



Epsilon Theory

## The Long Now, Pt. 3

# Is This Normal? Asking for a Friend

October 17, 2019

---

The Long Now is personal. *Tick-tock.*

The Long Now is political. *Make – Protect – Teach.*

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

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

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

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

---



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

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

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

Sartre famously said that hell is other people. **For Neb, hell is other people who want to talk about markets or politics.** Neb is just so WEARY of being lectured for the umpteenth time on why Trump is so awful or why Trump is so great, why Bitcoin is going to \$100,000 or why Bitcoin is going to zero, why the "fundamentals are sound" or why the fundamentals are sound EXCEPT for this one thing which will bring the whole house of cards tumbling down ANY DAY NOW, why the Fed is the source of all evil in the world or why the NRA is the source of all evil in the world or why the Democrats / Republicans are the source of all evil in the world.

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

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

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

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

**You become a cartoon.**

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

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



It's intentional. It's done TO us.

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

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

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

Sound familiar, Neb? It should.

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

**NO WAY**



**First, Neb introduced wild cards into the game.**



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

**Then Neb introduced credit into the game.**



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

**Then Neb raised the stakes.**



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

**Then Neb introduced derivatives.**



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

**And then Neb stole their tells.**



This was the big one.

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

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

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



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



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

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

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

And so did Neb. Also LOL.

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

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



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

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

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

Ah, youth.

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

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

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

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



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

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

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



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

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

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

### **By stealing our tells.**

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

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

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

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

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

I will repeat this, though.

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

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

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

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

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

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

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

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

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

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

**Imagine that.**

---

## DISCLOSURES

This commentary is being provided to you as general information only and should not be taken as investment advice. The opinions expressed in these materials represent the personal views of the author(s). It is not investment research or a research recommendation, as it does not constitute substantive research or analysis. Any action that you take as a result of information contained in this document is ultimately your responsibility. Epsilon Theory will not accept liability for any loss or damage, including without limitation to any loss of profit, which may arise directly or indirectly from use of or reliance on such information. Consult your investment advisor before making any investment decisions. It must be noted, that no one can accurately predict the future of the market with certainty or guarantee future investment performance. Past performance is not a guarantee of future results.

### **Statements in this communication are forward-looking statements.**

The forward-looking statements and other views expressed herein are as of the date of this publication. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and there is no guarantee that any predictions will come to pass. The views expressed herein are subject to change at any time, due to numerous market and other factors. Epsilon Theory disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.

This information is neither an offer to sell nor a solicitation of any offer to buy any securities.

This commentary has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Epsilon Theory recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.