. And we can get it out there. And a lot of people will believe it. And unfortunately, right, we get both pushback from people who should be questioning it with us. And we get blanket embraced from people who just are nuts.

Demetri Kofinas: 00:21:48 Right.

Ben Hunt: 00:21:48 Right? So, it's so weird. But I'll go back to your point about what's changed today. Social media makes it easier for Grant and I to ask our questions. And we have the two level sort of, we get the question out there in the general discussion. The negative is that it attracts lots of nuts.

Grant Williams: 00:22:06 Yeah.

Ben Hunt: 00:22:06 Right? But I think what always makes for real change, and you saw this in the Vietnam War, it's when a status quo missionary, we call in gain theory, changes, flips. And the status quo missionary who everyone trusts starts to question things. In the Vietnam War that was Walter Cronkite. You know, very famously where he, that, you know, "I no longer believe what we are being told by the Johnson Administration." And when Johnson lost Cronkite to-

Demetri Kofinas: 00:22:41 [crosstalk 00:22:41] Middle America.

Ben Hunt: 00:22:42 You know, he didn't run for reelection, he lost.

Demetri Kofinas: 00:22:45 That's a famous quote, yeah, by Lyndon Johnson.

Grant Williams: 00:22:47 Yeah, that's right.

Demetri Kofinas: 00:22:48 [crosstalk 00:22:48] I just lost Middle America.

Grant Williams: 00:22:49 But it's made it too fragmented these days for there to be a missionary big enough to change the narrative. Because everybody-

Ben Hunt: 00:22:55 I think the missionaries have to come... they can't come from media, I think you're exactly right. I think the missionaries now have to come from politics or from [crosstalk 00:23:04]. Right? Right?

Demetri Kofinas: 00:23:06 Who would they be? What would be an example of that?

Ben Hunt: 00:23:08 Warren Buffett.

Demetri Kofinas: 00:23:09 Do you think so? You think he has that type of credibility?

Ben Hunt: 00:23:12 Absolutely.

Demetri Kofinas: 00:23:13 Interesting.

Ben Hunt: 00:23:14 Absolutely. Grant and I, and I'm sure you did too, Demetri... I mean, you know, I've got a lot of issues with Saint Warren, right? A lot of issues. But you ask who's a mainstream missionary who tomorrow can write whatever he wants and every newspaper in the world will publish it. And if it's I'll say questioning a status quo position, that becomes like, "Oh, huh, well, if Warren Buffett is saying it, I've got to take it seriously." Oprah, Oprah-

Demetri Kofinas: 00:23:44 I see what you're saying, I see what you're saying.

Grant Williams: 00:23:47 Oprah's a [crosstalk 00:23:47], yeah.

Demetri Kofinas: 00:23:49 Obama, Obama. Obama would-

Ben Hunt: 00:23:53 Oh, absolutely.

Grant Williams: 00:23:53 The Rock.

Demetri Kofinas: 00:23:53 The rock.

Ben Hunt: 00:23:54 Yeah, yeah, yeah, the Rock, you know, Obama for sure. For sure.

Demetri Kofinas: 00:23:56 Yeah. I see what you're saying.

Ben Hunt: 00:23:58 But that's what it takes. You got to have, I'll call it a heel turn from one of those voices for things to really change.

Demetri Kofinas: 00:24:07 You know, Grant, it's so funny. One of the questions you asked, I literally had it here, but I wrote is as, how do people come together around contrarian ideas today?

Grant Williams: 00:24:13 Yeah.

Demetri Kofinas: 00:24:13 And you mentioned Twitter. And this is a question I had for you guys. Because again, in the 2008-2009 period it was really the blogosphere that was driving some of these contrarian ideas and analysis, where you could some thoughtful, interesting takes, and educate yourself on contrarian positions. Today it seems to be Twitter where that's happening. At least in the financial world. Is that accurate?

Grant Williams: 00:24:37 I think in the financial world for sure. I mean, I think this whole idea of contrarian ideas is always fascinating to me, right? Because it really just embraces Ben's thoughts around narrative. And these days it seems to be so much easier to be contrarian. Because there are so many really broad themes that are embraced universally. You know, the stock market won't go down, is now... that's some question nowadays. The market-

Demetri Kofinas: 00:25:05 That's the single most interesting question I have for you guys today.

Grant Williams: 00:25:07 Right. I mean, the stock market doesn't go down. And if you think the stock market is overvalued, guess what? Suddenly you're a contrarian. That didn't used to be the case. If you think the stock market is pumped up on printed money, you're a contrarian now. That wasn't the case. Even back in '08, '09, when they came to the rescue of Q1, you weren't a contrarian for thinking that. So, it's fascinating to me to watch how these narratives have necessarily really, the roots have gone deep now, because they have to. And this has-

Ben Hunt: 00:25:38 It changed in 2012 and 2013-

Demetri Kofinas: 00:25:39 Exactly. That's when everything shifted.

Ben Hunt: 00:25:41 That's when it shifted. Because I remember this so vividly, I'd go and talk to... I don't know, I'll pick a name, Lee Cooperman at Omega, right? His team over there. And 2013, late '12, '13, talking about what I thought was going on, right? That we've got a concerted narrative to support the market, financial assets, what the Fed calls communication policy and forward guidance. And then we've got the actual large scale asset purchases, the actual buying of stuff. And the market we're experiencing is

largely a... this is what I was talking about that, capital markets are being transformed into this political utility.

- Grant Williams: 00:26:24 Interesting, yep.
- Ben Hunt: 00:26:25 And I still remember in 2013, I mean, they couldn't laugh me out of the building fast enough. "No, no, no, this is a self-sustaining economic recovery. This is the cycle; this is real world is why the market's up." And fast forward to '14 or '15, and all of these, I'll call them value or fundamental active investors, they continued to have their head handed to them on a plate year after year. And they realized, "Oh, well, actually it's not a fundamental self-sustaining economic recovery. There is economic activity, but it's divorced from what's happening in asset prices." And all of our smarts, all of our efforts, all of our time, again of the smartest people in the world to try to make that link between fundamental activities and capital market pricing, it was worthless, it meant nothing. And that realization I think is what transformed everything, call it from 2015 forward.
- Grant Williams: 00:27:31 But if we wrap these two together, the coronavirus and this situation, it gels perfectly, right? Because you have 400 million people quarantined, right?
- Demetri Kofinas: 00:27:40 That's crazy, in China alone.
- Grant Williams: 00:27:43 Plus 10%... in China alone, in China alone.
- Demetri Kofinas: 00:27:44 It's crazy.
- Grant Williams: 00:27:45 And the markets are at all-time highs every day. You know, I lived in Hong Kong during SARS, and the panic in SARS, I don't think overseas was anywhere near what we're seeing with this. But locally it was pretty scary. We had young kids in school, and everyone's wearing a mask. And I remember I had to take a Hong Kong Stock Exchange exam, and I was late for it. I was running through this deserted housing estate in Kowloon to get to where the exam was. And I'm thinking, "Where the hell is everybody? Certainly, what the hell's going on?" And the Hong Kong Sevens was going on, they didn't cancel that.
- Demetri Kofinas: 00:28:14 Did they shut down schools?
- Grant Williams: 00:28:16 Schools were shut down briefly.
- Demetri Kofinas: 00:28:18 Okay.

Grant Williams: 00:28:18 Until May, right? [crosstalk 00:28:20].

Ben Hunt: 00:28:19 Tell people what the Hong Kong Sevens is?

Grant Williams: 00:28:22 Hong Kong Sevens is the greatest party you've ever been to, as long as you are of drinking age and able to do that. Because once you get too old it's brutal. But it turned out I'd run panting through a place called Amoy Gardens which is ground zero for SARS. It was this housing estate; it was all quarantined off. And I was kind of, "That probably wasn't a great idea." And everyone around me was wearing a mask and I wasn't because I was this stupid gweilo who didn't really know what was going on. But there was never really panic about this. And people were really quarantined. There was a couple of housing blocks that they... nothing. Here we are, and the market's failing, Hong Kong fell 15% on the back of this thing. Here we are, what are we, almost 20 years later, 18 years later. And we have 400 million people quarantined. We have footage of people standing still and then falling flat on their faces in the street.

Demetri Kofinas: 00:29:11 Yeah, right? That's stuff simply wild.

Grant Williams: 00:29:11 We have the spraying stuff, we have people on US evacuation flights with biological warfare kits, not just a mask. This stuff-

Demetri Kofinas: 00:29:20 And people getting dragged from their homes. People being... I've seen buildings getting welded shut. Stuff that, you know... and you don't want to retweet it because you don't know if it's real, and you want to be responsible and everything else.

Grant Williams: 00:29:31 But this is in the supply chain center of the world economy. And markets are at all-time high.

Demetri Kofinas: 00:29:36 In the middle of a trade war.

Grant Williams: 00:29:37 It's wrong, right? The market is wrong. How do you deal with that? How do you deal with a market being wrong?

Ben Hunt: 00:29:42 See, I'll tell you, Grant, I don't think the market's wrong. I don't think the market's wrong at all. I think this is exactly what you would expect when capital markets are no longer-

Grant Williams: 00:29:52 Okay, right, that's fair.

Ben Hunt: 00:29:53 ... they're no longer. The pricing of capital markets, it's no longer a transmission belt for investors to acquire fractional ownership shares in real world companies. For them to invest

and grow and the like. That meaning is gone. It's now a score. It's now, I would say, a political utility. And that's what it means, that's what it means today.

- Grant Williams: 00:30:19 But it's-
- Demetri Kofinas: 00:30:19 Doesn't that always kind of happen though in a way towards the end of a bull market? It served a utility function for the Clinton Administration in the late '90s.
- Ben Hunt: 00:30:26 Here's what I think is different. I think that the reason and the mechanism by which it was transformed into a political utility is that the toolkit to prop up the market against any and all deflationary shocks is overwhelming. And that's what the coronavirus is. It's a deflationary shock, just like the collapse in housing prices in the United States was a deflationary shock. Just like a garden variety recession would be a deflationary shock. I don't think it is possible for markets to go down on deflationary shocks today. I think the weaponry-
- Demetri Kofinas: 00:31:12 Is so overwhelming.
- Ben Hunt: 00:31:13 The weaponry, and not only the weaponry, the belief in the weaponry-
- Demetri Kofinas: 00:31:16 Yeah, I think that's the key.
- Ben Hunt: 00:31:17 ... and it's effectiveness against deflationary shocks is overwhelming. Now, does that mean that the market will never go down again? No. But what it means, it's not going to go down in the same way, right? We're always fighting the last war. And the last war, the '08, '09 war was a deflationary war.
- Demetri Kofinas: 00:31:37 So let's talk about this a little bit, this belief. Because I want to try and understand, or get closer to understanding maybe, what's driving the strength of that conviction? When you have a case, where you almost quote, you had the troops sort of suddenly pulled out of Syria and then put somewhere else. We had the unexpected assassination of an Iranian general in a part of the world that is very sensitive to oil shocks. We have the trade war, we have the coronavirus, we have all of these things. And the market is just, shrug it off.
- Grant Williams: 00:32:14 I think this is just compounding your point. When you talk about it, it's the continued reaffirmation that their weaponry works to save the market. And after a while you get to that point where you do say, "Well it won't matter."

Ben Hunt: 00:32:26 It works. I mean, it's taken impact because it works, right? Investors, because it's real money at stake here, the market, the people I the market... again, this is where more brainpower is devoted than any other activity on earth, right? And we, the market, are very quick learners.

Demetri Kofinas: 00:32:46 But, I have a question. I want to drive this point and make it clear. Are you guys saying that the monetary tools themselves are sufficient? Or maybe to Grant's point, and to your point also, the belief is ultimately what matters, and the tools are simply there to help pad this narrative that the central banks and governments will be able to save asset markets I the event of any type of deflationary shock. Because, I don't know if that's actually true. If people didn't believe it, the markets would drop.

Grant Williams: 00:33:16 I take it back to Hank Paulson's Bazooka, right? I mean Hank Paulson assured us that you pull out a Bazooka, and-

Demetri Kofinas: 00:33:23 We just picked a really big number.

Grant Williams: 00:33:25 Yeah, right? And it works. But do you think that-

Demetri Kofinas: 00:33:27 Mario Draghi, summer of 2012, for whatever [crosstalk 00:33:30].

Ben Hunt: 00:33:30 That's the point. That's when everyone decided, don't fight them, join them.

Grant Williams: 00:33:34 But do you think the Bazooka, do you think a top of \$787 million would do the trick today.

Ben Hunt: 00:33:42 The trick to do what?

Grant Williams: 00:33:44 To solve, if we have another crisis. The Bazooka back then, is a pea shooter now.

Demetri Kofinas: 00:33:49 I think any number today would actually not do the trick. Because the whole point today is that whatever it takes [crosstalk 00:33:53] exactly, yeah.

Grant Williams: 00:33:53 Well, that's the big question. That's the question.

Demetri Kofinas: 00:33:56 Even 10 trillion would be like, "Wait, just 10 trillion, what if we need more?"

Ben Hunt: 00:33:59 Then you'll do more. There's no limit.

Grant Williams: 00:34:02 But then do we get to the point which, and I may be wrong, I felt like you were eluding to, that the real problem here is inflation.

Ben Hunt: 00:34:09 Yeah. Oh, that's exactly where I'm going.

Grant Williams: 00:34:12 Right.

Ben Hunt: 00:34:12 So, that's exactly where I'm going.

Grant Williams: 00:34:13 So that's [crosstalk 00:34:13].

Ben Hunt: 00:34:16 What we've built-

Grant Williams: 00:34:18 ... that 10 trillion-

Demetri Kofinas: 00:34:19 Yeah, super interesting, yeah.

Ben Hunt: 00:34:19 Right. What we've built, what we've built, is a Maginot Line, right?

Demetri Kofinas: 00:34:20 The what?

Ben Hunt: 00:34:20 The Maginot Line.

Grant Williams: 00:34:20 The Maginot Line.

Ben Hunt: 00:34:20 So after World War I, the French built this impenetrable fortress on the border between France and Germany, right? And people laugh at the Maginot Line today. The Maginot Line worked. The Maginot Line absolutely worked. It was impossible for Germany to attack France across that Maginot Line, right? In the same way that I think it's impossible for the market to crash on some deflationary shock. Because no matter how bad it is, and how could it be worse than an unknown virus that is wreaking havoc in the heart of the supply chain of the world, right? And if that's not going to be a deflationary shock that's going to impact markets, I'm telling you, aint nothing going to hit it, right?

Ben Hunt: 00:35:04 That doesn't mean though that World War II didn't happen. It meant that the German tanks went through the Ardennes Forest, right? They went around. France was fighting the last war. The war of trench warfare, the war of... in the same way that we are all thinking and fighting the last war of deflation. The next war is going to be around inflation. And everybody poo poos it, blah, blah, blah. Wait, what do you think the inflation rate is in the United States today? Right?

Grant Williams: 00:35:32 We don't know.

Ben Hunt: 00:35:33 No, I'll tell you. Well, the official inflation rate in the United States today, the official-

Demetri Kofinas: 00:35:37 Isn't it 1.-

Ben Hunt: 00:35:37 It's 2.5%.

Grant Williams: 00:35:40 It's been above two for 23 months straight.

Ben Hunt: 00:35:42 It's been above... for 23 months, yeah.

Grant Williams: 00:35:42 Okay, yeah.

Ben Hunt: 00:35:44 You wouldn't think that, because you're told, "Oh inflation is nonexistent, it's below the Fed target." No, we've been above the Fed target for a year and a half?

Grant Williams: 00:35:53 Yeah, almost 23 months. Yeah.

Ben Hunt: 00:35:55 So, inflation is here, and that's the official inflation, right? So, you know, don't get Grant and I started on what real inflation is.

Grant Williams: 00:36:01 Yeah, your conspiracy theory and so forth.

Ben Hunt: 00:36:05 Yeah, right? So, this notion that inflation is dead or gone is bollocks, right? Even on the official numbers. And yet, going into this US election, going into what Europe is going to be doing, you're going to be having trillions of dollars, Euros, name your currency, being spent on deficit fiscal spending. It's happening now. It's happening now. And so, we are finally at a point, finally I say, because people were talking about this in '08 and '09, where you're going to have inflation come into the real economy. Where it's not going to be limited to financial assets, but it's going to come into the real economy. And that's not going to lead to a crash in the way that deflationary shock leads to a market crash. But there's this old country song that I love, called... the line is, falling feels like flying for a little while, right?

Grant Williams: 00:36:54 For a little while, yeah.

Ben Hunt: 00:36:55 Right?

Grant Williams: 00:36:55 Yeah.

Ben Hunt: 00:36:56 And that's what inflation feels like. It feels like flying for a little while. And then you realize you were just falling. And that's what it's going to be. And it's going to take some years to play out. But that's the next war.

Grant Williams: 00:37:06 But you know, in China, food inflation is 5.4% now, right? And the last three months, food price inflation year on year, 97% in November, 116% in December, 110% in January. That's a problem right there. Food inflation in China is they're worst nightmare. And it's happening, right? It's creeping higher. It is at 5.4%. What happens when the coronavirus starts feeding through food supply chains? God forbid they have any more swine flu and have to, as Louis Gave said, I saw him recently, they had to release a whole bunch of pork from the strategic reserve, which is known as the Piggy Bank, which I think is tremendous. This stuff is happening. And you're right, the inflation idea has been poo poed for such a long time now, because it has been, right? It's been the problem that never shows up.

Ben Hunt: 00:37:54 And it's getting your inflation environment right, generally right. You don't have to time it perfectly. But it's the single question that any asset owner, any institutional asset owner, anybody interested in preserving their family wealth, you've got to get that question. It's the only question you have to get roughly right.

Demetri Kofinas: 00:38:15 So, I want to go back to the point about inflation, or I want to hold it because we'll get back to it. But there are two things I want to throw out there to talk about. One briefly is, I wonder to what extent, because you're talking about inflation in food prices in China, the CCP probably knows they have a bit of a mess on their hands. And one way or the other, not just a coronavirus, even before that. I don't know if you've been, I have, been impressed by what I'm seeing in terms of these drones telling people to go back home, and how just the power of the state to intervene in China. And I wonder how much of this might not even be about the coronavirus, and how much of it is just either a reaction function of an incredibly powerful omnipotent state, or omnipresent state, how much of it might be them just kind of rolling this control mechanism out, maybe taking the opportunity to do that.

Grant Williams: 00:39:08 Yeah. You're going back to that same conversation I had with Louie a couple of weeks ago. And his point-

Demetri Kofinas: 00:39:12 With who?

Grant Williams: 00:39:13 Louis Gave. And his point was spot on. He said, "You know what the most interesting thing about it..." And this was a couple of weeks ago, so the virus was still a little bit... it wasn't a big deal as it is now.

Demetri Kofinas: 00:39:20 Where did you release that for people that are listening?

Grant Williams: 00:39:20 No, no, this was a conversation he and I had on a panel in Phoenix. And he said, "You know, the most interesting thing about this is that the first three or four patients, we were told in 20 minutes they were at this train station at 5:07 p.m., they were in this drug store at 7:00." So, you know, the state surveillance in China now is so sophisticated and so everywhere, and the those face like recognition, and the technology of the Pippa Malmgren when you talk to them. Well, they can tell who you are-

Demetri Kofinas: 00:39:47 Yeah, freaky.

Grant Williams: 00:39:47 ... by your gait, is terrifying. And that is one of the most interesting things to come out of this, to your point, the state, the control and the omnipresence of the state is remarkable.

Ben Hunt: 00:39:57 But it's just smiley face over here, right? I mean, I'm seeing like in your Apple watch and these articles about, oh, in San Francisco don't you want, for public health reasons, right, for your Fitbits and your Apple watch to report what your temperature is? So, we can track where there's flu outbreaks and the like. So, there's all these variations of [crosstalk 00:40:16].

Demetri Kofinas: 00:40:15 Except, if your temperature goes up they're going to take you, think [crosstalk 00:40:18].

Ben Hunt: 00:40:18 This is my point. This is my point, exactly. These are all just variations of a Black Mirror episode, and it's got a bit more of a smiley face over here than it does in China, a bit more, a lot more of a smiley face over here. But it's the same impetus. It's the same impulse. It's the same impulse again of the best and brightest who say, "No, we want to create the story, and we want to manage this. We want to manage this."

Demetri Kofinas: 00:40:45 So, one of the things, I sent you guys a thread that I wrote today, and I wrote it because I was thinking about our conversation. I pulled some stuff together. I've got the usual stuff here, Tesla, WeWork.

Ben Hunt: 00:41:01 You're always so prepared with all that stuff.

Demetri Kofinas: 00:41:01 All that stuff, yeah.

Ben Hunt: 00:41:02 Your amazing [crosstalk 00:41:02].

Demetri Kofinas: 00:41:02 But, I was thinking about, "Well okay, what do I really want to talk to these guys about?" And this idea of nihilism. The first time this came to me was in multiple conversations that I had with Mike Green. Not just on the air, but even before we did the episode, we had spent a day together from about 7:00 p.m. or so, having drinks in Union Square, and then ending up at a diner in Washington Square Park around 2:00 a.m.

Grant Williams: 00:41:23 Not in brown bags? I just got the picture of you two on benches like a couple of hobos drinking out of bags in Washington Park. [crosstalk 00:41:28].

Demetri Kofinas: 00:41:28 No, no, no. We started with drinks at the... we ended with omelets. I actually don't remember what Mike had. I had eggs. So, we were talking about this stuff and one of the things that Mike talks about a lot is automation and this idea of learned helplessness. And this is one of the ways in which he thinks about the systemic passive investing strategies. And the thing that I think about, or that I thought about lately, is this idea of nihilism, market nihilism. Because, and you guys, I'd love to hear your views on this, because you were more attune and involved in the late '90s in that bull market, I was in high school at the time. But I certainly remember the euphoria. I remember my dad thinking Qualcomm was a good investment.

Ben Hunt: 00:42:07 Mm-hmm (affirmative). It was, it was.

Demetri Kofinas: 00:42:10 It was a good investment for a while.

Ben Hunt: 00:42:11 Falling feels like flying for a little while.

Demetri Kofinas: 00:42:14 Exactly, exactly. But there was a euphoria. It was a new paradigm economy. There was a narrative that underpinned that. There's a narrative that underpins the bull market today. But that narrative, it had a positive sort of spin to it, it had a feel good spin to it. And it felt like we were in a party. That's not what it feels like today. Today it feels more like... yeah markets are going up, nothing matters. The only thing that matters is the Fed, the only thing that matters is easy money. Nothing else matters. Just put your money in the market. It'll eventually go up. They'll make sure it'll go up. And even with the debt, when

you're talking about MMT, some of these theories, it's almost kind of like a, just burn it down, you know, the debt, just melt it away. Let the inflation melt it so we can start over.

- Grant Williams: 00:42:57 Don't get Ben started on that.
- Demetri Kofinas: 00:42:57 What's that about? Do you feel any of that nihilism? Do you feel that? Because I also... and I'll just say this to lead that... because I've done a number of different episodes dealing with different stuff like this. I did one episode on my own where I read from Ted Kaczynski's Industrial Society and It's Future, his point about automation and eventually machines becoming so intelligent that they make better decisions than humans, and we become dependent on them. I did an episode with Rebecca Goldstein about mattering, and how we need to matter, and the importance of mattering. One with Johann Hari on depression. There seems to be, whether it's the decline in religion, or the decline in nationalism, or the dismemberment of the nation's state, or this rise of the sort of commercialization self-branding thing, the commoditization of itself.
- Demetri Kofinas: 00:43:43 There seems to be a lacking in society. And I'm always careful about talking about this stuff. Because my subjective experience is the lens that which I view all this, I don't know how pertinent it is to everyone else. But I wonder to what extent the society, the Zeitgeist has the sense of meaninglessness, and how that is perhaps being expressed in financial markets.
- Ben Hunt: 00:44:07 Can I go first?
- Grant Williams: 00:44:07 Please. That's a fantastic question.
- Ben Hunt: 00:44:09 Two historical periods that point to where this feeling of helplessness has pervaded society, right? One was 1848, when Karl Marx was writing about alienation. So, let me come back to that. The second was after World War I, right? The response to the Great War, the war to end all wars, which of course it wasn't. In both cases, there was a describing... and what I mean by this is, reading the memoirs, the stories, the bound history of the people living at the time, they're expressing these ideas that your describing today. And, I really think it goes back to what Marx called alienation.
- Demetri Kofinas: 00:44:54 And it appeared after the war.
- Ben Hunt: 00:44:56 Well, for Marx, it was before these kind of wars of liberation of 1848 and the like. So, when Marx was writing in his concept of

alienation that I think is... look, whatever you think about Marx, I mean, I don't know of many observers of the human condition who had a keener eye.

- Grant Williams: 00:45:15 Are we talking about Karl or Groucho? I just want to check.
- Ben Hunt: 00:45:16 We're talking about both actually.
- Grant Williams: 00:45:16 Because it applies to both. Yeah, exactly.
- Ben Hunt: 00:45:16 It absolutely applies to both.
- Demetri Kofinas: 00:45:18 I think your right.
- Ben Hunt: 00:45:19 It absolutely applies to both Karl and Groucho. But Karl's I think most powerful concept was this of alienation. And it is the separation from... of course he's talking about labor and work, it's the separation from what a worker does, and what a worker is. It's the separation of a worker from his work, or her work.
- Demetri Kofinas: 00:45:44 An identity.
- Ben Hunt: 00:45:45 Right. That when you are a cog on a machine, right, you have no connection to what you are making, to your labor. If you are a carpenter and you're making a chair, you're not alienated. I made this damn chair, isn't it nice? Or, didn't I do a... maybe I did a crappy job. Or didn't I do a wonderful job? But it is connected to who you are. And what I want to suggest is that this feeling that you're describing, you're calling it nihilism, and I get that. What we're experiencing today is not the alienation of the factory worker. What we're experiencing is the alienation of the smartest people on earth. Because, again, markets, Wall Street attracts more brainpower than any other human activity.
- Ben Hunt: 00:46:34 And for the last 11 years, all that smarts, all that intelligence, all that time, all that effort has been utterly, absolutely useless. You have been outperformed, you've been trounced by someone saying, "Oh, I'll just put it in the US Stock Market, S&P 500." They have beaten you, just beaten you like a freaking drum. You, the master of the universe, the smartest people in the world, for 11 years, who you are. Your identity as, "I'm a really smart guy, and I've got this all figured out, and I'm going to get the puzzle right to make a lot of money." You have failed for 11 years. This is the alienation we're describing, and you see it everywhere. I'll use the example of Lee Cooperman and Omega.

Ben Hunt: 00:47:25 I'm really not picking on them. I mean, we repeat this 1000 times over. Incredibly smart people, really good at what they do, and it didn't work for 11 years. That's the alienation. Because you do give up, you say, "Look, I thought I was a really smart guy, and I've been wrong for 11 years." It's that old Marxism notion of alienation. Not for the downtrodden proletariat, but for smartest people on earth.

Demetri Kofinas: 00:47:56 You're also describing a sense of disempowerment, right? Because it sounds, what you're also describing here is that money managers, they're doing everything that they're supposed to do, and they're getting beaten by the index. That says passive-

Ben Hunt: 00:48:10 They get squeezed, so, you know, Omega becomes a family office, right? And you don't become a family office because you want to.

Demetri Kofinas: 00:48:18 So, this is really interesting though. And I want to weave in something or bring in something that I learned in a recent episode I did with Michael Lind on the new Class War. Because he has this thesis that it's not about money, it's about power. Because I've always talked about this or thought about this in terms of wealth, and income and equality. But he talks about it in terms of an inequality in power. And his solution is one of Democratic pluralism and strengthening in some kind of local institutions. That makes me also think about, again going back to Kaczynski's Industrial Society and It's Future, his emphasis on the power process. That as humanity becomes more dependent on machines, and systems and algorithms, that the process of overcoming man's or woman's process of overcoming his or her environment, the environmental forces that press upon us as we mature.

Demetri Kofinas: 00:49:08 That process of mastering one's environment is taken away. And what's left with, is a sort of despondency, a kind of nihilism. And I wonder, again, see, when I listen to the politicians, Andrew Yang's a great example. Andrew Yang is a politician who's emetically represents the forward thinking, technologically conscious politician. Someone that understands Silicon Valley, understands surveillance capitalism. And so, his solutions are appropriate for the time. But his solutions, if you look at them, are to give people a dividend. It's to simply solve the problem with just a check. And again, I wonder if our politicians are missing something fundamental.

Demetri Kofinas: 00:49:50 Now I'm going to go out on a limb here, but, I wonder if this is a big, it counts in a major way why we have Donald Trump as the

President of the United States. Donald Trump represents in part, not just a vote for Donald Trump, but a nihilism that has allowed for his rise. And that is expressed in one way for example, the low voter turnout in Iowa.

- Grant Williams: 00:50:15 But, when you said the Andrew Yang solution is a check, that seems to be what we've been conditioned over the last 10 years to realize. Is that, the answer to every problem is a check, right? Because it has been. And the checks tend to go to the same people most of the time. All he's doing is saying, "Well, let me give a check to the other people who have-"
- Demetri Kofinas: 00:50:35 Exactly. That's exactly correct.
- Ben Hunt: 00:50:37 But you know, I think that's right. And it makes me wonder why Michael Bloomberg doesn't just say, "Okay, if you're a registered Democrat in a Super Tuesday State, sign a public pledge to vote for me and I'll just pay you \$1000."
- Grant Williams: 00:50:48 He's getting close to that. He's almost there. [crosstalk 00:50:50].
- Ben Hunt: 00:50:49 Why not just take out the middle man of these ads and why not just say, "Okay, I'm going to cut you a check for 1000 bucks if you're a registered Democrat and you pledge your support to me." I honestly think that could-
- Grant Williams: 00:51:01 There's was a great piece in the New York Times, I think today or yesterday, talking about his campaign and-
- Demetri Kofinas: 00:51:03 That's like a Banana Republic style. [crosstalk 00:51:06]. It would be a full blown Banana Republic.
- Ben Hunt: 00:51:09 I mean, you say that, Demetri, but what the hell is the difference between spending a couple of billion dollars on advertising?
- Demetri Kofinas: 00:51:16 Yeah.
- Ben Hunt: 00:51:16 What's the difference. I actually find it more honest to say, "Here, I'm going to pay you 1000 bucks to vote for me."
- Demetri Kofinas: 00:51:21 Yeah.
- Grant Williams: 00:51:21 Exactly right.

Demetri Kofinas: 00:51:23 But it's, no, I think that's a great point. So, I want to let you guys continue to give some ideas. I want to throw something out here because following on with-

Grant Williams: 00:51:30 Can I just say-

Demetri Kofinas: 00:51:30 Yeah, yeah, please, please, please.

Grant Williams: 00:51:30 I just want to get my point to the other pair you talked about. Because the parallels are interesting-

Ben Hunt: 00:51:35 After World War I?

Grant Williams: 00:51:36 Right. Because we had the Roaring Twenties. And that feels much more like what we're going through here, although your point is also well taken. It doesn't feel as exuberant as the '20s seemed to be.

Demetri Kofinas: 00:51:47 It was a new era in the 1920s.

Grant Williams: 00:51:48 Right. But it's the same-

Ben Hunt: 00:51:50 I got to, but, so the Roaring Twenties were absolutely a period of, I'll call it wealth creation, you know, it's the Great Gatsby and they were all like that, and the wealth, and equality and the like. But when you look at what people were actually writing and reading there, the despair frankly in the 1920s is really palpable.

Demetri Kofinas: 00:52:10 Around the materialistic culture and the decline of religion?

Ben Hunt: 00:52:13 Actually, it was the best work, or there was so much written about how the immigrants who had come over here and were the parents of the guys, it's mostly guys writing. Or, it's just taking advantage of politically by the entrenched politicians with their narratives, right? That the American dream didn't work for vast numbers of people.

Demetri Kofinas: 00:52:41 But that's my point, to, that's exactly [crosstalk 00:52:41]. The parallels very close.

Grant Williams: 00:52:41 And closer to home is where those are closer.

Ben Hunt: 00:52:47 Closer to home for sure, than in 1848, what the hell was the United States, so you're given... but what Marx was writing about and kind of the French context, right? But you're absolutely right. It is that period of the Roaring Twenties that I

find so evocative today. I think the big difference is, I don't see how we have that sort of deflationary collapse that we had in the 1030s repeated today.

- Grant Williams: 00:53:09 So, I stole your question-
- Demetri Kofinas: 00:53:13 No, no, no. I wanted to mention Bitcoin as an interesting cultural outgrowth of this. So, this point about the solution being financial. You know, Bitcoin is interesting because it's not just an asset, it's a movement. And it's a movement whose ideology purports to present a solution to the dilemma, to the quandary in which we find ourselves. And that solution is financial. It is divesting the organs of state of the capacity to issue Fiat money. And we've never, in my lifetime, I'd never seen anything like this. Where a sort of a revolution was combined with money in this way. You and I have talked about this a bit in our last episode. I'm just curious how the two of you think about that in the context of this as money being the solution. Money, everything is money, money, money.
- Grant Williams: 00:54:00 Well, I think there's always a solution that is presented, right? A lot of the times it's been religion, there's been a religious solution to the problem. A lot of times it's been political. We happen to live in an era where, even if you don't follow the stock market, even if you're not interested in finance, you have been shown that money is the solution to everything. Whether it's at the Federal Reserve level, or whether it's at the Instagram level. The solution to all your problems is money.
- Demetri Kofinas: 00:54:30 There's an idolatry of money today.
- Grant Williams: 00:54:31 Absolutely there is.
- Demetri Kofinas: 00:54:32 It's money and religion are sort of merging.
- Grant Williams: 00:54:35 But money used to be something that was desirable to have. And now it feels, even at grass roots level, it's something you have to have. And you know, I've got two young girls, who are on Instagram. And you look at this stuff and you despair over it. Because I think money is the root of all evil.
- Ben Hunt: 00:54:53 The younger populations are more conscious of money.
- Grant Williams: 00:54:56 Way more conscious.
- Demetri Kofinas: 00:54:57 Yeah, exactly, 100%, totally.

Grant Williams: 00:54:58 And you know, I-

Demetri Kofinas: 00:54:58 Totally true.

Grant Williams: 00:55:00 Yeah. It's-

Demetri Kofinas: 00:55:01 And it's less accessible to them today than it was to us. So, it was less important to us, and we're different generations. But even to my generation, it was different to me, it was more accessible, and it was less meaningful when I was a kid, or when I was a young adult, than it is today. Now it's even less accessible, which I guess kind of makes sense, you know?

Ben Hunt: 00:55:23 I had a different experience. I'm going to say something off the wall here. I think the only currency in the world today is dopamine. And I think that... you can talk about Bitcoin is money. Now, I have to think, what really drives Bitcoin is the dopamine of fighting the man, right? By participating in the movement. The thrill of, "Oh, I'm stumbling onto..." or not stumbling onto, "I'm discovering an elegant solution to this problem." These are all dopamine hits. When you look at social media, you're talking about Instagram like, those are dopamine machines. It's all dopamine machines. When you talk about how it's possible for advertising to work so effectively for a Bloomberg, right? For the creation of these narratives.

Ben Hunt: 00:56:06 Narratives are dopamine hits. That's all they are. They're just dopamine transmitters, or instigators. So, something I've been batting around for a long time now about how to write about this but, you know, this transformation in our lives. We've moved from I'll say owning our lives, to subscribing to our lives. Right? Yeah, with everything we do. You don't own a book, you subscribe to the service that provides you the book, because that's a more effective dopamine hit. Honest to God, the more you kind of unpeel this onion, I feel like it's a political and commercial world that's coming around to the identification that the global currency is dopamine.

Grant Williams: 00:56:52 But does that mean if you can... you just need to manufacture a new dopamine hit, right? To keep doing what you're doing, right?

Ben Hunt: 00:57:00 You got to... when I write a successful article it's because in our note, it clicks with people, because it-

Grant Williams: 00:57:05 The neurons fire.

Ben Hunt: 00:57:06 The neurons fire. That's what makes for a good writer, that's what makes for a good politician. The more you think about this, you think, "Oh, yeah, really? The underlying principle has always-" [crosstalk 00:57:15].

Grant Williams: 00:57:15 Actually, this is really interesting for all of us, right? Because so, do you get to the point where you write in a way that you know is going to create the hits?

Ben Hunt: 00:57:18 Absolutely.

Grant Williams: 00:57:18 Or do you take a podcast that you know is going to create the thread? I mean, this is-

Ben Hunt: 00:57:27 It's like writing a song.

Grant Williams: 00:57:28 ... Alex Jones, right? I know exactly what's going to get people either the dopamine, it's going to get angry, it's going to get behind me, it's going to get... and that worries me significantly. Because I'll be honest, I sit down and write, when I write, I write because there's a story I want to tell. And every time I write, I don't know how you guys do this, it would be interesting to process, but I only ever write for me. I sit down and write something that I am interested in reading, and I'm interested in getting my thoughts together. And I'm interested in making myself chuckle as I'm doing it. And I do that deliberately. Because I thought about this a long time ago and this process when I first doing it. Do I write to try and build an audience? But then how do you have control of the audience you built? If you write what you just think is interesting and you find fascinating, or amusing or whatever, that's not...

Ben Hunt: 00:58:21 I'll distinguish between, I'll call it the art and the craft of writing, right?

Grant Williams: 00:58:24 Yeah, okay.

Ben Hunt: 00:58:25 So, when I'm writing a note, and I find I have a much greater appreciation for when like I'm hearing a song on the radio, right? I actually listen much more down to the craft of writing the song. Where is the hook, where is the melody, where did they put that in? Oh, that's an interesting riff that you put in here. You know, why did you make this choice rather than that choice, right? And I think about writing notes in the same way, and in something that's emerged over time. Where there are rules for creating a note that is going to click with people. And I

want it to click with people, because I want to get my idea out there.

- Grant Williams: 00:58:58 No, sure, absolutely.
- Ben Hunt: 00:58:59 I mean, and I-
- Grant Williams: 00:59:01 This is why you're a way better writer than me [crosstalk 00:59:03].
- Ben Hunt: 00:59:05 But it's like there is a logic to this. That's why I named my company Second Foundation Partners, right?
- Grant Williams: 00:59:13 Yeah, [crosstalk 00:59:13].
- Ben Hunt: 00:59:13 Which is the old Asimov, you know, Hari Seldon says, no, there is a math to human communications. And there really is. All I'm saying is, Asimov didn't know about this, the metric of that math is dopamine. And different words I write, and different ways of expressing them, I know it will generate a certain dopamine it. I really think that when people write songs, that when politicians give speeches, the craft of it, how you're putting it together to get your idea across, it's your talent at creating a dopamine series.
- Grant Williams: 00:59:53 But that's interesting, because you can use that power for good or evil. And you happen to use it for good, right?
- Ben Hunt: 00:59:59 I hope so.
- Grant Williams: 00:59:59 So much in part, and you [crosstalk 01:00:02].
- Ben Hunt: 01:00:02 Yeah, yeah.
- Grant Williams: 01:00:03 And you use it for good. You're trying to get that information out there. But it does show you. I mean, I hadn't thought of dopamine as a currency, but I think you're absolutely right. But it does give you a fascinating window into how easy it is for extreme politicians to gain traction in the [crosstalk 01:00:19].
- Demetri Kofinas: 01:00:19 So, this is why the political parties are dying.
- Ben Hunt: 01:00:23 Right? Is why Michael Bloomberg can basically hire... well, that's what he's trying to do, he's trying to rent the Democratic Party in the same way that Trump bought the Republican Party, right? Because parties used to be that transmission mechanism for identity and what you know about somebody. Now today, it's

money and fame. Money and fame, right? Those are the things that generate dopamine responses in people.

- Grant Williams: 01:00:51 But it also explains why they're doing this, right? Why they're polarizing to... unprecedented, yeah, yeah.
- Ben Hunt: 01:00:55 Yes, you moved your fingers to [crosstalk 01:00:57] on radios, or podcasts [crosstalk 01:00:59].
- Demetri Kofinas: 01:01:00 So guys, I want to continue this conversation and move it into the overtime. Before we... and especially this part about... this is fascinating. One of the things I actually wanted to ask you guys was about your career as publishers, also survivors of financial markets. Before we head in, I just want to tease something which I want to discuss on the other side of this, which is, to go back to Bitcoin. I want to suggest perhaps that maybe the narrative that you put forward is, yes, that's the narrative of Bitcoin, but it doesn't have the oomph to quote Jim Grant, it doesn't have the power that it once had. Similarly, perhaps Tesla doesn't have the oomph that it once had as a narrative of the green revolution. And so, all of these things perhaps, they rely more on price today than they used to. And so again, to bring us back to the importance of it going up, the price going up, I wonder how important that is. And you've talked to this-
- Grant Williams: 01:01:55 I'll just want to say-
- Demetri Kofinas: 01:01:57 ... wonderfully with Donald Trump.
- Grant Williams: 01:01:57 ... you talk about craft. This is a craft right here. Saving [crosstalk 01:02:00] and Tesla for the overtime.
- Demetri Kofinas: 01:02:01 I know, right? [crosstalk 01:02:02] I love you guys. [crosstalk 01:02:03]. You know I love you, listen to that. I love you. For regular listeners, you know the drill. If you're new to the program or if you haven't subscribed yet to our Audiophile, Autodidact or Super Nerd tiers, head over to patreon.com/hiddenforces, or scroll down to the bottom of the summary text for this week's episode, and link through to that page where you can also find instructions for how to integrate the overtime RSS feed into your podcast application of choice, so you can listen to this conversation, just like you listened to the regular episode. Guys, we'll be right back. Hang in there.
- Demetri Kofinas: 01:02:43 Today's episode of Hidden Forces was recorded at Creative Media Design Studios in New York City. For more information about this week's episode, or if you want easy access to related

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