

Hello Everyone,

*Love and marriage,  
Love and marriage,  
Go together like a horse and carriage.  
This I tell you brother,  
You can't have one without the other.* Frank Sinatra

My parents liked that song. And I do, too. :>)

Today's missive, however, looks at another marriage. And one not quite so happy.

We will explore something more serious---*the union of authoritarianism and intolerance*. They feed off each other. And, yes, this unholy union can adversely affect the markets and your wealth.

I hope this helps you see current events in a different light.

Signed, Your What-Happens-When-There-Are-No-Consequences-For-Anything? Financial Advisor,  
Greg

## KKOB 09.14.2020 Authoritarianism, & the Markets

**Bob:** So, Greg, occasionally you link something to the markets that don't seem to connect. And today is one on those days, right?

**Greg:** It is.

Bob, human beings tend to see things down lanes. Politics is politics. Economics is economics. Education is education. But your listeners know events in one sector can bleed over and affect others.

So, Bob, today I want to link the rise of authoritarianism and intolerance with economics and the stock markets.

**Bob:** I don't know where you are going with this. But since Covid hit, I have seen an increase in both authoritarianism and intolerance.

I mean, look at how some governors have clamped down since March. And it is also pretty clear there is a growing cultural movement that has no tolerance for anyone who doesn't think like they do.

**Greg:** Exactly. The difference between authoritarianism and intolerance is this:

- Authoritarianism is *imposed on others* by those in power. And, you are right; Covid made clear those who naturally drift toward authoritarianism.
- Meanwhile, *intolerance is something we impose on each other*. It starts with peer pressure---- and an insistence on conformity. And, if that insistence goes unchecked, then intolerance will eventually be imposed by force.

The thing about intolerance and authoritarianism is they work hand-in-hand. When the intolerant ones do not get their way, they appeal to authority figures to enforce their views. The intolerant-ones will say laws and regulations are needed to ensure "unity, justice, and peace" ...but only on their terms.

Of course, authoritarians are more than happy to comply, since more laws and rules cement their authority and expand their power.

**Bob:** So, this is similar to your “computer-trading-positive-feedback loop” theory...except this time it’s government and culture feeding off each other.

The authoritarians and the “*intolerants*” reinforce each other...so each gains power.

**Greg:** Exactly. But before we go too far down that rabbit hole, let’s see how this can affect the world of finance.

When people feel economically healthy and secure, they are far more likely to entertain ideas that are not necessarily compatible with their own. They will embrace freedom-of-thought and diverse opinions.

In fact, they will see differing views as a societal strength. Authority figures and cultural revolutionaries (on the right and the left) don’t fare well in this environment.

When, however, times get tough, the natural inclination is for people to embrace the strongman for direction. “*I’ll save you! I know what to do! Just give me control.*”

Plus, economically insecure people tend to be far less tolerant of differing views. In this environment, if you are an independent thinker, you now become suspect ----and you must be dealt with.

**Bob:** And this is what we are seeing now in the big cities. People are acting out against anyone who doesn’t conform to their way of thinking.

**Greg:** Right. I mean look at the Antifa people the police arrest. Singularly, they are unimpressive. Most of them are white. Many are skinny and sallow. Their eyes are vacant and their views are vapid. They're adults; but many still live with their parents and work at menial labor jobs...even if they have a college degree.

For the power-hungry authoritarians, this is an amazing recruiting ground. To this disaffected group they offer meaning and purpose to life...even if it is misguided.

And to be fair, the same dynamic happens with white supremacist groups.

So, again, circling back to finance and the markets. If you fall into the intolerant and authoritarian crowd, it is in your best interest to promote an economic downturn. Shut it down, baby. Burn buildings. Cause chaos. This all serves to break confidence and disrupt orderly markets. And as wealth is destroyed, your power grows.

So, your listeners might want to view the market differently as we head toward the November election. Recognize there are those ranging from the misguided unemployed up to powerful CEOs and politicians who are willing to suffer short-term losses if it means they can gain long-term power.

Thus, the stock market must now deal with this. Does that make sense?

**Bob:** It does. And recognition of something is always the first step in dealing with it. So, thanks for this report. How do people reach you?

**Greg:** My number is 250-3754. Or, go to my website at [zanettifinancial.com](http://zanettifinancial.com).

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