

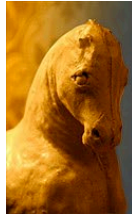


# THE EQUUS REPORT

—BY BARNABY LEVIN

**GOOD!**

December 14<sup>th</sup>, 2024



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## GOOD!

Listening to one of Joe Rogan’s interviews from last January (with guest, Taylor Sheridan, of “Yellowstone” fame), they were recalling an interview **Paul Harvey** did (on the *radio*) in the mid **60s** – in which Harvey was explaining how he (if he were the Devil) would destroy America – by destroying the Country’s **Social Fabric**. He’d begin, he said, with a campaign of whispers – with the “Wisdom of the Serpent” (as he told Eve: ‘Do as you please’). He’d convince our young that what was “bad” was “good” and what was “good” was “square,” while teaching our “old” to pray “Our Father, which art in Washington” – all the while peddling narcotics to whoever he could. And then he’d *really* get organized, educating authors and the Media (with promises of higher ratings) to fan the flames so he’d soon have families and nations at war with each other – until each, in its turn, was consumed. “If I were the Devil,” he said, “I’d encourage schools to refine young intellects, but neglect to discipline emotions – just let those run wild until, before you knew it, you’d have to have metal detectors and drug-sniffing dogs at every schoolhouse door. Within a decade, I’d have prisons overflowing; I’d have Judges promoting pornography; and, soon, I could evict God from the Courthouse; from the Schoolhouse; and, then, from the Houses of Congress...If I were the Devil I would take from those who have and give to those who wanted, until I had killed the incentive of the Ambitious. I would caution (however) against extremes – that is, when it came to hard work; Patriotism; and Moral Conduct – while convincing the Young that what you see on TV was the way to be.”<sup>1</sup>

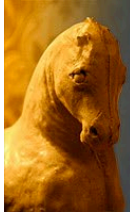
In his (enviously) deep and resonating voice, Paul Harvey described the very world I felt we’d come to when I wrote “**The Last Piece of the Puzzle**” on February 10<sup>th</sup>, 2024, when I was feeling my most hopeless. But I chose, instead, to end with a **Plea**. Recalling Jean Monnet’s famous quote – that “People only accept Change in Necessity and see Necessity only in Crisis” – I spoke of “**The Fountainhead**” by **Ayn Rand**, which had such an impact on me when I was in High School – and how the Villain, Ellsworth Toohey, was the embodiment of everything I saw wrong in the world “as (for example) our Media and Politicians relentlessly sought to tear down and destroy a man who (despite his flaws) is (I believe) one of (if not THE) greatest mind alive.”

Where Toohey despised individual achievement and talent, Rand’s **hero** (Howard Roark) stood as a symbol of individualism, integrity and innovation. Where Toohey’s lust for power and dominium drove him to manipulate people’s altruism to suit his own ends, Roark refused to compromise or conform to convention, remaining steadfastly true to his vision, even when faced (at times) with overwhelming opposition and adversity.”

I was praying, in fact, for a (sort of) **Rebellion** – one in which the middle 70% of the country would finally wake up and say “Enough!” – to take back control of the narrative so **sanity** would return.

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<sup>1</sup> *The Joe Rogan Experience, January 2024*



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And, lo and behold, they did...

Marc Andreesson recently spoke of something called a “Preference Cascade” which (according to Chat GPT) describes “a sudden and widespread shift in public opinion or behavior, often triggered by individuals realizing that others share their beliefs or preferences.” According to the work of Timur Kuran (Professor of Economics and Political Science at Duke University), people will often hide their true opinions due to fear of social, political, or cultural backlash. But in situations like this, a single event or statement **can** serve as a Tipping Point, encouraging others to express their true feelings as well and, once it begins, the change can spread quickly.

Perhaps this is what happened after the assassination attempt on Donald Trump’s life in Butler, Pennsylvania on July 13 – when he rose from the ground and, instead of allowing himself to be scuttled off to the waiting car (as most **sane** people might have done =), he raised his hand high and yelled to the stunned crowd “Fight, Fight, Fight” – which soon became the rallying cry (not only of the Republican Party, but) for an increasing number of “Never Trumpers,” from Marc Andreesson, to Bill Ackman and (yes) even Mark Zuckerberg, who thought that was “so cool.”

The point, as Peter Thiel said in a Business Insider interview,<sup>2</sup> is that Elon Musk’s embrace of Trump gave others in Silicon Valley the cover they needed and, as a result, others began to speak out as well – for **change** – for something that had been sorely missing until then. In other words, Musk took the “heat” so others might not have to.

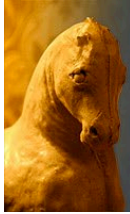
In my opinion (however), one of **the** most **hopeful** developments (to come from the new Administration) is the new “Department of Government Efficiency” (or “DOGE”). While the **name** (a play on one of the more controversial, Crypto coins) may be tongue-in-cheek, its **Mission** isn’t. As Elon and Vivek Ramaswamy (its founders) explained in an Editorial, “Our nation was founded on the idea that the people we elect run the government. (But) that isn’t how America functions today. Most legal edicts aren’t laws enacted by **Congress** – but ‘rules and regulations’ promulgated by unelected bureaucrats – *thousands* of them each year...by unelected, unappointed civil servants within government agencies who view themselves as immune from firing thanks to civil-service protections.”<sup>3</sup>

George Stephanopoulos (in fact) unwittingly **admitted** as much – on “The View.” In an incredible, unscripted moment (while Whoopi and Joy were nodding their heads with approval) he said “I interviewed about a hundred people who come from all over the government. The CIA, DOD, FBI. Some people like to call those people ‘The Deep State.’ Well, the big thing I learned is that The Deep State is packed with ‘Patriots’ – people who go to

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<sup>2</sup> “Peter Thiel says Elon Musk’s embrace of Donald Trump helped other Silicon Valley leaders feel safe supporting him,” by Erin Snodgrass, *Business Insider*, November 14, 2024

<sup>3</sup> “The DOGE Plan to Reform Government,” by Elon Musk and Vivek Ramaswamy, *The Wall Street Journal*, November 20, 2024



# THE EQUUS REPORT

—BY BARNABY LEVIN

work every single day on the front lines and do it to serve their country and to the ‘Presidency’ – not the President. They don’t care about political parties. They’re there to serve the presidency and the institution and they’re doing it anonymously – as one of them, Mike Sealy, said: ‘we serve in silence.’”<sup>4</sup>

Wait....**What?!** For years, the mainstream Media has been shouting at the top of their voices – that anyone complaining about a ‘Deep State’ (and there being a group of anonymous “lifers,” secretly controlling the country) were nothing more than Right-wing Conspiracy Theorists who needed their mikes taken away. And yet, here’s Bill Clinton’s White House Communications Director – who (from 1993-1996) served as his Senior Advisor for Policy & Strategy and who (today) is the Star Anchor of ABC’s “Good Morning America” – **proudly** admitting, yup, it’s **true!**

“This,” according to Musk and Ramaswamy, “is **antidemocratic** and **antithetical** to the Founder’s vision” – and the purpose of DOGE is to reduce (if not eliminate) it. The idea is to **De-regulate**, knowing that **Regulations** are a **Tax** and (as Don Luskin says) “sand in the gears of growth. **Eliminating** regulation (and wasteful, pork-barrel, pet-project spending that never sees the light of day) is a **pro-growth**, tax-**cut** that has no ‘revenue **cost**’ (that is, it’s **free!**) and has the **potential** to liberate the economy from a deadweight loss.”<sup>5</sup>

In other words – before we raise **Taxes** any **more** – let’s make sure the money we’re **already** spending is doing what it’s intended to do and what “the people” really want – and that (once it’s objectives have been accomplished) it **ends**.

So, why is this so important?

Because **our** task is to focus on the **economy** and its outlook over the years ahead. This is what Clients are always asking us to do, so we can decide how best to invest – in whichever companies and Asset Classes (if our Outlook proves accurate) are best positioned to benefit.

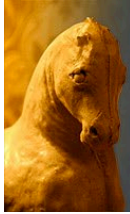
Well, I’m not about to say there won’t be any selloffs (in January, for example, when a new Tax Year begins) – but I **will** tell you that, for the first time in years, I feel **truly optimistic**. That (instead of facing constant headwinds), some of our greatest leaders and entrepreneurs will finally be given a chance to step on the gas and **accelerate** our advances – in IT; Artificial Intelligence; Manufacturing; and Exploration (both underground and in Space). I was afraid (at one point) that nobody would ever want to work for Trump again, after the way things went during his first Administration (though much of it wasn’t of his doing or at his instigation). But suddenly, they’re coming out of the woodworks, clamoring to help in any way they can.

**Finally**, it looks like we’ll be able to take (for example) that \$800 Billion spent on Defense and (after first making sure it’s accounted for) is being invested in the most-effective, cost-

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<sup>4</sup> “The View,” November 13, 2024

<sup>5</sup> “Trump’s TrendMacro Cabinet,” by Don Luskin, TrendMacro, November 25, 2024



# THE EQUUS REPORT

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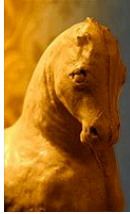
efficient way – so our Armed Forces can do their job with the least amount of risk to lives (both ours and their own) or collateral damage. To give China; North Korea; Iran **and** Russia **pause – before** they do anything **really** stupid (like launching a nuclear weapon, if they feel their back's against a wall).

My **greatest** fear (as I've been saying in *various* EQUUS Reports and Podcasts) has been the “**Battle Between the HAVES and HAVE NOTS**” – but that was because of the growing Class Warfare I was seeing all across the country, and all the race-based hatred and politics our Media and Universities had been stoking. As they did, civil war seemed all but inevitable.

But we have a window of opportunity, now – to re-instill and affirm a sense of **pride** in our Country – and in the spirit of Meritocracy – by unlocking the floodgates for **legal** immigrants who **love** what this country represents and want – not only to live the American Dream themselves – but **contribute** to it.

We have a chance to get away from all this talk of **others** paying their “fair share,” once people understand the simple truth and math of it: that if a person earns \$50,000 a year and pays a 5% income tax, that would be \$2,500, for which that person would (hopefully) get some police protection; a Defense Department to keep our country safe; and various agencies they may (or may not) use. But let's say that person's **neighbor** owns a **business**, employing many people (including, perhaps, that person himself) and pays himself \$500,000. The neighbor would pay \$25,000 if taxed at the same rate (even though, given our Progressive system, we know he or she is paying much more). And yet, they wouldn't be **getting** anything more for their greater contribution (in terms of the “stuff” they'll get from “The Government”). So why should they be punished (even more) for their success? Given they're **already** giving more to pay for the programs that support those less fortunate who – given the opportunity through **better** education, perhaps – might have a **chance** (at least) to rise and make something more of themselves, so they aren't stuck for the rest of their lives **in** those Minimum-Wage jobs.

For the first time in years – **economically** speaking – I think we'll have the wind at our **backs** and that our GDP will have a chance to **accelerate** from here. We have a **chance** to see our Government run by **business** people (instead of lawyers) who understand how to run a Company; a Balance Sheet; and a P&L – and who don't **need** the money or aggravation of dealing with Politicians (but who are willing, now, to do so for the sake of the Country). These are people who (by and large) seem to understand that anyone who **chooses** to serve in Government should only be doing so out of a sense of Service, with the understanding they are (indeed) **answerable** and only serving at the will of the **people**. Those jobs should **always** be at stake, if they don't perform as expected – unlike our Teachers Union, who (during the Covid lockdowns) proved how they were far more interested in themselves than



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our children and, for years, have failed miserably at **teaching**, even the Basics of math and reading – so our young people will be equipped to get ahead in life, after they graduate.<sup>6</sup>

Instead of forming committees who only study things<sup>7</sup> that go nowhere, we should (as one of my Clients always says to those reporting to her) practice a policy of “No Bitch without a Pitch.” Sometimes things won’t go as expected – but that’s **Good!** Because that means we have the opportunity to figure out a **better Solution** – to make sure that, next time, we **won’t** “fail” and we’ll **improve**. **This** is what allows us to stand out as individuals and to separate ourselves from the Pack.

I had the good fortune to be in the front row at SIEPR’s Economic Summit this year, when Jensen Huang (Founder and CEO of Nvidia) told Stanford students in the audience that he had one wish for them: that they will **fail**. “People with high expectations,” he said, “have very low Resilience and, unfortunately, resilience matters in Success. I don’t know how to teach it to you except to say, ‘**I hope Suffering happens to you.**’” People chuckled, of course – but Jensen was serious: “To this day (at Nvidia, he said), I use the phrase ‘Pain & Suffering’ with **glee**. ‘Boy, this is going to cause a lot of pain and suffering’ – because you want to refine the character of your company. You want **greatness** out of them. But ‘greatness’ is not ‘intelligence,’ as you know. Greatness comes from **character** and character is informed by people who have suffered.”

That’s **certainly** true in **my** work.

May you **all** have a happy, **Happy Holiday!**

**Barnaby Levin**

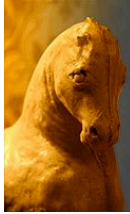
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<sup>6</sup> According to the National Assessment of Educational Progress (NAEP) results from 2019, only 37% of 12<sup>th</sup> graders scored at or above proficient in reading. They also showed that only 26% scored at or above proficient in math, with 40% scoring below basic. In international comparisons, like the Programme for International Student Assessment (PISA), the US has been ranked 25<sup>th</sup> in the **world** in math literacy.

<sup>7</sup> like the \$28 million on a green camouflage pattern for Afghan National Army uniforms; \$45 million for a diversity and inclusion scholarship in Burma; and studies on the sexual habits of Japanese quail under the influence of cocaine – not to mention the \$2.4 **Trillion** lost over the past two decades due to improper payments to (for example) ineligible recipients, according to the Government Accountability Office.



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