



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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Propaganda

Both Wall Street and Washington D.C. have strong financial incentives to want you to believe that things are better than they actually are, so after 26 years in the financial planning industry, my BS detector is at a permanent maximum setting. Much if not most of the financial and political news is spin and fraudulent stories that are designed to manipulate and deceive the masses to make them more willing to part with their money and liberty.

I just finished reading Propaganda by Edward Bernays (who was the double nephew of Sigmund Freud), which was published in 1928. According to [Wikipedia](#), Bernays "was an American pioneer in the field of public relations and propaganda...[and] was named one of the 100 most influential Americans of the 20th Century by *Life*....He worked for dozens of major American corporations...and for government agencies, politicians....he described the masses as irrational and subject to herd instinct—and outlined how skilled practitioners could use crowd psychology and psychoanalysis [his uncle's idea] to control them in desirable ways."

Bernays was in the vanguard of the technocratic movement (which I'll write about in a future issue). Mark Crispin Miller describes Bernays' vision in his critical introduction to the book: "The world informed by 'public relations' will be but 'a smoothly functioning

society' where all of us are guided imperceptibly throughout our lives by a benign elite of rational manipulators. Bernays derived this vision from the writings of his intellectual hero, Walter Lippmann....From his observations on the Allied propaganda drives' immense success (and his own stint as a U.S. war propagandist), and from his readings of...John Dewey...Lippmann had arrived at a bleak view that 'the democratic El Dorado' is impossible in modern mass society, whose members—by and large incapable of lucid thought or clear perception, driven by herd instincts and mere prejudice, and frequently disoriented by external stimuli—were not equipped to make decisions or engage in rational discourse. 'Democracy' therefore requires a supra-governmental body of detached professionals to sift the data, think things through, and keep the national enterprise from blowing up or crashing to a halt.”

Bernays would say that this book is propaganda for propaganda. Most of it seems like it was written to explain to politicians, corporations, nonprofits, etc. why they needed his services. He's careful to position the propaganda professional as similar to an attorney—a strategic “counselor” whose public relations services were distinct from marketing and advertising. He writes that such professionals should behave ethically and not disseminate information that they know to be false, but in other passages, he comes close to admitting that the ends justify the means. After all, there's too much money to be made and too much power to be taken.

Bernays writes, “It was, of course, the astounding success of propaganda during the war [WWI] that opened the eyes of the intelligent few in all departments of life to the possibilities of regimenting the public mind....the group has mental characteristics distinct from those of the individual, and is motivated by impulses and emotions which cannot be explained [by] individual psychology. So the question naturally arose: If we understand the mechanisms and motives of the group mind, is it not possible to control and regiment the masses according to our will without their knowing about it?....It was only natural, after the war ended, that intelligent persons should ask themselves whether it was possible to apply a similar technique to the problems of peace.”

In the decade or so after WWI, Americans slowly came to the realization (thanks to articles in *The Saturday Evening Post*, etc.) that their own government's propaganda had duped them into squandering countless blood and treasure on an unnecessary war (Sound familiar?), and were therefore rightfully torqued about it. Bernays laments the fact that by the late 1920s, the word *propaganda* had consequently developed a strongly negative connotation. But after sending a son, husband or father to endure horrific conditions (mud, cold, disease, rats, artillery barrages, shell shock, poison gas, machine guns, barbed wire) for years fighting in the trenches of The Somme, Ypres and Belleau Wood, what did Bernays expect?

Bernays then explains why propaganda is essential in a technocratic government: “The new profession of public relations has grown up because of the increasing complexity of modern life and the consequent necessity for making the actions of one part of the public understandable to other sectors of the public....” Is the problem that the public doesn't understand the actions of the ruling elite, or that they understand too well?

Bernays continues: “Whatever of social importance is done today...must be done with the help of propaganda....clearly it is the intelligent minorities which need to make use of propaganda continuously and systematically. In the active proselytizing minorities *in whom selfish interests and public interests coincide* lie the progress and development of America. [emphasis added] Only through the active energy of the intelligent few can the public at large become aware of and act upon new ideas.” Are you part of the lucky minority whose selfish interests just happen to coincide with public interests? Is it any wonder that nine of the 20 counties with the highest average income [are in metro Washington, D.C.](#)?

Bernays admits that (even a century ago) a small group of people pulled the strings behind the scenes: “Propaganda is the executive arm of the invisible government....The invisible government tends to be concentrated in the hands of the few because of the expense of manipulating the social machinery.” Today that small group that has the economy of scale to manipulate information and opinion would include Google, Facebook, Twitter, Amazon/Washington Post, etc.

Bernays also admits that without the tacit acceptance of the public, governments don't really have the power to do anything, which is why propaganda is so essential: “Governments...depend upon acquiescent public opinion for the success of their efforts and, in fact, government is government only by virtue of public acquiescence....Public opinion is the unacknowledged partner in all broad efforts.”

Bernays explains how politicians no longer have to represent their constituents if they can sway them: “It is not necessary for the politician to be the slave of the public's group prejudices, if he can learn how to mold the mind of the voters in conformity with his own ideas....The important thing for the statesman of our age is not so much to know how to please the public, but to know how to sway the public.”

Finally, Bernays lets it all hang out: “Ours must be a leadership democracy administered by the intelligent minority who know how to regiment and guide the masses. Is this government by propaganda? Call it, if you prefer, government by education....It must be enlightened expert propaganda through the creation of circumstances, through the high-spotting of significant events, and the dramatization of important issues. The statesman of the future will thus be enabled to focus the public mind on crucial points of policy and regiment a vast, heterogeneous mass of voters to clear understanding and intelligent action.”

In closing, I also came across this sentence, which may sound familiar in the era of COVID-19: “...the public must be regimented into giving money [to charities] just as it must be regimented into tuberculosis prophylaxis.”

What You Should Be Doing Now

1. On Wednesday, the price of platinum dropped to \$900.71 per ounce, the lowest in over a year. Platinum's Optimism Index (26 out of 100), Commitment of Traders report and seasonality all seem bullish. Going back to 1982, the only time that the

gold/platinum ratio (currently 1.94) has ever been higher was during nearly all of 2020; usually, platinum is more expensive than gold. Silver also approached (\$21.97) its post-election low of \$21.57.

2. Books to read: The Lifetime Learner's Guide to Reading and Learning by Gary Hoover. Hoover has 60,000 books in his personal library and is passionate about curiosity and learning. The book includes 160 book recommendations “to broaden your mind,” including some great reference books that I had never heard of. His interests include business, entrepreneurship, innovation, creativity, management/strategy, industries, retailing, marketing, business history, geography, statistics/trends/economics, technology, design, travel and cities.

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Generally, I don't have time to answer questions about your specific situation, but if you have a general question that I think other readers also have, [let me know](#) and I will provide an answer in a future issue.

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Before starting a new diet or exercise regimen, you should consult with a doctor, nutritionist, dietician, or personal trainer.

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