

Hello Everyone,

By now I think you are figuring out that Loser Nations, Loser Cultures, Loser Companies, and even Loser Individuals have a lot in common.

Today's missive delves into something most of us have dealt with sometime in our lives...nepotism. To succeed, merit must trump family ties.

We're in the homestretch on the Loser Nation series. I hope it is giving you a different way to view the world.

Signed Your How-Can-The-Year-Be-Already-Almost-Half-Over Financial Advisor,

Greg

KKOB 06.24.2019 Loser Nations Part 4 Uncle

Vinnie

Bob: So, Greg, this is our fourth week on Loser Nations and investments. And, it's based on a 20-year-old Army War College study done by Ralph Peters...but somehow it seems even more relevant today. Anyway, so far, we've learned Loser Nations do these things wrong:

- They control information.
- They subjugate women.
- They don't value hard work, and
- They don't value education.

So, where are we going today?

Greg: This is a tough one, because it involves family and friends.

Loser Nations reward people based on family, clan, tribe, race, friendship—anything but merit. Bob, if you find yourself in a society where Uncle Vinnie gets the job because he's Uncle Vinnie —and not because he has any skills---know that country is in trouble.

And, I'll tell you where you are seeing this right now—Venezuela and Brazil. Both countries are blessed with abundant natural resources and massive oil fields. Yet both filled their national oil companies with relatives & buddies who knew nothing about oil...or business.

Brazil's huge oil company, Petrobras, has been hobbled by scandals and stagnation for years. Meanwhile, the story of Venezuela is well known. And, while everyone blames socialism, the fact is nepotism and socialism are---as Forrest Gump would say-- like peas and carrots. They go together.

Look at any socialist country and you will won't find merit-based advancement. Instead, it's about your family. Your clan. Your skin color. Your religion. Your gender. Your whatever. Anything except the brain in your head and your ability to do the task at hand.

Oh, and if any outsider comes along and says, "You know, I think there might be a better way," rather than listening to the person, they are berated for "not understanding the culture".

In short, suspicion defines outsider relationships, while blind loyalty defines insider relationships. That's a mark of a Loser Nation.

Bob: I get that. Still, it's natural to want to help your children, or your cousin, or your friend. We see this all the time in government hiring....not just here...everywhere. Even though they say it doesn't happen, relatives and friends end up with the jobs. Plus, I'm sure the same thing happens in big corporations. Strings get pulled for the executive's kids.

Greg: That's right. As much as we all want positions, or promotions, based solely on merit, that's not going to happen. Now, any society can absorb some of this. If, however, this "let's keep it in the family" philosophy becomes structural---and not just the occasional *wink-wink-nod-nod* thing-- then you're a Loser Nation.

By the way, here's another reason the clan thing doesn't work--- it's the collapse of the rule of law.

When blood lines dominate, contracts don't mean much. Handshake deals are worthless. There is no legal foundation. Courtrooms don't dispense justice. All is sand. You end up with two sets of laws...one for the insiders and one for outsiders. Families and friends get treated somewhat fairly. Meanwhile, the rules for everyone else are arbitrary & capricious.

Eventually, you end up with a few notable families dominating everything--- and amassing incredible wealth. These oligarchs then reign while the society beneath them freezes. Progress stops. Change is deemed as threat, so societal advancement is crushed.

Corruption then becomes the name of the game. The path to success is no longer ability, but rather finding ways to weasel your way close to the powerbrokers.

Bob: I can see how this would affect everything. Elections would no longer be about who's best for the whole nation, but rather who's best for my friends, or family, or even political party. Division would dominate. The society---and I guess the nation-- would fracture.

Greg: Exactly. And to throw the net even wider....societies that embrace these dysfunctional so-called “family values” are military disasters. They may fight well as tribes, but they are terrible at fighting as a country. They are thus prone to invasion and subjugation. Alexander the Great understood this....but, that’s a story for another day.

Bob: So, we start at Uncle Vinnie and end up at Alexander the Great. Not a bad report. How do people reach you?

Greg: My number is 508-5550, 508-triple-five-zero. Or, go to my website at zanettifinancial.com.

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