

Hello Everyone,

**Vizzini: *He didn't fall!? Inconceivable!***

**Inigo Montoya: *You keep using that word. I don't think it means what you think it means.***

From the movie, *The Princess Bride*, 1983

There are a lot of previously considered “inconceivable” things occurring right now.

For example, call me crazy, but maybe we should consider opening restaurants before we open the borders. But moving on...

Today's missive touches on some other “inconceivable” things in the healthcare world. I've spent two weeks on this, so I'll move on after the President's Day break. But for now, I hope you find today's quick read...errr, conceivable?

Signed, Your Is-It-True-Portland-Is-Erecting-A-Statue-Of-Antifa-Members-Pulling-Down-A-Statue? Financial Advisor,

Greg

## **KKOB 2021.02.08 Tonic Immobility**

**Bob:** So, Greg, my understanding is you want to continue with the “*dysfunctional American healthcare system*” theme you started last week.

**Greg:** Sort of. I recently read an article by an analyst named Charles Hugh Smith. And he explained our situation far better than I ever could. Let me quote just a couple of his sentences:

- ***Nobody chose America's insanely perverse healthcare system—it arose from a set of initial conditions that generated perverse incentives to do more of what's failing and protect the processes that benefit cartels and insiders at the expense of everyone else.***
- ***In other words, the system that was intended to benefit all ends up benefiting the few at the expense of the many.***

Bob, this is what I was trying to get at last week when we talked about our ever-more-socialized healthcare system. We're

rewarding the health bureaucrats far more than the front line docs, nurses, and other caregivers.

**Bob:** Plus, those front-line providers have lost control of how they conduct their practices. It seems the administrators-- or the insurance companies---dictate what can (or can't) be done.

**Greg:** Right. By the time they adhere to the mandatory "standards of care", they have far less time to heal people.

What has happened is this. We have embedded self-destructive processes-----and we have created inefficient (and corrupt) incentive systems. And self-destructive, corrupt, inefficient systems always fail.

But the entrenched powers-that-be (think big pharma and big admin) are personally doing so well, they will fight tooth-and-nail to maintain the status quo.

And it's not just healthcare.

Bob, do you know anyone in his or her right mind who would build an education system that functions like ours does? Student loan debts now total around \$1.6 trillion. Those indebted students are now essentially indentured servants.

Meanwhile, at the universities, we have young, \$35,000 per year, adjunct professors doing all the classroom teaching while the \$200,000 per year tenured professors sit in their offices writing books for eventual sale.

And don't get me started on the waste, fraud, and abuse in the military.

The point is, very few people in power want to address the **cumulative effect** of the out-of-whack structures that are crippling our culture, society, and economy.

Bob, just think about the last 18 months. The riots. Impeachment. Negative oil prices. Lockdowns. Trillions of printed dollars. 25,000 National Guard troops at an inauguration. Each of these is a flashing danger sign. And each is the product of a defective incentive system.

So, what we should do is stop. Turn back. Reevaluate. Instead, our leaders are accelerating while the public seems seized by tonic immobility.

**Bob:** OK. Wait. Tonic immobility. I don't know that one.

**Greg:** Sorry. It's kind of a geeky term. Tonic immobility is common in nature. Animals in the wild often freeze when confronted by a predator. It's as if the animal believes by doing nothing its chances of survival will increase ---- and the threat will just go away. That's tonic immobility.

**Bob:** But threats don't go away. I have watched enough National Geographic specials to know that.

**Greg:** You're right. Anyway, this instinct runs deep in mankind as well. Psychologists call it normalcy bias. Human beings are very good at convincing themselves—even in the face of obvious perils---that everything is going to be OK.

For example, in the financial world, zero percent interest rates, multi-trillion-dollar deficits, and the massive disconnects between Wall Street and Main Street, are all danger signals. Yet, when confronted with these facts, most investors freeze. They think, "If

*I just stick to my 60/40 stock bond split everything is going to be OK."*

I have my doubts.

**Bob:** So, let me sum this up. Doctors and nurses know the healthcare system is broken. Same for teachers, lawyers, CPAs, politicians, soldiers, and economists. But nothing changes.

So, your concern is basically this... all these broken systems combined could cause unnecessary suffering throughout the entire nation.

**Greg:** You're right. I am saying that. And since most of us can't stop any of this...our best bet is to not be seized by tonic immobility. Because I don't want any of us featured on some National Geographic special on finance.

**Bob:** Me neither. Those wolves of Wall Street are scary. How do people reach you?

**Greg:** Just go to my website at [zanettifinancial.com](http://zanettifinancial.com).

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