

# Classical Insights

Global Investment Analysis Based on the Classical Economic Model

## Classical Insights Bullet Points April 19, 2014

Here are the most important books I've read over the past year or so. Many of these are quite helpful for understanding key events in the world today. It's difficult to really grasp what's behind the Ukraine conflict, for instance, without Peter Turchin's thesis in *War and Peace and War*. It's hard to make sense of the revival of right-wing nationalism in Europe without the ideas in Ed West's, *The Diversity Illusion*. Hans-Hermann's Hoppe offers perhaps the best theory as to why certain autocracies are doing so much better than democracies and Volkmar Weiss offers a great explanation as to why genotypic IQs are plunging across the globe.

### **All Joy and No Fun: The Paradox of Modern Parenthood, by Jennifer Senior**

People with no kids generally are happier than those with kids, according to recent studies. That's partly because today -- for the first time in history -- people *choose* to be parents, so expectations of what kids will do for the parents are far higher. Parents also are much older now and thus more aware of the freedoms they are giving up. The clincher, says Senior, is that kids "went from being our employees to our bosses:"

Childhood as we now know it began when soldiers returned from World War II. The family economy was no longer built on a system of reciprocity, with parents sheltering and feeding their children, and children, in return, kicking something back into the family till. The relationship became asymmetrical. Children stopped working, and parents worked twice as hard. Children went from being our employees to our bosses. P9.

### **Democracy: The God that Failed, by Hans-Hermann Hoppe**

This is such a profound book that I may do an entire piece on it. Hoppe argues that monarchs have a much greater incentive to take good care of their polities than do democratically-elected officials -- who are merely "caretakers" because they don't *own* the countries they manage. This is why monarchies like Singapore often have far better tax systems -- and a lower inclination to go to war. Whereas a monarch will want to maximize the value of his kingdom, a democratically-elected caretaker will be incentivized to a) pander to the masses, and b) skim off what he can for himself and his friends during the brief time he's at the helm. When democratic leaders want to go to war, they often whip up nationalistic fervor, which can lead to mass slaughter. Monarchies, in contrast, generally have done war with much more precision and restraint.

### **War and Peace and War: The Rise and Fall of Empires, by Peter Turchin**

Turchin demonstrates that new civilizations and empires *always, without exception* emerge on the edges of existing ones -- via warfare. The threat of war with a powerful neighbor compels people to collective action and forges a collective identity. Germany came together along the edges of the Roman Empire, Russia on the edges of the Mongol territories and the American nation on the edges of the Indian lands.

But when the threat of war recedes, social cohesion falls apart. Rome started off as egalitarian (the aristocrats were the first to die in battle) but with success the aristocrats focused more on their own wealth and status, leading to a process of decay and disharmony. This dynamic creates the cycle and inspires the book's title: *War and Peace and War*.

Today we see this civilizational fault line most dramatically in Southern Europe, between Muslims and Christians. It also exists in Ukraine, between Eastern-facing Slavs and Western-facing pro-Europeans.

**The Diversity Illusion, by Ed West**

I almost made this my book of the year in 2013 but didn't want to offend anyone or get people worked up over the holidays. That said, if you want to understand the secession efforts now underway across Europe and the rise of nationalist right-wing movements in the UK, Holland and (especially) France, this is the book to read. West documents how the push for mass immigration into Europe was a project of the elites, pushed on populations who never asked for it, voted for it or wanted it. In the UK, leading left-wing politicians have now admitted that the whole effort was done to boost left-wing voter rolls.

The US stands in a different position than Europe *vis a vis* mass immigration. One can make a stronger case that the US is an "idea" country, whereas Europe is comprised more of "blood and soil" countries. As such, the U.S. is probably destined to become a sort of "world country" dominated by no nationality. It will be a capitalist/oligarchic free-for-all with a mix of strong growth and individual alienation. In Europe it's not clear how things will turn out.

**Exodus: How Migration is Changing our World, by Paul Collier**

Collier is a lefty who comes to many of the same conclusions as Ed West in *The Diversity Illusion*. I found Collier's book a much duller read and recommend West's book instead.

**Cloud Hidden, Whereabouts Unknown: A Mountain Journal, by Alan Watts**

Watts (1915-1973) was an early popularizer of Buddhism in the west. A native of London, Watts studied philosophy and eastern religion and then served as an Episcopal priest in Chicago in the early '50s. After five years he left, moved to San Francisco, became a proto-hippie and for many years hosted a radio show in which he talked about various Buddhist matters. I first read this book in the '80s and just picked it up again recently. It's still extremely powerful. Watts elucidated an east-meets-west vision before it became cliché and thus his writing still reads very fresh. He shared Joseph Campbell's diagnosis of what's wrong with mainline Protestantism and why the churches are empty: The ministers concentrate on morals and skip "the one thing the Church should be offering and is not: spiritual and mystical experience. For reasons still unclear to me, most clergymen are afraid of this dimension of the spiritual life."

**The Population Cycle Drives Human History from a Eugenic Phase into a Dysgenic Phase and Eventual Collapse, by Volkmar Weiss, German Central Office for Genealogy, 2007**

Weiss [demonstrates](#) that genotypic IQs have been falling about 3.5 points per generation because intelligent people have been having fewer children than the less intelligent since about the mid-1800s. High-IQ populations will tend to disappear over time. He gives the example of the German colonists to Transylvania in the 1700s, who had all but disappeared by 1865 because they were outbred by the locals. "Once a population falls below a critical size, within a short time it comes to a complete collapse – the Serbs in Kosovo are another example." To this I would add the Episcopalians of North America, who have been reproducing at extremely low levels for generations. Remember the cliché of the country-club Episcopal businessman in golf slacks? It has no resonance anymore because those people have largely disappeared as a cultural force.

"In the end," writes Weiss, "nearly all women with medium and high IQ can be found in professions and high-level occupations that make the rearing of a large number of children difficult. ... In the area of the former West Germany, for example, more than 40% of the women with an academic degree remain childless."

Some of this IQ decline is offset by increasing *phenotypic* expression of intelligence (people doing more with what they have thanks to better education and nutrition) and this is why society has not collapsed in most places. Looking ahead, we can expect advancements in gene therapy and breeding methods (egg and sperm selection) to halt and perhaps reverse the decline in IQs.

**Movie: Elysium.** Set 150 years in the future, Los Angeles has become a giant slum. The elites now live entirely above the earth, in a sort of gated community accessible only by space shuttle. Houses there are beautiful, healthcare is excellent. Back on earth, life has descended into a miserable, culture-less *Idiocracy*. The movie's creator, the South African Neil Blomkamp, says he expects the area from L.A. to Vancouver to become one big semi-slum. He sees increasing parallels between the U.S. west coast and South Africa with its racial challenges. In the movie Elysium serves as a metaphor for the increasing tendency of the rich (the 1%) to wall themselves off from the increasing chaos around them.

**Movie: Tyler Perry's The Single Moms Club.** I wanted to see this because single motherhood is rapidly becoming the norm for the modern family. Perry mixes realism (there is lots of conflict between the moms and the kids) with Sex-in-the-City style aspirationalism (all five women snag hunky guys who don't seem to have a problem looking after somebody else's kids).

What Perry gets right is the concept of single moms *forming a club* in the first place. One woman watches the kids while the others go out. This seems destined to be an increasingly popular family structure in the future, for it reflects mammalian behavior in real life: Females generally form herds while males wander around on their own, periodically showing up for stud duty.

What Perry may be over-selling is the romance angle. The reality for many single moms is likely to be dudes showing up at the communal home for a quick shag at 9 p.m., then returning to their studio apartments to smoke a bowl, play Xbox and sleep before getting back to Target the next morning. Put differently, society is moving to an African matriarchal model in which women form the bedrock of social organization while many men become drifters.

Another issue Perry glosses over is the challenge of getting men to care about other people's kids. Steve Sailer notes that the Catholic Church recognized this problem long ago and its answer was to make priests celibate. That hasn't worked out so well. I know a couple of guys raising other men's kids and it is a noble endeavor. But I don't think it will catch on because it's a bad reproductive strategy for individual men.

### **The DIM Hypothesis: Why the Lights of the West Are Going Out, by Leonard Peikoff**

A huge alliance of fundamentalist Christians, big government supporters and environmentalists is about to rise to power in the U.S., argues Peikoff. The author is a lifetime philosophy professor and Ayn Rand acolyte, and the book is quite a page turner. I expected him to conclude that the U.S. is going to be subject to a never-ending succession of Kathleen Sibeliuses and Barack Obamas leading us down a road to commie totalitarianism. But that is not the conclusion he draws. Rather, Peikoff argues that the current state of the world is extremely dissatisfying to the overwhelming majority of Americans because it is so dissolute.

The leading intellectual position today is that no ultimate truths exist (a position he traces back to Kant). This has created *dis-integration* in society (the "D" in his DIM acronym). Historically, such D periods usually are followed by "M" periods – for *mis-integration* -- when a new ordering philosophy comes into power. Whether that new philosophy is "true" or not is beside the point. Peikoff thinks that new ruling philosophy will be a combination of muscular evangelical Christianity in alliance with big government supporters and environmentalism.

### **What Makes Olga Run?, by Bruce Grierson**

Olga Kotelka is a 91-year-old track star in Vancouver. She does 11 events and travels the world winning gold medals in competitions. What is her secret? That is the subject of the book. Turns out she has basically lived a paleo existence her whole life: hard work on the farm in Saskatchewan growing up, good diet, and lots of intellectual stimulation throughout her life. She was a teacher for many years and today does Sudoku. She has certain odd habits such as getting up in the middle of every night and stretching. The author becomes a fan of the Cross Fit training approach. But the real lesson of the book is that one should just be moving MORE

OFTEN during the day. And using all muscles. Doesn't have to be at the gym. But movement is the key.

### **Revolt Against the Modern World, by Julius Evola**

Evola's basic argument is that democracy brings about steady and relentless cultural decay, whereas the traditional world was psychically far richer. Evola (1898-1974) was a traditionalist Italian philosopher and most of his works have only been translated to English over the past 15 years or so.

If ever there was a civilization of slaves on a grand scale, the one in which we are living is it. No traditional civilization ever saw such great masses of people condemned to perform shallow, impersonal, automatic jobs; in the contemporary slave system the counterparts of figures such as lords or enlightened rulers are nowhere to be found. This slavery is imposed subtly through the tyranny of the economic factor and through the absurd structures of a more or less collectivized society. And since the modern view of materialism has taken away from the single individual any possibility of bestowing on his destiny a transfiguring element and seeing in it a sign and a symbol, contemporary "slavery" should therefore be reckoned as one of the gloomiest and most desperate kinds of all times.

Evola contrasts the modern world with the world of Tradition, where "every object had its own beauty and a qualitative value, as well as its own function as a useful object."

Reading Evola has made me much more conscious of my aesthetic choices. I agree with him that democracy brings about a "leveling" in art, in which each form – no matter how bad -- is afforded the same value as others. A big change I made last year was switching over from guitar to violin. I played guitar fairly seriously for nearly 30 years until about three years ago, when it hit me that the guitar was exhausted instrument. After reading Evola I put the guitars back in their cases and dusted off my old violin. It took a few months to make the switch but now I am re-energized and play violin all the time. The violin offers a window into more subtle musical forms.

### **Lincoln the Man, by Edgar Lee Masters**

Masters was born in 1868 in rural Illinois and grew up hearing unflattering stories of Lincoln from relatives and friends who had known him first-hand. Masters himself was revolted by the hagiography of most Lincoln scholarship and believed he could do a more honest job of portraying Lincoln's opportunism and cynicism as a young man – and his amateurishness once he got in the White House. The basic argument against Lincoln is simply that a better politician could have avoided the Civil War. Masters is mainly known as the author of *The Spoon River Anthology*. He penned this Lincoln biography in 1931.

### **To Travel Hopelessly, A TEFL memoir, by English Teacher X**

The author, now in his mid 40s, has spent his adult life teaching English in a succession of Third World countries. Reading this feels like reading an alternative biography of what my own life would have been like had I become a nomad traveler. There is a fair amount of minute-to-minute excitement in this existence but it always seems at risk of collapsing into despair because he never builds anything lasting. (Hence the word "hopelessly" in the title.)

### **The Tristan Chord: Wagner and Philosophy, by Bryan Magee**

The author considers Wagner the most important operatic composer ever, which is probably a fair statement. I came at Wagner via reading of Nietzsche, but Wagner himself was more influenced by Schopenhauer and the anarchist ideas in flower in the mid-19th century. Wagner was literally on the barricades in Paris during the 1848 Revolution, and the ideals of that period stayed with him his whole life. The book offers lots of deep background on the process by which operas are created. Wagner wrote his own lyrics (most composers did not). The author makes the interesting

point that operative words aren't supposed to "make sense," but rather exist to forward the deeper meaning of the opera.

***The Rule of the Clan: what an ancient form of social organization reveals about the future of individual freedom,* by Mark S. Weiner**

This is a timely book. Clans were the fundamental building block of human social organization for thousands of years (and still are in many places). So it's worth looking at how they work and how they do politics. Lot of discussion of Iceland, England and Muslim societies.

***Artists of the Right: Resisting Decadence,* by Kerry Bolton**

DH Lawrence, WB Yeats and Ezra Pound were "thinkers of the blood," says Bolton.

The first thinkers of the blood, influenced greatly by Nietzsche, championed excellence and nobility and were suspicious if not terrified of the mass leveling resulting from democracy and its offspring communism. In democracy and communism, they saw the destruction of culture understood as the pursuit of the sublime.

DH Lawrence's rebellion is against the "winter" phase of civilization, which the West has entered as described Oswald Spengler. It is marked by the rise of the city over the village, of money over blood.

These three authors were standard fare in college 30 years ago. Would they be unteachable today?

***Revolution from Above: Manufacturing "Dissent" in the New World Order,* by Kerry Bolton**

Capitalism and the international left arose during the same period of history. Both view traditional culture, the family and nations as obstacles in the path towards a World State.

The dialectics of Big Business considers that plutocracy cannot be achieved until a society has gone from its peasant stage into an industrial phase. In order to achieve this sudden and forced industrialization from a peasant society, the plutocrats have used socialism.

***Oil Painting Techniques and Materials,* by Harold Speed**

This 1924 book starts with a well-argued *screed* against modern art. The author was a noted art critic and teacher of the period who detested modern art. But he did make a key point in its defense: How many landscapes can a person look at before he wants to barf? Modern art grew up in part because people were sick of looking at the same old things and, perhaps more importantly, art critics were tired of writing about the same old things. He compares their dilemma to that of a restaurant critic who must endure steak 50 nights in a row. Spaghetti will seem like a delicacy after that.

***The Church Impotent: The Feminization of Christianity,* by Leon J. Podles**

Women outnumber men in western Christian congregations by 2-1, whereas in Islam and Judaism, the men outnumber women. In Orthodox Christianity the split is about even. Why? What is it about Christianity as practiced today in the west that speaks to women more than men? "Can a man be a Christian?," Podles asks. "Most people think not: either men are too bad for Christianity, or Christianity is too effeminate for men." Podles argues that ministers must constantly tailor their interpretation of the Bible to suit women's tastes or lose their congregations.

**The Fourth Turning: What the Cycles of History Tell Us about America's Next Rendezvous with Destiny, by William Strauss and Neil Howe**

The authors argue that we are coming into the “winter” period of the four-generation cycle which has held throughout history. Winter periods are marked by conflict and war. Today we are four generations removed from the WWII generation, eight generations from the Civil War and 12 generations from the Revolutionary War.

Each generation has its own character. Generation X is analogous to the Lost Generation (four generations back) of Ernest Hemingway in being cynical, dispassionate and not super-engaged with current affairs. If instead we start with the baby boomer/hippie generation and move back in four-generation leaps we get the progressives (who got socialism rolling in the U.S.), the transcendentalists (who gave us the Civil War) and Ben Franklin's generation (who made the American Revolution into a moral cause).

*Mike Churchill*

Churchill Research, Inc.  
103 W. Broad St., Suite 220  
Falls Church, VA  
22046  
(703) 241-0274  
(703) 340-4726  
[mike@churchillresearch.com](mailto:mike@churchillresearch.com)  
[www.churchillresearch.com](http://www.churchillresearch.com)

This material is based on information from sources believed to be reliable but its accuracy or completeness is not guaranteed. This report is published solely for informational purposes and is not to be construed as a solicitation or offer to buy or sell any securities. Opinions expressed herein are subject to change without notice. This report may not be reproduced or distributed without the permission of Churchill Research Inc.

The Classical Insights portfolio is Mike Churchill's own brokerage account, held at UBS. Employees of Churchill Research Inc. can and do hold positions and trade securities mentioned in this report. We try to inform clients of trades in new positions in the Classical Insights portfolio prior to those being made. Subsequent trades are sometimes done without notice.