

Paleo Solution - 300

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Robb Wolf: Hey folks. Thanks for tuning in to another edition of the PaleoSolution Podcast. Before we get to the fun, here's a quick word from one of our sponsors.

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Mitch: It goes to like before I was ready to get a divorce. It had been like 10 or more years. Waking up like several times a night and not being able to get back to sleep.

Nikki: That's Mitch, a Sleep Cocktail customer in Santa Cruz California.

Mitch: I get two hours of good sleep and then after that my eyes would open and toss and turn and the rest of the night was really not restful at all.

Nikki: Then Mitch found out about Sleep Cocktail and started sleeping through the night every night.

Mitch: It's so nice to be getting rest again after all those years of not. Even if I do wake up in the middle of the night, I'm able to get back to sleep.

Nikki: Do you have trouble falling asleep or staying asleep? Try Doc Parsley's Sleep Cocktail. Go to RobbWolf.com/SleepCocktail and use code RobbWolf10 to save 10%.

Robb Wolf: Hi folks welcome to another edition of the PaleoSolution podcast, very excited for today's guest. Today is particularly special for me because this is episode 300 of the PaleoSolution Podcast. I had no idea that this thing would keep jamming along like it has. Six listeners can't be wrong so I can't believe how far we've come with this. But I was trying to think of something special to do for today and my wife Nikki had actually prompted me on that topic. You know you should do something special for this. I wasn't too sure what it would be and then I thought about who has influenced my life the greatest in the last year maybe couple of years and my good friends Christ Martenson and Adam Taggart and their work at PeakProsperity.com has easily been the most influential work that you know, has impacted my life in the past couple of years. They are fresh on the completion of their new book Prosper How to Prepare for the Future and Create a World Worth Inheriting.

I am incredibly happy to have you guys on the show. How are you both doing?

Chris Martenson: Oh I'm doing great. This is Chris Robb, thank you so much for that lovely introduction.

Adam Taggart: I'm doing great too. This is Adam, Robb. A huge honor at the introduction and congratulations 300 podcasts, it's a huge achievement.

Robb Wolf: You know, like I keep saying it's a clear sign that's there's no quality control or sense of you know what's valuable, the fact that people will keep listening to this kind of stuns me but it's a ton of fun. It's kind of my stab at performance art. I feel like it maybe helps a person or two so that's all been exciting.

A little bit of a backstory, the two Bengal kittens that we now have were actually a consequence of going and doing a gig with Chris and Adam. Adam had recently acquired a previous litter, a Bengal kitten out of that. So I guess we're kind of like family now. Right?

Chris Martenson: I think we are.

Robb Wolf: Since we're third cousin six times removed or something but yeah, yeah. Hey guys, Chris when you came on the podcast, I just not to overly inflate your ego on this but yours is the second most popular podcast that we've ever had and it's secondly only to a podcast that we did with David Perlmutter which has been up much, much longer but you rapidly shot to the top of the most favorite podcasts. I had folks texting and emailing me about how much they enjoyed that, how impressed they were with you and I just wanted to say thank you for that. But for folks who have had not had a chance to meet you virtually Adam, can you give them a little bit of your background? It's been kind of an interesting story how we've all woven some of our lives together, I guess.

Adam Taggart: Sure, I'll be happy to. So I let's see, a little more than five years ago, I was working in Silicon Valley. I was an executive at Yahoo and I was very concerned about the big macro trends that Chris had been running about for a number of years. Actually I had just been a reader of his blog and finally determined that that lifestyle was just not one I wanted to continue living. It just wasn't meaningful for me.

So created a little serendipity, I gave notice at yahoo without knowing what I was going to do next. Invited Chris and a few of his peers to come to Yahoo and speak about these unsustainable trends that we write

about. Chris and I got to know each other then and realized that we had a really good complementarity of skills and we decided to see what we could do together to really build awareness of becoming future changes and help people take proactive prudent action in their lives to protect themselves in one sense but also to enhance their quality of life. That's a big focus of the book that we're here to talk about but I then moved up to Sebastopol California. I ejected from suburbia and from the corporate rat race.

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And have been putting into practice a lot of the resilient living guidance that we put in the book. It's really just been a fantastic journey. It's been wonderful working with Chris. It's been fantastic as we've really begun to develop the sort of life plan for how to live resiliency to meet great minds and people who were at the vanguard of helping people make better choices and decisions in our lives. Robb, I'm going to put you right at the top of that list.

Robb Wolf: Oh, thanks. Thank you.

Adam Taggart: We'll get into this in a bit on the section of living capital. But Chris and I have personally made big changes in our health and in our general level of fitness and wellness really directly following a lot of your guidance.

Robb Wolf: Awesome and Mark Sisson and Chris Kresser and a number of other folks I know have been big players in that too.

Chris Martenson: They have, they have.

Robb Wolf: Fantastic. You know, it's impossible to really underestimate the impact of the work that you guys have done in my life. I too lived in a super nice suburban house. It was about two years old, three years old, beautiful view and I routinely would get dinged by the homeowners association that if I didn't kill that pesky clover infestation in my front yard that I would find i\$100 a week. it finally came down to this thing where I told Nikki, I'm like we either need to move or I'm going to kill that guy, dismember him and bury him in the shallow grave.

She was like okay, federal prison time probably isn't good for the family. So we moved out to two and a half acre range farm. I call it the Lazy Lobo Ranch and we have chickens and Hoogle Mounds and we're getting sheep and goats and everything. It's a lot of work but I've got to say the quality of life improvement that we've had since being here and this is an old house which we need to remodel just to prevent the wind just blowing from one side of the house to the other currently. It needs a little

bit of work but ur quality of life is just stunningly improved and I probably wouldn't not have made that lifestyle decision had it not been for your guy's influence. So that's been amazing for my kids.

For my wife who is chronically cold of foot, I don't know that it's been the best thing. My sleep s somewhat less good because she wedges her cold feet right into my back in the middle of the night so I curse you guys a little bit for that. But Chris you I think generated some of the most influential I guess intellectual capital around this stuff in talking about the three E's. like this was hook, line and sinker for me.

I kind of feel like if you have a little sense of physics, thermodynamics some basic kind of Austrian economics and maybe a little bit of evolutionary biology, you maybe don't know the details of everything. But you're able to make some pretty good sense of stuff. The way that you broke down the three E's honestly the initial response was an immediate liquefaction of my bowel contents. Once I got over that, then I was able to be more proactive.

But talk to people about the threes and how did you arrive at breaking that stuff down?

Chris Martenson:

Yeah. You know, Robb I got there through enlightened self-interest. It was 2000, 2001 and I was in the corporate rate race. I'm working at very large corporations. I've done everything I'm supposed to do right? I played the game and I got the right degrees and worked hard to get the right positions and titles and I did all of that. The next thing I knew somehow 40% to 50% of all this money I had saved just went poof. I got really increasingly unhappy with the non-answers my broker was giving me. So I started really scratching around to pay more attention and understand really what was going on with this thing called investing and stocks and all that.

So as I started scratching around, I'm a curious guy. My background is in science. I have a degree in neurotoxic ology from Duke and I did basic hard core research which is get some data, form a hypothesis, does it work yes or no. No, keep moving. So with that sort of approach when I started peeling apart what was going on in the economy and this is back in 2001 right. Really quaint numbers back then in terms of total debt levels and monetary printing.

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I remember getting worked up when the fed would print \$5B of new money a year. So that was then. But one thing led to another and I found that just in that first E the economy there was enough compelling data,

enough commonsense, enough points you could string together to say wow this is really an unsustainable thing. You know, we're borrowing money at twice the rate. Their income was going up as a nation. That doesn't feel sustainable to me.

So that was the first E but then things really got bowel loosening for me when I started to understand really the role of energy, which I know is taken for granted. You know, it's like water to a fish. We're surrounded by energy. It's just everywhere. We're using it right now to conduct this interview and I'll use it later when I get on a train and drive a car. It's everywhere.

But when I really started to understand where we were in terms of oil the most primary form of energy to our economy I was like well that can't – you can't get more of that forever out of the ground. There's a limit to that at some point. Worse the limits seem to be like right somewhere through the windshield of the car we're all in. I could see it right in front of us. I put those two pieces together. Then the third E was really the environment. Understanding both what we're taking out of the natural world and also the stuff we're putting back in.

That too had a lot of unsustainable elements built into it. Like at the rate at which we're losing soil into the Gulf of Mexico or the rate at which we're pumping water out of aquifers or the rate at which we're putting carbon back into the atmosphere, all these things again look like they had limits. So yeah this all started with me worrying about how my stock portfolio was going down but after about four or five years of studying this, I became really consumed by it. I started a blog about it. I quit my corporate job to work on the blog. You know don't ever ask me for career advice, right? I'm not that guy.

Robb Wolf:

[Laughs]

Chris Martenson:

But it was my passion and it really became my mission and wouldn't you know it, somehow it turned into a job and then Adam came along and just the right time to help me really stabilize that and turn it into where mission and money can come together. So that was the first offering was the crash course is the headline title for those three E's. People can find it online for free. There's a full course 28 chapters about four and a half hours all broken into little digestible parts but if you want it more quickly we have something called the accelerated crash course. It's in a book form, however you would like to consume it.

But the crash course is all problem definition. You get through with that, your bowels are all sufficiently loose and you're like, what's the first question. The first question is well what should I do right? So you and your family decided to make some changes. Adam and I have both made big changes in our life. Time marches on, we've talked with thousands of people and run the website for a while and conducted seminars and sort of distilled and curated that into part 2 of this story which is the book Prosper which is all about well what should I do. Even more importantly, how should I go about doing it?

Robb Wolf:

Awesome. You know, I just wanted to throw something out there. It's interesting that being motivated by rational self-interest, you know, people will kind of pooh-pooh that but it's interesting to me that I see kind of these similarities whether we're coming more from your side of the table or more the kind of health and medical side that I've been working in for a number of years.

Usually folks are motivated by their own situation but then if you really dig in deep with that what we find like on my you know, kind of paleo diet, ancestral health kind of model what became clear to me once people got out of their own health crisis was that we really needed to be concerned about each other. You know, the overall system whether it was the medical system and medical reimbursements or our food supply or what have you. I think that that's a really natural time course that people kind of get their own house in order and then they start looking around and trying to figure out how can I – be a player in making this better for everybody.

Because ultimately we are very intimately networked and tied together. If we're not kind of taking care of our neighbors in our community which sounds very lefty, socialist you know, and everything. But it's true. It's completely true and it's also fascinating to me that you know, everything that we're talking about on the medical side really dovetails in on the sustainability piece. Adam we'll have you maybe talk about what resiliency is but doing work with like the farm to consumer legal defense funds, Savory Institute, those folks are seeing all of this stuff very much I would say the way that we are.

I don't know if that's confirmation bias that I'm just looking for somebody to agree with me or maybe we're actually on to something here. I'm not you know, being scientifically critical I've got to throw that out as an option but I find it interesting. But Adam you've made some really huge movements that I think most people would categorize as a move towards

resiliency. What is resilience and why was it important for you to make a move in that direction?

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It's counterintuitive a lot of ways because a move towards resilience often means a lot more work day to day.

Adam Taggart:

It does, not sugarcoating it but very quickly that work turns into it's purposeful work and it actually turns into something that you enjoy doing the more you do it.

So it feels less like a toil. So resilience simply put is the ability to withstand some sort of external insult and return back to the state in which you were before the insult occurred. Chris just kind of gave you a little bit of a dial through with the three E's. We see a future that is going to be shaped by change. It's really going to be shaped by these forces in the economy and our energy systems, in the environments that are going to impact you know, not only just our wallets but really our way of living.

The story at the heart of the crash course really is a story of resources. The lens we look through there is that resources are depleting over time. Some more quickly than others while at the same time the world's population is continuing to grow at an exponential rate. It's at 7B people right now. It will be at about 10B by 2050. Chris who's just a little bit older than me likes to tell the world that the world population will have trouble in his lifetime. So about 3B when he was born in the '60s. 7B now and 9 to 10B in a little bit.

So the big picture there is that resources per capita are very, very likely just doing relatively simple math are going to be on a grind down for really the rest of our lifetimes. So as that happens we are going to have to get used to a future of less. That's' really where resilience comes into play. As those changes that we talk about arrive, we don't exactly when they're going to arrive. We don't know exactly how strongly they're going to express themselves. It will certainly differ at local levels and the actual path it takes and the timeline it takes is much harder to predict than the actual end game.

But knowing what the Math tells us where we're headed we feel that people need to be taking investments in their lives now that when these forces do express themselves you will be much less vulnerable to them, much less impacted than if you had not taken those investments. We'll talk specifically about what some of those investments are in just a moment.

What we really like to underscore about developing this type of resilience is that not only is it wise to do but it is life enhancing. These are steps that even if we are completely wrong Robb and the status quo basically maintains for the rest of our lifetimes and the world pretty much looks you know, the way it has been, for the past 20, 30 years you will never regret taking these resilience building steps.

You're never going to regret getting healthier, you're never going to regret getting to know, forging deeper relationships with those in your community. You're never going to regret being a better steward of your money and growing its wealth and purchasing power over time. So these are things that are just good things to do. Of course if we are right, or if you happen to be caught in the crosshairs of history when these three E forces arrive and really create potentially some violent change over a short period of time, the benefits that you get from developing this resilience are going to be way outsized than if the status quo just continues.

Robb Wolf: Right. So how do you guys recommend that folks go about developing resilience and maybe both you guys take a quick crack at that?

Chris Martenson: Sure.

Adam Taggart: Great. Chris, why don't you start?

Chris Martenson: Yeah, I'll give it a start. So you know, Robb this happens a lot. People look at understand that the dimensions of the story, how big the changes might be that are coming and sometimes give themselves a too tall of an order. It's like somebody saying I want to be healthy by tomorrow. Since I can't do that, I guess I won't start.

So we really recommend that people you know, there's a key here as you start with understanding why the context of the why for resilience. That's part 1 get the motivation down that's a lot of the context. That's the work in the crash course. But once you're ready to get started, we really recommend that people start small and start easy and a term we've coined for that is step zero.

You know, everybody talks about taking step 1, well we back it up even further if necessary. Step zero might be you know, you might look at this and say, you know, I really should start changing my eating patterns. So let's just cut out you know, one serving of inflammatory foods today. Right? We're not going to shift our whole eating regime tonight but let's just start with one thing or we might say maybe I should have some food

stored. I want to build a deep pantry let's just buy one extra can of food at the store with the intention that it's going to go on to our pantry and make it a little bit deeper.

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So that's the first thing I would say is you know, we ask people to start small with this so that they don't start overwhelmed right away. It seems you know, insufficient to take such a small step but it's very necessary to take that first step.

So necessary but insufficient is the other term that we combine with that idea of step zero. That's okay because a lot of times people feel like oh if this is insufficient I might as well not even do it. right? But it's necessary. If we could sort of you know, put that nuance in there. Anything that can begin to help people close the gap between what they know and what they're doing is a wonderful thing because in that gap between what you know and you do lives anxiety.

So quick example, if you live on an earthquake fault zone and you know that that puppy releases pretty bad every so often and you haven't even put minimal preparations in a closet to help attend to your family in an earthquake you're going to live with anxiety around that at some level. You might not be aware of it on a daily basis but there it is sort of chewing away at you and impinging on your quality of life or sleep. So we would recommend that you just clear away all the little things you can actually control and do, just do them. So that's really how we start and so it's start small, understand what's necessary even though it might be insufficient and begin to close that gap up between what you know and what you're doing.

Robb Wolf: Fantastic.

Adam Taggart: Hey Robb, this is Adam, I'll just chime in and build on that. So we find that when we go and speak to people about the crash course and the three E trends and whatnot and people come up and ask oh my gosh if that's what the future is going to be like what should I do? What a lot of them are asking is well what should I do with my money? They're thinking through a lens that's very specific to their wallets and the money that obviously you know, most people work hard every day for and they're afraid of losing that and that's very real fear.

We usually engage with most people on that dimension first because it's an open door. But the money is just a component of resilience. Financial resilience is just one component. So the book Prosper that we're talking about presents a framework for building resilience and in that framework

we basically say look financial capital is important but it's just one element. There's really eight forms of capital that we think people need to develop resilience to and be truly you know, able to withstand the type of change that might be coming in the future.

So really quickly that list is financial capital, living capital, material capital, knowledge capital, social capital, emotional capital, cultural capital and time capital. If there's time we'll talk about each really briefly in this podcast. But the key thing to know is that money is not everything. a lot of people think well if I just save up enough money everything is going to be fine. You know, that's not really accurate. Most of the people whom we know who think that way even some folks who have very large bank accounts, you know, seven, eight plus digits worth live in this constant state of fear and anxiety because really in their minds money is all they have. It's what defines them. If they understand the risks that are coming to the financial system, they live in fear of another 2008 style crash or worse and we actually think they're right to worry about such a crash.

But in their minds it's you know, gosh I could lose half or all of my money again in such a down draft and then what's left of me. So it's really important to know that the money part is just a starting off point on this journey.

Robb Wolf:

You know, it was a big influence for us in the way that we reallocated our resources both financial and otherwise and what's interesting is that as a family we invested in I think the things that you're going to get into as far as living in capital, material capital. It's kind of funny in the process of getting a small ranch and creating communities with the local food production and distribution systems and whatnot. All of this other stuff started coming in.

Like my wife is learning about keeping bees. We went to this bee keeping gig a couple of weeks ago and we found out that because where we live we do flood irrigation. So we have these irrigation canals everywhere that are usually empty and bears use these things to run up and down these irrigation things and they'll pop up and go eat somebody's you know like garbage contents. But they love honeybees and so you have to be prepared when you put in a beehive that you need some electric fence on there and you maybe even wrap a piece of aluminum foil on to the electric fence with like some peanut butter on it so that the bear goes and gives it a good lick and really like decides that it doesn't want to do that.

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But you know, it's been fascinating. We took a significant amount of financial capital and have reallocated it into other areas. I actually feel much more secure about what could – I feel like the potential downside for us financially now is greatly mitigated even though it's not “just in the bank” or playing the stock market which that seems like lunacy right now. I won't get too far down the rabbit hole with that. You guys talk about that all the time. and have your own podcast that go very deep on that. But it's just interesting to me that in the process of building these other types of capital, I feel like our financial capital has been really remarkably well protected.

Chris Martenson: Well exactly and you know this is the first chapter that we really borrough into when we're talking about capital is financial capital. One of the conclusion of that fairly long chapter that's pretty complete is that you should dedicate a portion of your financial wealth into other forms of wealth. So I'm at a conference right now. I'm in New York City and it's called the ICB conference. I gave a talk yesterday about a little bit about at least two of the three E's. I only had a little bit of time.

But in the room was probably \$400 to \$500B of management power was in that room. There were hedge funds in there, private equity pensions you name it. So you know, afterwards a number of people came up and one guy said hey, Chris you're talking like a survival bunker kind of thing right? I go oh, oh well let me show you and I whip out my phone and I show a picture of my garden which is where I've deployed a significant portion of my financial capital. I've deployed it into rich soils and nice fencing and good walkways. We're doing – I'm doing a style of gardening which we learned from some people out near Adam's way at Singing Frogs Farm which is this – it's dirt farmer, soil farmer more than anything. The plants just because you treat the soil well they grow beautifully.

So I show this guy my picture and it's just gorgeous you know. It's in the height of summer and wild flowers all around the edge and sunflowers and broccoli and corn. It's just a beautiful picture. I said yeah this was my response. You know and he's like oh that looks great. You know? I've got my bees and all of these things. But one of the messages I had to bring to these people is I said you know you guys talked. I heard all sorts of all messages today about diversification but you guys are just talking about it like I have some US stocks and some foreign stock so I'm diversified. I said no, no this picture. This is diversification. This is true diversification right here.

So what you're talking about Robb this sense that you've taken some money out of the system you've deployed it another way and that helps

you feel that you actually have a deeper financial stake and resiliency and it's true because you've deployed some financial capital into another form of capital, having these is a form of capital. In fact it's a working capital. These little buggers go out and work hard for you to give you honey. It's amazing how productive they are.

So that's really what we believe makes sense here is that people need to reclaim this idea of what investing and I'm putting up air quotes here investing because we've all been marketed. That means you earn money, you send it to Wall Street, cross your fingers, close your eyes hope for the best. No you can invest in yourself. You can invest as you talk about all the time in your living health, your body. You can invest in the infrastructure of your house to insulate it more and put in better windows. Put in solar, thermal, photovoltaics those sorts of investments. Those have defined returns of financial investment defined ROIs that exceed anything you can get in a guaranteed way from Wall Street.

So that's a lot of the work Adam and I had been doing is to reclaim that word investment and help people understand that this is a great time to really diversify and be investing in yourself in intangible things around the home that you can understand.

Robb Wolf:

This is maybe a remarkable oversimplification but you know, within that – the standard financial system I think and people will argue about this particularly the folks that are really invested in trying to perpetuate the image that that system is on nonshaky ground. But effectively what you do is you just say hey I don't like the way this game is being played and I'm going to take my toys and go play someplace else.

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Chris Martenson:

yeah.

Robb Wolf:

I mean really at the end of the day.

Chris Martenson:

Yeah. Well there is a little part of that in there. You know it's kind of like I do feel like most people know this. It's funny most of the average retail level investors, people in sort of my level of investing understand that Wall Street is a little bit like Lucy in the Peanuts cartoon right? Holding the football right? You know, they put the football down there and pulled it away in 2000 and everybody lost a bunch. They're like no just kidding they put the football back down and they ran back in in 2007. They pulled the football away again. People lost 40% that time and now we're back at all-time highs again. We're supposed to all be believing that this time it's different and it won't go down again. We all know that's false.

So there is a little bit of disconnection from this system and saying you know what I don't trust that. I don't understand how it operates. It looks a little bit rigged but I think the loss of trust for me has been rather profound and possibly even permanent. So I vastly prefer now to put my money and wealth and efforts into things I can understand that makes sense and that I can for myself as best as I know how control what happens next.

Robb Wolf: Right, right. Adam maybe one of the more nebulous slices of capital in the way that you guys look at this is living capital. What exactly goes into that?

Adam Taggart: Sure. Actually I don't think that one is nebulous at all, particularly to your listeners.

Robb Wolf: Okay, okay. Living capital really is the living systems upon which we depend. So you want those working for you and supporting you as best as possible. Of course the living system that's most essential to each of us is our own bodies. Right? SO you can make an argument that living capital might be the most important form of capital because if you're not around or not healthy enough to enjoy the rest of the other forms of capital they don't really matter right? If you're dead, none of this matters. So we spend a lot of time I mean honestly all this information is going to be super familiar to a lot of your listeners but telling people the ways to better health, better wellness, better fitness, you know, huge fans of the style of fitness that –I mean really Robb you've been involved with and helped pioneer.

Nutrition, I think that's probably the most underserved, underappreciated approach to wellness and in general health out there and we beat that drum very loudly again leveraging directly a lot of the insights that you produce on a regular basis. Sleep, stress reduction, all that.

So you know, our first advice is look educate yourself. Break out of the sedentary horribly unhealthy general American lifestyle and get your own house, your own body in order first. Then we advise the people look at the living systems that support them. So these are our local food systems, these are our food sheds, our watersheds, you know, basically where we're sourcing our calories from. Start eating healthier that might involve growing some of your own calories yourselves. You know, maybe a garden of the type that Chris was talking about. It just might be a commitment to eating better and hopefully eating locally at the same time and supporting local food providers in your area to support the

resiliency of your own local food system. So when we talk about living health those are the areas that we or living capital those are the areas that we focus on. primarily.

Robb Wolf: Great. Adam both of you guys correct me if I'm wrong on this but I think oftentimes you know, let's say someone lives in an urban environment and they're kind of like well I –you know, does that mean, okay so I'll get healthy, I'll eat better. But as far like playing into the food systems like they can't necessarily do cheap in their backward or something like that.

But what we're talking about here is almost any city you find they have a local community garden so that you can become a member owner on supporting the local permaculture scene, CSAs. So even in an urban environment you know once we take care of our own house and start eating better and moving and whatnot the things that we can do – we definitely have things that we can do to help support say like that local food diversity scene.

Adam Taggart: Absolutely true and you know, I'm involved with a local couple of companies here meat companies that sell directly in the farmer's markets in San Francisco and Oakland. So you know, there's definitely an increasing number of ways for sustainably raise organically raise produce and foods to make it into the urban system and supporting those with your purchasing dollars not only strengthens that food system but you're also feeding your family healthier and better tasting foods. So it's sort of a win-win-win.

Robb Wolf: Nice. I think it was in the New York Times today. They apparently some folks are trying to get genie pigs popular here in the United States like they are in Venezuela. So maybe we'll have some genie pig farmers in some urban areas here before too long. We'll see how that goes. Chris, talk to folks a little bit about material capital. Now I know that a lot of this stuff starts overlapping a little bit and intertwining but maybe break out material capital a bit.

Chris Martenson: Sure. So with material capital, these are the things that you might own. It might be a car system. It's a system like a solar system. This is like real tangible things. If you're a business this is the property plant equipment that you've sort of invested in.

Material capital for us offers one of the best places to find identifiable returns. So here's a quick example. I own a home and I've got good solar exposure which is one of the requirements I had when I bought the home. We put up solar thermal panels. This is just the unsexy little boxes

that on the roof with some pipes in them and it heats water. You know, it turns out the sun is great at heating stuff up. You know, even better than it is at making electricity, who knew right?

So I put those on and there's going to be about an eight-year payback because that's how long it's going to take for the replacement of the oil I was burning to heat water for the cost of the oil to equal the cost of the system. But the system is going to last at least 25 years, fairly low maintenance. So I'm expecting Robb that I'm going to have a return on investment well in excess of 100% on this particular system. So that's an example where if you watch what happened there, I took some financial capital, yes I invested in this material capital but what happened now is I'm burning less oil which we could say is good for all sorts of reasons. I'm spending less money in the future right. So sometimes we invest because we want to get more money in the future and sometimes we do what businesses do. We invest so that we spend less money in the future.

You know, I supported a local installer and almost all the equipment was produced in the United States. So whether I care about jobs, the environment, saving money, all of that, this was a really good sort of investment for me to make. But I'll tell you the best thing. Well I have three teenagers now and now they can shower to their heart's content and it really –you know, the total cost of having hot water in my house now is this little tiny 100-watt circulating pump that gives us – we have over 250 gallons of hot water at any time. So it's like it feels free and it's pretty close to free.

It feels good. It was a great investment and we have a variety of things like that that we outline in the material capital section which are just investments you could make. You know, a lot of our users have really ascribed to that and they bought really good hand tools and a variety of other things. I'll just leave you with perhaps the one key thing that we got out of that which came to us from one of our listeners and it goes by the – its' the phrase cry once.

What that means is when you're considering buying something be it a solar thermal system or a new shovel, buy the best possible, simplest, longest lasting, most durable thing. Pay the most if you have to. Cry that one time because over time you'll end up spending less, less frustration, probably less money than I have you have to replace your cheap shovel every year. Within a few years, you've equaled the cost of the more expensive one. So that's our advice that we put in the book around material capital but it could apply to other forms as well. So yeah cry once.

Robb Wolf: I think that's awesome. I love that. You know, part of our remodel you know, insulation up the wazoo, thickening out the walls. Both solar voltaic and also for heating water. But living in the high desert, water is a really big issue and so we're putting some money gray water catchments. Currently in Reno that is still kind of somewhat illegal thing so we're not going to be able to do it straight out of the gate but there's a lot of interest in reversing the legality of that. so what we're doing is setting up all the plumbing so that you know, the outflow from the showers, the sinks and the washing machine will be able to be caught and then we're going to use that to irrigate some apples and peaches.

Chris Martenson: perfect, perfect example of that and that's an example of how a lot of the decisions that we make around any of the forms of capital really depend on where we live, what our means are, what's next on our personal list. So I would have a very different list from anybody else which is what makes the topic of this book a little bit trick for the people who just want that definitive list just tell me what to do.

[0:40:08]

Robb Wolf: Right.

Chris Martenson: It's a lot more complex than that and you just gave us a perfect example of water.

Robb Wolf: Yeah. High dessert is very different than the outskirts of Boston absolutely.

Chris Martenson: Yeah, yeah I've noticed.

Robb Wolf: Shocker. So Adam where do we – you know, knowledge capital how are you parsing that out in the book.

Adam Taggart: Sure. So knowledge capital essentially is the combination of what you know and what you know how to do. So this might be the knowledge that you use to – well what you do with those both types of knowledge is create value that is what you will receive in return for applying the knowledge that you have. So this might be your profession that what are you going to that people are actually going to pay you things for. Or if we're entering a future where you're going to have to do more things yourself well what are the things that you know how to do right? What's your intellectual capital that you're bringing to bear to improve your condition in life.

So what we talk about in the book in this chapter is how the park is going about developing your knowledge capital. For a lot of people, this is a subject of a book that we've written a few years ago. The research shows that the vast majority of people hate their jobs. That our education system has a lot of failings and in many ways it's a recipe for waking up in your 40s or so in midlife saying geez, if I can do it all over again, I would do something totally different but now I'm kind of stuck. I've got a mortgage, I've got debts and boy this is all I know how to do. I don't really feel like I can shift at this point in life.

The short crib notes there is it's certainly possible to make the shift and that book goes into how to do it. But the key takeaway is that the sooner that you can figure out the right type of work that you should be doing given your natural aptitudes, your passions, your capabilities, the better off you're going to be. Of course as we're entering a future that might have more uncertainty in it, you want to figure out okay what are the – what are the things I really should focus on knowing how to be able to do and what are the things that I should know how to be able to do that I'm just not well wired to understand and whom can I make relationships with who can provide that knowledge to complement my own.

The key thing that we underscore in this chapter is as we begin to do more and more things by ourselves and gardening is a great example. We talked about it several times in this discussion. Robb I don't know what it is like for you when you started your first garden but for most people the first couple of years of gardening is more of an exercise and learning how not to kill things.

Robb Wolf:

Right.

Adam Taggart:

Right. So there's a natural learning process that you have to go through. It's really important to understand that this is how our brains are actually constructed to learn. We formulate a hypothesis, we go out and test it and then we observe the results. We then process them and ask well what can we do differently and better next time and we do it again. It's this very iterative process.

So the making mistakes as you're learning how to do something it's actually a really essential part of the process. It's how we are wired to learn. And the important message that we deliver is the time to be making those kind of mistakes you know, when you're trying to learn skills that you expect you're going to have to leverage in the future is right now and everything works pretty much the way that we're used to.

Robb Wolf: Uh-hum.

Adam Taggart: We're not in crisis mode right. The worst time to try to learn something new is in the middle of the crisis right? That's when those mistakes become very costly. So you know, that's why we recommend people kind of develop their plan on how they want to build resiliency into their life and to start putting it into practice now. Because you've got the benefit of things still remaining relatively tranquil and all that logistical just in time systems that we depend on all still work and we can rely on those to others still around.

So get out there and really start putting the stuff into practice now because some of the stuff takes years to get good at gardening being a really good example. So yeah we just underscore that people really don't wait. Those who wait for crisis to arrive and start trying to grow calories that they actually need to depend on are going to find themselves in a world of hurt.

Robb Wolf: They'll have a forced weight loss program.

Adam Taggart: Exactly.

Robb Wolf: Absolutely, yeah. you know, the way that I kind of parse some of that out so I had no idea how to swing a hammer, build something. Luckily my father-in-law is a genius with that stuff but I'm pretty good with a chemistry set and so part of what we're put to here is making hard cider. I'm setting up still because they say in good times people drink and bad times people drink more.

[0:45:20]

Adam Taggart: Yeah.

Robb Wolf: This environment is very amenable to you know, apples and other stone fruits and stuff like that. I'm pretty good at mixing a batch of hooch and I haven't poisoned anybody with it yet. The methanol content hasn't killed anyone so --

Adam Taggart: You haven't blinded yet.

Robb Wolf: Yeah I haven't blinded anyone and then another thing that I'm really kicking around even though I'm doing like this risk assessment program and everything really kicking around the idea of doing a physician assistant program at some point. Because I haven't an interest in and an aptitude for I guess kind of the healing arts. That would be something that would be both enjoyable for me to you know, like you guys have

said, if nothing else changed, if we kept motoring along, I think I would really enjoy working in a functional medicine clinic in a more formalized fashion as a physician assistant. And then if things did go sideways, having a reasonable amount of doctoring experience is a very tradable, salable kind of skillset. I could get that done relatively easy versus okay I'm going to try to build a treehouse as a starter deal and both Zoe and Sagan end up with broken arms and legs because I suck at that so yeah, yeah.

Adam Taggart: [Laughs] You touched on an important point there Robb which is that's why we came up with this – or really we leveraged this framework of capital to be very clear and we give clear attribution in the book. We've been inspired by a couple of folks notably some permaculturalist that came up with this sort of concept of different forms of capital.

But the point is that it's very fungible meaning you can take your financial capital and you can buy material capital with it right. You can go to the hardware store and pull out some dollars and buy a shovel.

But you can also get material capital through barter right whether exchange of your services or exchange of you know, some of your hooch right? Same thing with social capital right? You can trade supporting somebody in their time of need in return for borrowing their logs splitter or whatever. So a very common sort of defeatist mentality that some people have is look I don't have that much money. I can't do any of this right. That's very, very much not true.

You just need to get a little creative and say well what other forms of capital might I be richer in and how can I exchange some of that for the capital that I'm poor in. So somebody with your catalogue of differentiated skills there Robb, you've got multiple ways to be able to acquire capital you need whether it's your knowledge, whether it's your expertise in the living systems, whether it's again something you're distilling in your basement. There's many different ways to skin this cat here.

Robb Wolf: Yeah. Yeah. It's fun to like getting in and developing those skillsets. It's actually a ton of fun.

Adam Taggart: It's a ton of fun. I always tell people we're big into honey too and honey is a great social capital. You know you go over to somebody's house for dinner and you bring a jar of honey from your hive, I mean it's much more appreciative than if you've bought a nice bottle of wine at the grocery store.

Robb Wolf: Right. For me I would turn that into mead so yeah. [Laughs]

Adam Taggart: Yeah there you go.

Robb Wolf: Booze, booze, booze, yeah. Chris you know, the talks that I've seen you give and also you've reiterated this point in numerous podcasts and blogposts, correct me if I'm wrong but I think one of the takeaways that you have is perhaps the most powerful thing that folks can take away from this whole experience is the improvement in their emotional capital. You know, if people just have their eyes open to the potentiality of things being different that if things did change, they are to so just shocked and stunned from the process. You know, it's kind of like well I hope this wasn't going to happen but it did so I'm not necessarily you know, completely derailed by this.

Whereas a lot of people who are you know, are American idoling, you know, just jamming along doing what they do leverage to the gills on credit and whatnot like if things go a little bit sideways they're really going to be taken aback. Like talk a little bit about emotional capital and why that's such an important feature in this story.

Chris Martenson: Sure. I would love to. You know, Adam put living capital right on the top shelf is perhaps the most important – I'm going to nudge that aside and place something else on that top shelf and it's this one. It's emotional capital because you could be rich in literally every other form of capital. If things do you go sideways and your first instinct is to freeze or to become ineffective, all the rest of your preparations and resilience efforts, they don't matter.

[0:49:59]

So we've seen this that history is full of this. you know, 2010 or '11 I believe in America suicides overtook auto accidents as the leading cause of non natural death for adults. You can directly trace that to the hardship people are experiencing from the economic decline. Of course according to official statistics, it wasn't all that bad and the fed rescued everything. But what's bad enough to be too much for a number of people to cope. Then we saw this after the USSR collapsed and it became Russian and satellite states in Russia from 1989 to 1997, 54% of all deaths recorded in Russia over that eight year period were tied directly to alcohol.

And so if you follow what happened in that story, you know, a lot of people lost their jobs, the Ruble started to collapse. They didn't know what to do. These were mostly middle aged men. I'll make up a name

Dmitri the pipefitter lost his job, lost his sense of self, lost his sense of purpose, and started numbing himself out and drank and then maybe drank too much.

So that story is one that we see playing out over and over again but if you actually rewind the tape and you go back to Russia during that period, yes things were tough but it also was one of the most exciting periods of capital formation and all of Russia's history or modern history. So it was an extraordinary time of both crisis and opportunity but the people who have the wrong story playing in their head, they had a narrative failure. They were not emotionally resilient. They were instead emotionally distraught by the changes that happened and were unable to participate in however it was done rightly or wrongly it was a pretty wild time of capital formation.

So that's a key message of ours is look there were going to be big changes coming now is a really good time to begin to get that inner handle on how you respond to a variety of circumstances learning the tools and the techniques that are required to begin to decouple your emotional responses from your circumstances. And so this starts to edge into what we might call spiritual territory and however people get there whether it's through religion or a set of practices or you know, it could be meditation. It could be the church.

We're agnostic about that, how people get there but we think it's really important for people to begin to develop that inner mastery and the inner resilience so that when the changes come, you know, they're able to really face those changes for what they are, changes that aren't personal. You know the world isn't – the economy isn't falling apart and you haven't lost your job because it's necessarily about you personally. But what is about you personally is how you respond. So we can't always control the circumstances but we can always control how we respond. So that's a key part of this chapter and I would submit that if somebody's rich in all the other areas including living capital, they got a great fit body but they are unable to manage change and uncertainty in a way that is positive. All the rest is meaningless to.

So this is another –you know, as we go around like I couldn't actually tell you we threw in one unimportant form of capital. They're all important but this one really is a really critical one.

Robb Wolf:

Possibly the maker breaker for everything. Because if you're just not able to wrap your head around the potentiality of change, then you maybe like you said paralyzed and unable to really act on any of this other stuff.

Chris Martenson: Absolutely and you know, some of it is as simple as just really beginning to wrestle with that bowel loosening moment of you know, confront the data. That's really step 1 of this is just is first allowing your mind to understand and entertain what's really happening. A lot of people don't even take that first step because they find it unpleasant. Emotionally unpleasant right?

Or words that we call unpleasant but you know, we've been in this long enough and I personally will say that for me now the ability to look into and wrestle with these harder aspects has actually made me a better person. Not just that I know a lot about how whales are dying and stuff that painful stuff but that I have personally learned how to manage my own internal state has helped me immeasurably as a father, as a business man, as a communicator. It's really is valuable life skills.

Robb Wolf: Right. Yeah I would agree with that. It took me a while to get over my psychotic break after watching the crash course but once I got through that I went everything was all roses and petunias and stuff like that.

Chris Martenson: Yeah.

Robb Wolf: Adam talk to us a little bit about social capital. Like I've had an interesting experience with that. The area that we live is all parcel similar to one that I'm on, that one of our neighbors they butchered about 15 chickens for thanksgiving and they had a big feast and then they end up giving a number of these not chickens turkeys to some homeless shelters and different things like that. This is their second year doing this. They are interestingly on the beginnings of this kind of resiliency process as well but they invited me over to butcher turkeys.

[0:55:16]

My daughter Zoe helped with this and I got to get in and do this whole process but that really struck me as some really powerful social capital. These folks have offered like if I need to use a cutting saw or this or that, just come on over knock on the door and I can use it. So I've got access to a woodshop, a metal shop, a welding apparatus that's about 100 yards from my house. And I don't know necessarily need to get that infrastructure but I've been throwing some other things to these folks kind of in the prebarter science. But that was I real had a sense that we were developing some social capital with the neighbors.

Chris Martenson: It sounds like you were. That's a great example. Social capital another really essential form of capital. In my opinion it's one of the ones that's the most fun too and can be the most joyous. You know, the myth of the

lone wolf, there definitely is a category of folks out there who see some of the same risks we do and adopt the whole beans and bunker mentality right.

They look at the future as Gestopian Lord of the Flies, Mad Max and they see it all about pure survival where they need to hunker down. It's them against the world. Chris already should have explained why we don't share that mentality and we have a much more domestic view of things. But the lone wolf persona, it really is it's a fallacy. There is almost nobody. The percentage of people is incredibly small who really can be that completely self-sufficient and even have the mental aptitude for living in that type of isolation and really kind of paranoia.

So for the rest of us the other 99.9% of us, it's really about embracing our strengths and our weaknesses and asking ourselves you know, how can we work with those around us to complement each other so that should the hardship arise, we can band together as opposed to be competing with each other.

You know, the foundation of that is community building, is building the type of social capital that you were just talking about. So it makes – it actually makes some sort of you can approach it with a self-interested point of view which is hey by actually being in service to others, I'm going to increase the odds that others are going to be in service to me but as you go out and apply it, it's actually the giving and the doing for others part that really brings you a lot of sort of life enhancement.

That's something that I especially have noticed on my own personal transition moving up here from you know, classic suburbia in Silicon Valley where we lived in close cramped quarters with our neighbors. I mean each of the houses were probably six feet apart basically. I could stretch my arms out and put one hand my house aside and the other hand on the houses next to me side. Yet nearly nobody knew each other.

Robb Wolf: Uh-hum.

Chris Martenson: Now I live up in a much more rural area. I know more people here. My wife and I know more people here and have a much more vibrant social community up here than we did when we lived down in Palo Alto that's with me having lived there for 15 years in kind of graduate school there and my wife having been born there and lived pretty much there her entire life.

You know, in areas like ours and it sounds like yours might be pretty somewhat similar, you know people are out there doing more things themselves. They live a little bit more closer to the cycle of nature. They know that there are ups and downs. You know, sometimes storms come in and cut out the power and whatnot. People have some direct experience in hey I help my neighbor, he actually helps me and our lives are richer for that.

So there's lots of examples on how to build this. there's almost sort of an infinite variety of experiences that people have around building social capital and the benefits of it. but at the baseline it's understand what your skills are, what you have to offer. Put those out there in the community. Again sort of like I was saying earlier, with making mistakes, the time to be building social capital is now. It takes time to get out there and meet people, have interactions, build trust, you know, trust is built through repeated interactions when you are there and come through for people.

We find that some people really look at this as almost like something they're going to take off the shelf which we think is completely not realistic. It's sort of like yeah I'll wait until crisis hits and then I'll go out and get me some community.

[1:00:11]

Robb Wolf:

Right.

Chris Martenson:

It doesn't work that way. You have to build these relationships sometimes and quite often they really can sometimes take years before you've got that mutual trust set up so if a crisis really does arrive, you know, somebody is going to go out of their way to take care of you. So you know, again reading a book, there's literally a long, long list of things that you can do to consider strengthening your social capital. The best part about it is very, very little bit in fact there's none of it actually requires a financial outlay.

Robb Wolf:

Right.

Chris Martenson:

You know, these are things that anybody can do regardless of net worth, socioeconomic status, where you happen to live.

Robb Wolf:

You know, I'll just throw one thought in there and this is where some of this stuff starts weaving together and they're kind of synergistic in a virtuous cycle. Crossfit gyms, I'm part of the Brazilian jujitsu community you know, joining things like that you learn skillsets, you get fit but also you get a preselected group of people that are usually kind of tough and

honoring and really grow to love you because of your participation in that scene.

I've seen back during the most recent financial crisis when we were just getting our gym off the ground it was pretty interesting. A lot of people lost their jobs, a lot of people had a lot of difficulty and just the networking that occurred within the gym was of a caliber and of a degree of interest that was really remarkable. I mean people hustled to find folks work so that they could remain a member of the job.

Like that was just kind of shocking to me and really telling of the community that had grown up there and you get in better shape and you have great folks to hang out with and all that stuff so it's pretty interesting where this all weaves together.

Chris Martenson: Yeah and I'll add emphasis to that Robb. So we're basically in the business of encouraging people and guiding them on how to build community and we have a group's platform that we have built on Peak Prosperity to help people do that. We bring people together in through our seminars. I joined a crossfit gym about a year and a half ago, and the cohesion and utility that that community has outside of the gym itself is easily on par with any of the best groups that we have created ourselves around what we do on a day to day basis through Peak Prosperity.

Robb Wolf: That's awesome. That's awesome. Hey Chris, just for the consideration of time, I think we'll skip down to the time capital piece and this is something that I struggle with incredibly because I've got a lot of different projects, I'm trying to deal with this farm situation. I have two kids under the age of four. What is time capital and how the heck do we wrap our heads around that and be effective with it?

Chris Martenson: Well with two children under the age of four, you don't have any of it.

Robb Wolf: [Laughs]

Chris Martenson: So you can just --

Robb Wolf: That was my sense, yeah.

Chris Martenson: So really let's imagine you've tumbled through the other seven forms of capital and you've got a list and you say I'm kind of strong here but here are some areas I want to attend and just like we recommend for financial capital where you know you've got your core portfolio we then dedicate

a portion, 10%, 20% some wedge of that financial pie goes into these other forms of capital. We have the same approach around time.

You know, so this is really around saying look 80%, 90% of your time is going to be doing the same things you continue to do but you've got to prioritize putting time into these other buckets if you want to have any advancement in them.

So Adam was just talking about with social capital, that one just takes time. Right? Money has very little to do with that one. So the time capital is that's the one form of capital for everybody listening. You have slightly less of you know, today than you had yesterday. It's just a depleting asset and so the encouragement here is to really use it and use it wisely and for Adam and I it turns out that this so-called big crisis of change that might be coming is really an excellent opportunity to sit back and do what we all should do whether we own a business or we're individuals and sit down and make a plan.

And have a strategy and see how you want to get there and maybe track it and you know, in a year or so evaluate how am I doing? You know just like anybody who's got a specific health goal, that's really the purpose of thinking about and formulating an idea around time capital. It's hey figure out how to use it wisely and if you don't budget some of that towards these other forms of capital you want to build, they won't happen.

Robb Wolf:

Fantastic. Well guys I appreciate you taking your time to be on the show and again I cannot gush adequately enough about how important your work has been, what a just phenomenal addition all of this insight has been to my life and my family's life. where can folks track you down on the interwebs and where can they track down prosper?

[1:05:14]

Chris Martenson:

Adam? Well they can track us down at our website at PeakProsperity.com and that's Peak lie a mountain peak, P-E-A-K. Prosper is available everywhere. So you can order it as an eBook, as a print book or as an audio book at any major bookseller online or off. Since you have a podcast I know a lot of your listeners enjoy consuming their content audibly. So one thing to mention is that the audio book, downloadanaudible.com is definitely a very popular way for a lot of podcasts listeners who like to listen to books, while they're doing other things.

To find out how to get your hand on the book in any of those forms, you can just go to PeakProsperity.com/prosper. One of the things that's

worth mentioning briefly too Robb is you know as we talk about the more individual that we get in terms of telling people what they could do in terms of answering that question, hey what should I do, the book gets bigger and bigger and gets in danger of being encyclopedic.

So what we did is consider Prosper sort of like a 30,000 foot level down to about a 2000 foot level in terms of the framework that we've outlined and specific recommendations that we make. But we have an awful lot more granular advice to provide in terms of like specific products, specific services, specific activities to get involved in that you're going to pick and choose amongst given your own personal situation. That's made available for our website in a guide called The What Should I Do Guide. That's available for free to anybody and that's available at PeakProsperity.com/wahtshouldido.

Robb Wolf: Great and I will get links to all of that stuff in the show notes. I'm very excited to see this roll out and just incredibly excited to see the next couple of years and how this unfolds and how this community that you guys have developed how it continues to grow.

Chris Martenson: Well thank you Robb and it's a real honor to be here for #300 for you and to have gotten such a glowing endorsement from you means a lot to me personally. And this has been a great interview.

Robb Wolf: Fantastic. Well guys I'll talk to you soon. Have a great rest of your day.

Chris Martenson: Thanks.

Adam Taggart: Thanks a lot Robb.

Robb Wolf: Bye guys.

Chris Martenson: Bye-bye.

[1:07:34] End of Audio