



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Jesse Hirsh:**

I find it interesting that the notion of clout and influence and influencers is a recurring subject in our conversations, because I think it is the subtext for a lot of the institutional change we desire and the types of trends we tend to talk about.

### **[opening credits]**

### **Charles Hugh Smith:**

And I'll be honest. One of the first – I just sort of blurted out something. This was like 10 years ago, and one of my internet friends at Peak Prosperity, when I first met him and we were at a dinner with some other people and he says: *Well, what's your goal, you know, in having a blog?* And I said to have influence. And I really didn't care about the money, although that was nice. I mean, it was like: *Oh wow, I can make money at this? That's amazing.* But what I really wanted was to be a positive influence, you know? And so, that's partly why I focus on it is how – and then what's weird about it is the more that you want to be an influencer, the more you're in danger of losing your authenticity, which is the source of your credibility and influence. So there's this weird – it's Dow's thing there. Yeah.

### **Mark Jeftovic:**

It's the law of negative effort.

### **Jesse Hirsh:**

Well, and I was going to say the Dow as well, right? It's the Dow's notion of holding water. That as soon as you try to grasp that water, it will leave your hands. But at the same time, if you don't form the cup at all, it will leave your hands. So it's this very delicate balance that you need to do in terms of cupping the water to hold it. And I think the internet has a similar dynamic.

### **Mark Jeftovic:**

Now we have two Charles's. in Aleister Crowley's interpretation of the I Ching. He said: "You have to cast the oracle devoid of the lust of result".



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

**Jesse Hirsh:**

Yes.

**Charles Hugh Smith:**

Right.

**Mark Jeftovic:**

I'm going to do a really quick intro.

Welcome back everybody to another podcast edition of the AxisofEasy Salon. We have Jesse Hirsch from the Ottawa Valley. We have Charles Hugh Smith from Hawaii and the Phantom Charles just left. So it's back to the three of us again. And now that the tape is rolling – I believe it is – I have to take this opportunity to state on the record that Charles Hugh Smith has made one of the greatest market calls in pundit history when he wrote earlier this week that: Wouldn't it be something if the deep state leaned on Powell to put the whammy on the markets ahead of the election because all time high stock markets were the jewel in Trump's crown, and if he were to lose that, he would lose the election. And suddenly, at the next fed meeting, he's talking about: Well, we'll see, we're going to have to raise interest rates all next year, and the year after that. It's going to be a long tough grind back to get the economy back. And we just experienced the largest one-day point drop in history ever, just now, minutes ago. 1800 points. So, congratulations, Charles.

**Charles Hugh Smith:**

Yeah.

**Mark Jeftovic:**

That was a call and a half, you know, and I swore off shorting stocks forever because it's just – you can't fight the fed. But I read your article and I had a small position just on the TWM, like just the UltraShort Russell 2000, just because it tends to lead the indices down because it's not the unicorns in the glam stocks and I doubled that position yesterday, so...



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Charles Hugh Smith:**

Fantastic, Great timing.

### **Mark Jeftovic:**

I know.

### **Charles Hugh Smith:**

Well, good for you, man. And just think if you've mortgaged your house...

### **Mark Jeftovic:**

Yeah. And just bet the whole farm. It would have been like, can't lose, can't lose. It would have been an awkward conversation with my wife. Cause even with 15 minutes left to go in the trading day – and I'm looking at it before the internet crashed, before this session down 1700 points – I was thinking, are they going to ramp it green by four o'clock? In 15 minutes? Are they going to just come in and ramp on 1800 points to put this sucker green? Because that's the kind of thing that they're doing. Because we live in a centrally planned economy now.

### **Charles Hugh Smith:**

Right. Right. And I always enjoy speculating about the deep state. But knowing that I have no context within it, it's all just pure guesswork on my part. And a lot of the guesswork is – I presume you guys think the same way – it's like, what would I do in that circumstance? I mean, when I worked for a stock market quant for 18 months, I actually got to talk to these guys that were managing tens of millions or hundreds of millions of bucks, and their job was on the line. They had to outperform or you're fired. And it was like well, so then I started thinking through, what would I do if I was managing 10 billion dollars? Yeah. Because I mean, they're just regular guys – just like us – doing it. They don't have any particular insight. Everyone is guessing. So what would you do if you were in a position of deep state power? It's like, well, I'm going to sink the stock market, man, because that's our last best hope of getting rid of Trump. You know, everything else is blowing up on our face. So it seems obvious to me. So why not?



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Jesse Hirsh:**

I'd do the same. In fact, anytime I go through the process of what would I do, I get really scared at the thought that there's other people who might do what I would do. But Mark, I want to push back a little on your flippant phrase about the centrally controlled economy. I think with a bit of nuance, we have a centralized economy, but the center's not in control and that's the problem.

### **Mark Jeftovic:**

Well, I will push back on the financial markets part that market signaling has been severed off from market value for 10 years now. I mean, it really is. If the market goes down, they will ramp the markets. It's completely – it's insane.

### **Jesse Hirsh:**

My point is, I don't feel that we agree on the power that "they have".

And you know when I look at these situations, I just see chaos. I see panic. I see a lot of sheep. I see a lot of people following what the center wants them to follow. But part of the reason that I believe in a centralized society is not because I imagine it, but because I see it. Because I see the ways in which power has left the center and moved to the periphery. And I see the way in which the center panics and does everything they can to maintain control. But I'm of the belief that that control is an illusion. And that the fine line between the belief that the system exists, and the belief that the system is broken and fueled by incompetence is paper thin. And it's really just a matter of that perception changing for society to change with it.

And there was an interesting article this week, or an interesting analysis, sorry, about a Black Lives Matter movement. And the extent to which, if you looked at public opinion polling, that it basically measures the fastest reversal in public opinion in the history of public opinion research. That within three weeks before what we're calling the revolt to today, people's perceptions on radical ideas like the funding, the police, or actions that could be taken against racism has transformed considerably. And you know, that doesn't



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

mean that a whole bunch of racist suddenly decided they didn't want to be racist anymore, but rather, that society as a whole changed their perceptions really quickly. And all of a sudden, the racists were exposed as the minority that they are – as the unpopular kids, as it were that they are. And I think that applies to capital markets the same way it applies to culture and race relations.

### **Mark Jeftovic:**

Let's make a quick – I'll let you in, in a sec, Charles. I think what we may have to do is make a distinction here between the financial markets and the overall economy. And that distinction could actually be very crucial to the point that we've been making in these podcasts. This is not a financial forecasting podcast. We're not giving financial advice and we're not here to talk up or talk down the stock market. But the prevailing – the conventional wisdom throughout history was always that the stock market was a reflection of the economic reality. So when times were good, the stock market would go up. And when times were bad, the stock market would go down. And there was debate as to whether it was a leading or a lagging indicator. And what kind of nuance you could get from the tea leaves of what the stock market was doing compared to what the real economy was doing. But something that Charles has been covering for years now was the ongoing process of financialization – creeping financialization – going from all the way through the stock market and hollowing out the real economy in favor of financializing everything to keep the stock market bubble going. And so the financial markets very much have been – in the words of Ben Hunt from Epsilon Theory – they're fully publicly owned utility now. They just have to go up all the time. And the joke I've made privately is someday in the future, every morning, there will be this ritual where the fed chairman just writes a number down on a piece of paper and hands it to a functionary. And that's how much the stock market goes up that day, because one way or another, they do have the ability to control the directional velocity of the stock market.

They have since 2008, 2009, possibly earlier. And they do it by blowing up sequential bubbles. We don't want to get too far into it here, but right now, it firmly – is like people are exiting the financial markets commentating on it because they say it's no longer a reflection of economic reality. Like, just yesterday, Jelly Donut Podcast. Are you familiar with it, Charles?

### **Charles Hugh Smith:**

No, I, in fact, I just was, I read about it out of the cave, you know.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Mark Jeftovic:**

Well, he was this Ryan – I can't remember his last name. He's had all these great finance people on everyone from Grant Williams to Bill Fleckenstein and all these guys. And they have great talks about the financial markets. And then all of a sudden, yesterday, he said okay, it was good while it lasted, I'm shutting down the podcast because the financial markets don't reflect reality. They just reflect fed policy now. So I don't want to waste too much time arguing about it.

But to the point, Jesse, the fact that the fed markets are completely juiced by the financial markets – are completely juiced by fed policy – is what's making the financialization of the real economy and hollowing it out and creating this wealth inequality. And then they think they can control the greater hole through yield curve targeting and things like that. And then, and then it just all collides with reality. And we get the kind of bedlam that we're experiencing Now. I took up too much time explaining, sorry.

### **Charles Hugh Smith:**

Jesse, go ahead.

### **Jesse Hirsh:**

Just reacting to you using the phrase centrally planned economy, but that your description there offers quite a bit of nuance.

### **Mark Jeftovic:**

I tend to over-exaggerate because I've always said the logical economy – logical extension, the logical outcome of what we are doing is a centrally planned economy. And I tend to bandy that about a little too liberally.

### **Jesse Hirsh:**

Anytime you do tend to go towards those stupid generalizations, I'm here to call you out.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Mark Jeftovic:**

Yeah. You keep me honest. All right.

### **Charles Hugh Smith:**

Well, this is a very rich topic here. I mean, we're pulling out nuggets the size of fists here, so I'm just going to do a little bit of scattershot. To Jesse's point, I have been arguing and not about the illusory part of the fed control. In other words –and I'll just take a minute – I think it's worth describing this kind of mechanism, because it reflects both the reality of central control by agencies such as the fed, but also the way that they're really leveraging our belief in their power. So if you look at what the fed does – creating money, and how does that money actually get to the stock market?

Well, actually, there is no cause and effect. Until the fed is legally enabled to buy stocks directly, they're basically giving banks, financiers, and corporations free money to do whatever they want. Now, those corporations and financiers could buy gold or they could buy bat guano futures or they – one of my favorite examples – because I think bat guano is going to be really valuable.

Right. But they don't have to buy stocks except that they believe that everyone else is going to be buying stocks because of the fed giving everybody free money. And so there's a bit of a herd instinct that's based on a belief in what other people are going to do. And if that belief is shattered by some events such as this drop that we had today, the stock market continuing, then that mechanism is broken in the sense that the fed can be still be giving out free money, but people are going: "I'm going to do something else with it other than put it in the stock market". So it's interesting that it goes to Jesse's point about social credit that he wrote about. That lot of the control is based on the belief that we have in the efficacy of that control. In other words, it's leveraging the control through our belief in its power. And so, Mark, you've written about this too. That when everyone looks at the fed and goes: "Well, the emperor has no clothes". Then once the illusion is destroyed in their actual control over the markets diminishes accordingly. But I also want to mention real quickly that to your piece In out of the cave, Mark, about bitcoin and gold, I think that's of interest here because it's like, well, how far will they manipulate the financial markets to keep the sort of bubble economy going? Because that's why they have to keep these bubble. These assets bubbling is what would happen if the assets were fairly valued. Then the pensions blow up and all the Phantom wealth blows up. And then they're afraid that it really would take down the real economy. So it bleeds into both of your recent essays in my mind.

### **Jesse Hirsh:**

Recorded: June 11, 2020

<https://axisofeasy.com/podcast/axisofeasy-salon-8-were-going-all-in-on-bat-guano-futures/>



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

I mean, I'm certainly interested in the whole herd mentality part and my relationship with the stock market – my relationship with the media that surrounds the stock market is really trying to understand the psychology, and it's clear to me from the testing results that we're seeing across the US, especially in States that previously did not have much of a pandemic breakout that I think there was a lot of head in the sand. I think there were a lot of people thinking that we had dodged a bullet and gotten out of the worst of it, but we're seeing an infection rate right across the United States at record levels. And at accelerating levels, alarmingly accelerating levels. And I think that's reinforcing the idea that we're nowhere near getting out of this. And that may also be fueling both the fear when it comes to the economic impact, but also what you were alluding to, Charles, in terms of the belief and the belief of the efficacy of the people in power that once it's sort of realized, that not only are they naked, but they're foolish and incompetent. That's where I think society starts to panic. And I think that was part of the purpose of the revolt, was it was testing the authorities' capability to respond, to literally protect a police station. And I think that that gives clues as to the penetration testing that we're going to see in the days and weeks to come.

### **Mark Jeftovic:**

Jesse, have you been following the Capitol Hill autonomous zone formation?

### **Jesse Hirsh:**

I mean, not closely, but via you? Yes.

### **Mark Jeftovic:**

I mean, that's exactly what you were talking about. That it happened. I have this expression that eventually has this tendency to show up sooner than anyone expected. Eventually, it'll come to this. Eventually, this will run out of juice or eventually, this will come to a head, and all of a sudden it's the next day and it's here. And that was quite surprising to me. There apparently is already a warlord in charge of the Capitol Hill autonomous zone. I was just reading about it. Some rapper is – I don't have it up in front of me – but yeah, it could have been a bombastic label to call them a warlord, but a guy has emerged, he is maintaining order within the six block radius of the Capitol Hill autonomous. So...

### **Charles Hugh Smith:**

And what's so funny about that – not that it's amusing funny – but what's interesting about it is it's just like Sadr City in Iraq. And then it's just like the no go zones in France, right?

Recorded: June 11, 2020

8

<https://axisofeasy.com/podcast/axisofeasy-salon-8-were-going-all-in-on-bat-guano-futures/>



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

Huge swats of Parisian suburbs, and other big city suburbs are like no go zones for the police and official France bureaucracy, right?

### **Mark Jeftovic:**

Tell me more about that because I've always wondered about the veracity of those stories, but your brother lives in France. So I would expect you to have some firsthand information about those. And Sadr City in Iraq, I'm not familiar with.

### **Charles Hugh Smith:**

Well, that was...

### **Jesse Hirsh:**

And don't forget about the favelas in Brazil.

### **Charles Hugh Smith:**

Oh, right.

### **Mark Jeftovic:**

Yes yes.

### **Charles Hugh Smith:**

There we go. And speaking of that, I have to mention one of my favorite books. You guys might've read it too. By Mike Davis, Planet of Slums. And it's basically a book. It's probably 10 or 15 years old, but he was writing about the emergence of slums as the urban model globally. Not this shiny, bright, skyscrapers in Shanghai and all that stuff, but actually the self organizing slums.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Mark Jeftovic:**

I have to jump in right here for just a second. There is another book, around maybe 10, 15 years ago called The Coming Anarchy. And I can't remember the author, but he was a journalist, I believe. And it was a collection of his essays. And he said, picture a limousine with air conditioning and wifi and a mini bar in it, gliding through a slum or favela. And he said, that is the future. So it's kind of to your point of like, yes, it would be this sort of shantytown slum future. But inside that, there will be this little gaggle of stretch limousines driving around the streets that are sort of autonomous unto themselves and very comfortable inside. And that's the oligarchs kind of driving around saying, let them eat brioche.

### **Charles Hugh Smith:**

Go ahead, Jesse.

### **Jesse Hirsh:**

No, I mean, all of this, I think, is indicative both of our perspective on the futility of capital markets in terms of a measure of reality, but also our desire to find that reality. And I think to the point of favelas, to the point of suburbs in France, I think all throughout the world, there are already urban zones that I will so much refer to the autonomous zones. Because Mark, to your point, they may have warlords. They may have their own local tyrants or conversely democratic governments. But it reminds me of Charleston's point about opting out that there is a growing amount of society already opting out, or feeling as if they're ignored. And so, they're just going about their own business. And I wondered to go back to stuff Charles has mentioned in previous episodes whether that will accelerate. Whether we'll see a kind of chain reaction that as more people opt out, and as that opting out is not only viable, but better than the status quo, to what extent that comes as an inspiration. And since we're throwing out books, there's a recent science fiction trilogy called Infomocracy –

### **Mark Jeftovic:**

I bought that when you told me about that, yeah.

Sorry. Yeah.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Jesse Hirsh:**

Yeah. It's a fascinating kind of speculation on what democracy – what global democracy in the digital age would look like. And it's what I think of whenever Charles talks about this notion of people opting out on that.

### **Mark Jeftovic:**

I have to bring us back to the last session again, because in the last session I mentioned the book by that Russian dissident who became an intellectual here in the West called Everything Was Forever Until It Was No More. When he was writing about the collapse of the Soviet empire and how leading up to that collapse, nobody in their right mind thought the Soviet empire could collapse. Even the CIA had no clue. Not in a million years or not for a really long time. And then it started late 1989. And by midway through 90 or by 91, it was all over. And by the time it was over, or while it was in progress, it seemed so inevitable to the people who were experiencing it. It was like, well, of course it's collapsing. What else did you think was going to happen? And the reason I have to come back to it now is because since this pandemic began, I really suspected that we could be entering such a moment here in the West.

I mean, the, the quip I've said privately a number of times is that I think Donald Trump is the penultimate president of the United States. Meaning he will be the second last president of the United States and whoever comes after Trump – and I'm not saying because Trump is evil or to whoever comes next is evil or good or whatever. I'm just saying the dynamics and the tensions and the tectonic forces at work right now are such that they are coming to a perfect storm of a crackup.

We've got this pandemic, we've got this economic catastrophe, we've got this election coming in November, and nobody knows how it's going to plan out. And I think we could – I'm not saying we are – we could be headed for one of those moments where it was everything was forever until it was no more. This time last year, nobody in their right mind thought the United States could break up into three or five little zones or more, and suddenly maybe this time next year, people will say: Of course, what did you think was going to happen? I mean, it really feels – it's all part of that breakup pattern, I think.

### **Charles Hugh Smith:**

Yeah. I think it's great that you brought up the Soviet Union and that timeframe. I really want to look up that book because I'm fascinated by – to use Jesse's phrase – the psychology of that. And from what I can gather so far, the key thing was that divide between reality and the official story just kept widening to the point where credibility was



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

completely lost. And so, we're talking about the financial markets here in the US and it's slowly seeping in, I think, to the mainstream that like, well, how is it that Apple and all these other tech stocks are hitting all time highs while the economy that actually supports their sales and profits is in complete collapse? I mean, there's this huge divide, right? And Dmitry Orlov, who I've corresponded with email over the last maybe 10 or 15 years occasionally, he has created a whole mini industry of great interest comparing the US to the former Soviet Union and declaring definitively in his mind that the US is far more fragile and vulnerable than the USSR was because they had the workarounds.

In other words, we still trust our official structures to function. Where those in the USSR, the official structures were always failing. And so, everybody's survived with workarounds – the home gardens, and all that stuff. So to the point of opting out, I think it's interesting that we could look at gradations of opting out. You could be opting out of certain parts of the centralized hierarchy that are no longer working for you, and you're still clinging to those that are working for you. Like, you're collecting unemployment, cause that's still working. Or, it's not working, you're not getting your checks, then you've got to have a workaround.

### **Jesse Hirsh:**

That's a fascinating kind of metaphor. That, to me, sort of introduces the paradox between the single party state and the single culture state that I sort of see as the United States. And that in the Soviet Union, you had the communist party. And because it had the monopoly and political influence, it had the monopoly really on the economy. It became absurd. So to your point, people have to work around because there was one thing and you knew that one thing was dysfunctional. It was pretty easy and legitimate for you to create alternatives. Yet, in the United States. It's the inverse, right? There's the myth of choice. There's the myth of diversity. There's the myth of alternatives. But the reality is that as soon as you leave the mainstream, you're marginalized, you're ignored. Sometimes you're crushed, you're killed. There haven't been an element of work around. Unions have been decimated. Cooperatives, for the most, part while they do exist, are largely marginal and don't receive the same type of attention or institutional support that corporations do. And so, it's almost as if by creating the myth of choice, by creating the myth of diversity, it prevented those workarounds. It prevented the way in which a parallel society was created in the Soviet Union. But while it may exist in United States, it's still relatively limited because people are still willing to buy into the system because they feel that there's agency and choice if they do so, when monopoly suggests otherwise.

### **Mark Jeftovic:**

Recorded: June 11, 2020

<https://axisofeasy.com/podcast/axisofeasy-salon-8-were-going-all-in-on-bat-guano-futures/>

12



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

I think the one opt out that has withstood the test of this marginalization you talk about was the whole crypto economy. The whole decentralization, crypto currency, bitcoin, all of that. It's still here. It hasn't gone away. Sometimes it's down, it's never out, but even just looking at the value of Bitcoin, it just keeps going and people are still building on top of it. And I think that's one of the most viable paths forward for people to create these workarounds and these opt-outs as different aspects of the culture around them start malfunctioning or just blanking out.

### **Charles Hugh Smith:**

Yeah. This is – wow. I mean, there's so many great topics here because Mark, I felt like I was reading something I'd written myself when I was reading your commentary on which Bitcoin, or gold, or both; or how much are each of those opt out options – financially, at least – threatened by centralized expropriation if you will, right? Like if they get to be too valuable and they're too decentralized, then there's going to be an impulse in the central powers to take control of them, right? At one way or the other. And the interesting thing about what you're saying though is that they're decentralized. In other words, how much investment in time and energy will it take for the centralized powers to do what? Door to door searches to collect every gold and silver coin?

I mean it doesn't really work if the people are not going to respond to the authority, right? If they're going to force the authorities to go out there and collect every gold coin, it's not going to be viable, right? And the same with Bitcoin. It's going to be very hard to pursue that if people decide not to respond to the authorities, demand to turn in all your golden Bitcoin.

And I also thought that, Jesse, I've been writing again. I often refer to these same sources of inspiration for me. Mark's Marxist analysis of capitalism and Orwell's analysis of the media and centralized power, and Huxley. And so, when you say that the choice and diversity is illusory, I immediately think of Huxley as like, that's the perfect way to get everybody on Soma, right? I mean, it's like the bread and circuses are: here's your diversity, you can go to sports or sports or entertainment – wow, it's all great. And so what happens if we lose the bread and circuses or they get diminished in some fashion and then what? What control mechanism is left?

### **Jesse Hirsh:**

I love that post and I love your evocation of Aldous Huxley, partly because I used to joke that the one reason that the revolution hasn't already happened is the pharmaceutical industry, right? Is that so many people, instead of acting on their anger, instead of doing



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

something about their desperation or their depression, they're on drugs, they're on medicine. And of course, after 2008, rather than see the reality of economic disparity in America manifesting as a revolution, it manifested as an opioid crisis. That people were literally given the drugs to pacify them and take away their pain. And that led to crazy addiction, and crazy suicide, and crazy crime, and the hollowing out of many rural and small communities.

And interestingly enough, both of you guys evoked the spectre of enforcement. And to me, I feel that that's one of the shortcomings of our reliance on 20th century political metaphors, right? We still refer to the Soviet Union. Most people on the internet still refer to Hitler and Nazis, right? I mean, our boogeymen are from the industrial era and we now live in the digital era. And that's where algorithmic enforcement can be remarkably efficient and also remarkably stupid. For example, I could imagine that within the power of the state, there is the ability to come up with an algorithm to know exactly which order and which people's houses you show up to seize goal, right? Like there's ways in which you could manage enforcement and be both brutal and surgical at the same time as long as you're okay with a high error rate, right? As long as you're okay capturing a lot of the wrong people and killing a lot of the wrong people, then algorithmic enforcement can be very effective and very brutal.

And I think that's why we need to be concerned about the Facebook's fueled empire or the Google or Amazon fueled empire. And that's why I feel that while the 20th century metaphors are important for connecting us to history, we need to be really dipping into cyberpunk fiction, dipping into science fiction, dipping in imagined regimes and imagined worlds to describe our contemporary one, because it does provide such unique challenges compared to the Soviet Union or the United States at the height of the cold war. And that's where I do feel that there's value in the work that we're doing here in these podcasts in terms of understanding both our moment in history and anticipating where we're going next. But at the same time, I think that's where we all also have to embrace a kind of humility. That we use language like deep state, and we use language –

I wrote a post today about Facebook as the shadow government, that this is our acknowledgement. We don't know that not only do we don't know, but most of it is happening in areas that nobody can know. That it's the black box – the society that's indecipherable. And that, I think, is the problem. And that's what we can be turning to our fellow travelers on the internet and saying, you know, join us when it comes to scrutinizing – to examining the oddity, this world that we live in. Because the biggest fuck up in our lifetimes is happening right now, AKA the pandemic and it's full of crises. And we're still trying to struggling to figure out what's going on.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Mark Jeftovic:**

I'm going to jump in right now briefly, I hope, to say we've been making a lot of external references, more so in this show than previous ones, so I'm going to make a concerted effort to take better notes and to put references to these other things in the show notes page. When you were talking about pharmaceuticals and keeping society kind of docile and pliable, it brought to mind – I mean – it's not just pharmaceuticals. There used to be an urban legend that McDonald's in inner city slums were putting sedatives in the French fries to keep the rabble down. But you know, fast food itself is something that kind of sucks the energy out of people. And we all probably eat fairly healthy, organic, locally raised food as much as possible. You come off of eating fast food your entire life like me during college and stuff. And you make that shift and you realize how much – You know I once heard a Harvard business review article that said: Don't manage your time, manage your energy. Right? So the food you eat, the kind of energy – the impact that has on your energy levels.

So you have a society where people don't save money, they go paycheck to paycheck or whatever. And they just eat fast food just to get the calorie intake that they need to keep going. It sucks the energy out of them. And yes, it's pharmaceuticals. It's the fast food, it's big sugar. It's a lot of things that are just all baked into the environment. The typical urban environment where it's like: yeah, you're going to keep these people in line and then give them a machine that gives them a dopamine hit 50 times a minute. And you don't have to worry about a thing.

Algorithmic enforcement. I just thought, as it might be a point of interest to both of you, to know that our last two videos have been demonetized on YouTube on copyright violations. The last one was because I put an excerpt of The Demics video at the end of the last video. Not that I have them monetized anyhow, but I just got this algorithmic notification. And the one before that, was because when one of us wiggled off – our network connection dropped – I put The Jeopardy musical interlude in just for like, 15 seconds until we got back. And so that got us demonetized. And yesterday on Facebook, I got a fact check notice that says: "Something you shared has been deemed partially false, and we've added a citation to your post to say that this is partially false". And it was a post about a press. That announcement out of the World Health Organization saying asymptomatic transmission was very rare. So Facebook fact check the World Health Organization and found them to be partially false. And it brought back that whole idea that we've been wrestling with who's really in charge here now? And right now, when it comes to discourse, it's the big tech platforms running these algos and saying: Nope, what an official source says isn't true. What we say about the official source is what is true.

### **Charles Hugh Smith:**

Recorded: June 11, 2020

<https://axisofeasy.com/podcast/axisofeasy-salon-8-were-going-all-in-on-bat-guano-futures/>

15



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic  
Jesse, go ahead.

### **Jesse Hirsh:**

No, I'm good. I'm in agreement.

### **Charles Hugh Smith:**

Okay well, I'll pick up on two threads here. The whole idea of self-medication and addiction, which is part of what we're talking about in terms of how people manage the choice between rising up and resisting a dysfunctional economy, society, political order, or just trying to manage as individuals – it's one of the things I've always been fascinated by is the cultural response. I'm assuming this is true in Canada as well, but I could be wrong. Which is if you're depressed, if you're dispirited, if you feel like surrendering, you're frustrated, etc etc, this is always contextualized as a therapeutic problem, not a political or economic problem, right? So in other words, the problem is: Oh, you. You're supposed to be chirpy and happy.

And because you're only one influencer contract away from being a millionaire yourself. So, get out there buddy, and get on your YouTube channel. In other words, it's like this cheerleading thing. It's – every problem is actually an individual's therapeutic issue. So there's self-help, you know, the libraries and shelves of self help books. And then this therapeutic response, either opioids or some kind of counseling thing like, "get out there tiger!", and "you can do it!", and all that kind of stuff. And meanwhile, it's all like, well, wait a minute. What if the problem is actually economic and political? That's not allowed, right? That's verboten, right? So that's part of why there's been no revolution, you know?

### **Jesse Hirsh:**

It's this notion of containment. That as long as we're within the system, whether we're happy or not, whether we're on EI or working, as long as we're still subscribing, as long as we're still believing, that's all that matters. And that's where the system has been effective in the last several decades at keeping everyone within it regardless, when you know, more and more people ought to opt out, more and more people ought to create their own societies, create their own futures. And for better or for worse, I think that's what this crisis is going to enable, if not instigate.



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Mark Jeftovic:**

You know, there was one thing that Charles said about you know – there's nothing wrong with the system, be happy. But there is a current – it's a big current – I mean, it's the whole protest that says there is systemic injustice in the system. And on one hand, I'm like, they're right. But I think they're wrong about what the nature of this systemic injustice is. So on one hand, I want to – why are they attacking the wrong thing? But on the other hand, maybe at least it's understanding that there's something wrong with the system.

And I'll come back to that Max Keiser podcast that I mentioned in Out of the Cave, where his brilliant insight – and this was on another podcast and we'll link to it – he said, never mind about wealth redistribution; everyone who's trying to build a more equitable society says it's got to be about wealth distribution. He said no. Don't redistribute wealth, redistribute risk. And to me, that just captured everything. Because the elites that run the system get to use freshly minted money that comes out of the fed and they have no risk. And then everybody else who experienced newly created money as a rising standard of living – not rising asset prices – they have risk. If they don't pay their credit card bills at 22% interest, well then, they get foreclosed upon. Whereas the elites at the center of the system can borrow 10 million dollars – 10 billion dollars at 0% interest and buy back shares of their own companies and drive their own net worth up.

And so it's a risk asymmetry versus a wealthy symmetry. The one is a secondary effect of the other. And so I don't know if it's, you know, as people start to opt out, I don't know how important it is that they get the chicken or the egg right. As long as they're just starting to recognize that there are these imbalances in the system that are not serving your own interests.

### **Charles Hugh Smith:**

Yeah. Jesse, if you mind, I just wanted to jump in real quick and say...you know Mark, that really struck me too. And I would phrase it slightly differently. I would say that the differences between value and currency, right? That if you create value, you're creating a form of money because you can trade that value for barter, or currency, or whatever. But if you're just creating currency, you're not creating any value. And that may be, in my view, the source of the systemic injustice that we're talking about. They have the power to create this currency that they get to spend and buy whatever they want, but we're forced to actually create value. That's all we have. And of course, when you're trying to create value, there's risk. When you're creating currency out of thin air, there's no risk, right?



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jeftovic

### **Jesse Hirsh:**

I mean, my only response is that one of the things you learned in broadcasting is to keep an eye on the clock. And that felt like a very huge topic to bring up at the end of the show. So rather than me [inaudible 46:02] I'll file it away for next time.

### **Mark Jeftovic:**

It's kind of a recurring theme, I would say. And we did hit upon it at the beginning of the show. So in that sense, we may have come full circle.

I mean, do we have anything else of substance to say? I mean, do you want to talk specifically about the –

### **Jesse Hirsh:**

No, I'm out of time.

### **Mark Jeftovic:**

You're out of time?

### **Jesse Hirsh:**

This is why I'm saying we got to keep an eye on the clock. My dog is about to freak out within the next few minutes as my partner drives home.

I love you guys but I measure the podcasts in cognitive energy. And once my brain gets to a point where it just says: okay, I'm full. I empathize with the people in our audience who might be going: okay, I'm full. Or maybe I'm wrong. Maybe they can't be satiated and they want more and more and more. And that's where we do the YouTube thing. Give us thumbs up, hit the subscribe button and post a comment below as to the amount of material or substance that you're finding in this podcast. Too much? Not enough? Just right? Give us your Goldilocks response in the comments below.

### **Mark Jeftovic:**

We can do that. And we could just say the first time, there's like a three-way awkward

Recorded: June 11, 2020

<https://axisofeasy.com/podcast/axisofeasy-salon-8-were-going-all-in-on-bat-guano-futures/>



## **AxisOfEasy #8: We're going "all-in" on bat guano futures**

Charles Hugh Smith, Jesse Hirsh, Mark E. Jftovic

pause in the dialogue. That's our signal to cue the outro music and say goodnight.

**Charles Hugh Smith:**

Sounds good.

**Mark Jftovic:**

Alright.

**Charles Hugh Smith:**

Thank you, gentlemen.

**Mark Jftovic:**

Okay guys, we'll see you next week. Alright.

So let us know in the comments below if you would like more material, less material, or it's just right. Tell all your friends and find on Stitcher, and Spotify, and iTunes as well. Thank you.

**[closing theme]**