THE FED SAGA

THE MERCHANTS OF FEAR

Human Behavior as Story



FERDINANDO FREGA

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THE FED SAGA — 07

If money were the most important currency in the world, many people would already be bankrupt.

Luckily there is something worth even more.

Fear.

Fear crosses borders.

It crosses governments.

It crosses religions.

It crosses generations.

And above all it crosses logic.

A man can ignore an opportunity.

He will hardly ignore a threat.

This detail has built more fortunes than most people imagine.

When I was a boy, I thought the world was driven by courage.

In time I discovered that courage comes later.

First comes fear.

Long before.

The fear of not having enough.

The fear of losing.

The fear of being left behind.

The fear of being alone.

The fear of getting it wrong.

The fear of dying.

The words change.

The engine does not.

Look at any market.

Stocks.

Real estate.

Currencies.

Gold.

Bitcoin.

Behind every chart there is always a very ancient creature hiding.

The human being.

And the human being makes decisions far less rational than he likes to claim.

When things go well, he buys hope.

When things go badly, he buys security.

And often he pays too much for both.

The Federal Reserve knows it.

Wall Street knows it.

Politicians know it.

Newspapers know it.

Algorithms know it.

Even the salesman around the corner knows it.

Fear captures attention faster than serenity does.

No one runs out of the house shouting:

"Everything is going wonderfully!"

But one rumor is enough.

A crisis.

A forecast.

A threat.

And suddenly everyone is listening.

Fear has a competitive advantage.

It arrives before reason.

For thousands of years this trait helped us survive.

In the forest it was useful.

Facing a predator it was useful.

Facing a real danger it was useful.

The trouble is that today the predator rarely lives in the forest.

It lives in our imagination.

And the imagination never closes.

Once the door is open, it keeps on working.

At night.

At work.

During a meeting.

While you try to sleep.

While you look at your bank account.

While you read the news.

The merchants of fear know this mechanism perfectly.

They do not sell fear.

They sell attention.

Fear is only the vehicle.

Because a frightened person looks.

Listens.

Clicks.

Shares.

Buys.

Reacts.

A calm person, on the other hand, often reflects.

And reflection is far less profitable.

That is why fear has become one of the most stable industries in history.

It never has a crisis.

It changes shape.

Never substance.

One century you feared invasion.

Another century you feared recession.

Then technology.

Then inflation.

Then the climate.

Then artificial intelligence.

Then something new.

The factory keeps producing.

Only the labels change.

The ironic part is that many of the things we fear never happen.

And many of the things that happen we never saw coming.

Reality has a rather cruel sense of humor.

We spend years worrying about the wrong doors.

Then it comes in through a window we had not even noticed.

That is why I distrust both professional optimists and professional pessimists.

The first sell hope.

The others sell fear.

Both are trading in the future.

And the future belongs to no one.

I remember a lesson learned many years ago.

When a person is very frightened, he rarely makes better decisions.

He makes faster decisions.

Which is a completely different thing.

Speed is often mistaken for clear thinking.

It isn't.

A man in a panic runs.

A clear-headed man observes.

Markets forget this difference all the time.

So do people.

In the end, fear is not the enemy.

That would be too simple.

Fear is a messenger.

The trouble begins when the messenger takes over the house.

Then we stop using fear.

Fear is the one using us.

Maybe that is why the most powerful institutions in the world spend so much time managing expectations.

They are not fighting money.

They are fighting fear.

Because a financial crisis is often a crisis of trust.

And a crisis of trust is almost always a crisis of fear.

In the end, though, this story is not about the markets.

It is not about the Federal Reserve.

It is not even about Wall Street.

It is about something that happens every day inside each of us.

Every important decision passes through two rooms.

Fear lives in the first.

Judgment lives in the second.

The question is simple.

And it is worth billions.

Which of the two gets to your decisions first?

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We don't sell books. We build relationships.