

PRICE VALUE PARTNERS

Little by little, we went insane

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“I wanted a mission, and for my sins, they gave me one.. Oh man.. the bullshit piled up so fast in Vietnam, you needed wings to stay above it.”

- Captain Willard (Martin Sheen), *Apocalypse Now*.

“We were in the jungle. We had too much money. We had too much equipment. And little by little, we went insane.”

Not the words of Andrew Bailey – yet. Nor of Jerome Powell, Christine Lagarde, or Haruhiko Kuroda – yet.

They are the words of film director Francis Ford Coppola in relation to his magnum opus *Apocalypse Now*, a film that so outrageously exploded beyond its budget and beyond any reasonable compass that during its making it started being referred to as *Apocalypse Later*.

Coppola’s unique vision came at a price. What was expected to be a 14-week shoot in the Philippines ended up taking more than a year. Coppola fired his leading man, Harvey Keitel, after just two weeks. His replacement, Martin Sheen, turned out to be fighting alcohol addiction and suffered a heart attack on set. (A scene depicting his mental collapse was, somewhat controversially, left in the final edit.)

Numerous members of the crew went down with tropical diseases. At key points, helicopters hired for pivotal action sequences were suddenly redirected to quell a revolt in the southern Philippines. Then a typhoon hit, the set was destroyed and the production was shut down.

Throughout all of it, Coppola was dealing with increasingly worried money men back in Hollywood as the film’s budget ran dry. As the film’s scriptwriter, John Milius, pointed out:

Studio executives, you know, are not noted for their social courage.

And then Marlon Brando arrived on set, so hugely overweight as to be almost unrecognisable. He didn’t have the barest knowledge of the script. Then he shaved all his hair off and insisted on improvising all of his scenes.

And there were actual dead bodies on the set, bought to add some “atmosphere” from a local who turned out to be a grave-robbber.

Coppola had sunk his own life savings into the film. He faced financial ruin if he couldn’t finish it. He suffered a nervous breakdown and on at least three separate occasions allegedly threatened to commit suicide.

“My movie is not about Vietnam,” he once explained, “my movie is Vietnam.”

And the markets today are not about Vietnam. They *are* Vietnam. There’s a difference, of course. When a film studio runs out of capital, the production gets shut down.

Corporate resources can only ever be finite. But when a government runs out of capital, it simply borrows more. Or taxes more. Or both. At least for as long as it has access to credit by way of maintaining the confidence of the bond market.

Practically every Western government has got its finances into a desperate mess.

In a self-evidently grotesque overreaction to the Covid-19 pandemic, western governments have all but bankrupted themselves. And still the spending comes, with creepy President Biden pledging another \$6 trillion on “infrastructure” that the republic can ill afford.

And then Matthew Lynn [suggests](#) that if reports that Covid-19 escaped from a lab in Wuhan are confirmed by western security services,

It would be the biggest shock to the global economy in decades. Why? Because governments would surely have no choice but to retaliate with sanctions and demands for full-scale reparations.

Awkwardly, Nicholson Baker for New York Magazine back in January indicated [precisely that](#). Although the rest of the mainstream media failed to show any interest in the story, the rest of the mainstream media also failed to show any interest in the hundreds of thousands of people who marched for freedom in London last Saturday. Then again, if the mainstream media wish to commit suicide in slow motion, far be it for us to stop them.

Rather than thoroughly investigate, the mainstream media and global governments claimed as proof the supposition that the virus originated in a wet market, randomly located beside a laboratory of infectious diseases. Those suggesting otherwise were ridiculed. Once the virus was released, rather than concede their culpability, the Chinese then locked down Wuhan but generously allowed international travel from the region, thus sharing their science project with the rest of the world. Cue lockdowns and global chaos.

Matthew Lynn:

Step back for a moment and imagine the consequences were it to be established that Covid-19 emerged, not accidentally from a wet market, as China claims, but from one of its own research laboratories. The rest of the world would surely have to respond to that in some form.

It would be unacceptable in itself, of course. But even worse, China would have been covering it up for a year and half while an estimated 3.5m people died worldwide and every country imposed some form of lockdown.

There are too many moving parts, and too many untrustworthy players, to be certain of anything yet – other than that *something* stinks to high heaven. And clients and longstanding readers will be well aware that our entire investment process is predicated on the principle that starting valuations transcend any form of macro analysis. (Also, that for ethical as well as valuation reasons, we will likely **never** invest in China.)

Those sceptical of the ‘government as bad actor’ theory may wish to consult Laura Dodsworth’s new book, *A State of Fear: how the UK government weaponised fear during the Covid-19 pandemic*. Our thesis would probably best be summarised as: be afraid of a pandemic, but always be very afraid of Big Government.

Those of a spiritual persuasion might advise to trust in the Lord. We would refine that advice slightly, and conclude:

Praise God, and pass the ammunition.

(And own gold and silver, too.)

Tim Price is co-manager of the [VT Price Value Portfolio](#) and author of ‘Investing through the Looking Glass: a rational guide to irrational financial markets’. You can access a full archive of these weekly investment commentaries [here](#). You can listen to our regular ‘State of the Markets’ podcasts, with Paul Rodriguez of ThinkTrading.com, [here](#). Email us: info@pricevaluepartners.com.

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