



II: ON PASSION

“Passion drives you to where you want to win so badly that you’re foaming at the mouth like a junkyard dog...Passion, intensity, and vivida vis animi took me everywhere I wanted to go — ‘you just seemed like you really, really wanted it.’”

— *Blind Spots: A Riches to Rags Story (Chapter IV)*

In the grips of passion, a man is no better than a beast.

For most of my life, passion was the only thing I had going for me. It was my greatest strength. I knew I wasn’t going to be the smartest guy in the room or the one with the best résumé, but I also knew my edge was in being the guy who would run through a brick wall.

It didn’t work, until it did. And then it worked, until it didn’t. I learned that passion, when left unrestrained, will lead to you running through a brick wall and then straight off a cliff on some Wile E. Coyote-type shit.

That was when I first learned the truth of this maxim: “Your greatest weakness is almost always your greatest strength taken too far.”

Danger, Discipline & Self-Destruction

A lot of this ties back to *On Duality*, the whole notion of *a good man is a very, very dangerous man who has that under voluntary control*. Based on my life experience and reflecting on all the men I've met, most don't have overflowing tanks of passion, drive, and intensity. The average is mediocrity, the average is just sleepwalking through life and *existing rather than living*. They're probably better off for it, because too much thinking and too much passion have done nothing but get me in a whole lot of trouble.

Regardless, this essay — like many, many others in this collection — is aimed at those with dangerous levels of passion, who blaze with ambition and possess the capacity for greatness, yet risk total self-destruction without discipline. For us, dear reader, there is no land beyond the Volga.

I don't believe this personality type is better or worse than the next. It's just the nature of things, one could surmise. The history books are full of *dangerous ones*, war heroes and conquerors, but so are the jails, prisons, hospitals and graveyards. Broad arch indeed.

If you have that fierce drive, I need to make one thing very clear. You have no enemies. You have no competition.

There is only one person who can stop you, and that person is the gentleman in the mirror.

He is your worst enemy, the one you must wage war against, and the war begins with learning to temper your passions on command — a battle that can, at times, feel like Caligula waging war on the ocean.

Passion Versus Reason

The good news is that excess passion is not a new problem for man, and learned historians like Chesterfield go as far as saying that “You will find that reason, which always ought to direct mankind, seldom does; but that passions and weaknesses commonly usurp its seat, and rule in its stead.”

Now, the way that the greatest thinkers of all time have framed this duality is that we operate on a seesaw: on one side, you have passion, and on the other side is reason.

If you are someone who has run into problems because you were swept away by passion, you are probably thinking, *I want to be 100% controlled by reason.*

There are many advocates of this approach. Spinoza’s *Ethics* lays out all the different passions one by one — hatred, envy, love, fear, pride, anger, avarice, and lust — all terms or feelings or emotions you are familiar with and can say, *Yes, I distinctly remember when that one knocked me off my square.* Hobbes’ *Leviathan* does this too, as have most of the famed Stoics, with the general approach being that if you can stop and at least recognize “I am currently under the sway of passion XYZ,” you have won half the battle.

Do not assume, dear reader, that you just “know” the passions and emotions. You don’t. This reading, basic as it sounds, absolutely must be studied by those who *run hot*, because you cannot control whether you are affected by the passion.

The wiring runs way deeper than our conscious mind. All you can do is recognize the influence of the passion and then take steps to mitigate or counteract it.

Wise On Horseback

Baltasar Gracián once wrote that “the first step towards getting into a passion is to announce that you are in a passion. By this means you begin the conflict with command over your temper, for one has to regulate one’s passion to the exact point that is necessary and no further. This is the art of arts in falling into and getting out of a rage. You should know how and when best to come to a stop: it is most difficult to halt while running at the double. It is a great proof of wisdom to remain clearsighted during paroxysms of rage. Every excess of passion is a digression from rational conduct. To keep control of passion one must hold firm the reins of attention: he who can do so will be the first man ‘wise on horseback,’ and probably the last.”

It sounds so stupid, but that precept has stayed with me — *the first step towards getting into a passion is to announce that you are in a passion*. I will now sometimes pull myself off to the side and say out loud: “I am in a passion.” Sometimes I don’t know what the passion is, I have to stop and run through all the choices in my head, but I at least have the wherewithal to recognize that on the passion versus reason see-saw, I am farther from reason than I want to be.

If you think this exercise sounds puerile, consider how many of antiquity’s greatest works were devoted to the subject of anger. This single passion has driven countless men of high rank to self-destruction. It is not their enemies who undo them, but their own excess. That is why studying anger — learning to recognize it, to mitigate it, and to channel it into positive endeavors — is among the most worthwhile uses of your time and effort.

“True Bravery is the Subjugation of our Passions by Reason”

That quote is from Plutarch’s mini-biography of Numa Pompilius, one of the greatest kings in recorded human history. Note that his definition of bravery is not butchering his enemies or conquering foreign lands. It’s the subjugation of the passions by reason. That’s the mindset of a true king.

I would point out that men have an unusually difficult time with emotions and feelings in general. A woman can instantly convey to you how and what she is feeling at any given time.

Ask a man how he’s feeling, and he will mull it over for a bit before telling you he feels like he needs a drink or to take a dump. Like, those aren’t feelings, you smooth-brained neanderthal fuck.

And so, while it sounds hilariously juvenile to be a grown-ass man sitting here, pausing throughout the day and asking himself — “*what am I feeling right now?*” — once you’ve tossed pride, ego and vanity aside in favor of humility, you will realize that the precise pinning of one’s passions is not as easy as you would think.

The subjugation of our passions by reason. That sums up the framework one has to abide by. Basically, I am aware at this moment that there is some influence of passion in my thought process. As a result, I must practice caution in my actions and speech because the presence of passion indicates that I am not fully rational right now. Once I have displayed true bravery by subjugating my passions to reason — easier said than done — I can be confident that I am making decisions from the clearest possible state of mind.

Passion in Practice

Theory and philosophy aside, let's talk about how this can be incorporated into your day-to-day.

I have only worked in one career my entire life — trading markets — and so everything will be filtered through this lens. Thankfully, it is a functional lens for the purpose of this book, since the ability to control one's emotions is what separates the great traders from the good.

Every time I get a message telling me to stop writing about human nature and more about markets and investing, this is all I can say: *Listen to me, you capitalist swine: everything written here is far more important and far more influential to your future success than whatever rote finance material you are consuming.*

Managing Emotional Volatility

I cannot overemphasize the importance of maintaining titanium mental stability and a well-grounded emotional state.

Picking the right stocks is maybe 5% of the battle in terms of building and scaling a fund from scratch, especially if you are running traditional long/short; any strategy that is high-touch, high-turnover, and involves actively trading your book on a day-to-day basis means that you are effectively multiplying the amount of high-quality decisions you must make in a given day. If the roots of the tree are infected, every incremental decision you make only increases your odds of failure.

Any portfolio manager worth a damn will tell you straight up: *the hardest part of trading is knowing when not to trade.* If you just got into a massive blow-out fight with your woman, sitting at

your desk and trying to go about your process as if everything is normal is the worst thing you could do. You lack the requisite humility, you lack knowledge of self, you lack emotional self-control, and you aren't conscious of how any of the background noise in your life is influencing your decision-making. You lack true bravery, as defined by Numa Pompilius, because you have not subjugated your passions you reason nor even attempted to. Thus, it is only a matter of time before your ignorance and arrogance on this subject will undermine you and lead to your failure. Cue two more maxims: one, *the market is a mirror*; two, *if you don't know who you are, the market is an expensive place to find out*.

Know Thyself

This isn't just me spouting off; some of the best portfolio managers I've either worked for or worked with had no problem putting all of this into practice, saying "I'm off right now, I'm out of sync with the market, I've got personal issues going on in my life, let's take a few days off."

There is plenty more to write about these topics. However, for this essay, all I will say to those with aspirations of hanging their own shingle is to spend less time studying financial statements and more time studying the man in the mirror, because it is not his intellect, but his passions that will be to blame for your downfall.

In this next passage, Seneca discusses how it's best to banish dangerous passions completely. When they are let in, they mix with Reason, *befouling* your state of mind before the momentum of your excess passions leads you off a cliff.

“In the first place, it is easier to banish dangerous passions than to rule them; it is easier not to admit them than to keep them in order when admitted; for when they have established themselves in possession of the mind they are more powerful than the lawful ruler, and will in no wise permit themselves to be weakened or abridged.

In the next place, Reason herself, who holds the reins, is only strong while she remains apart from the passions; if she mixes and befouls herself with them she becomes no longer able to restrain those whom she might once have cleared out of her path; for the mind, when once excited and shaken up, goes whither the passions drive it. There are certain things whose beginnings lie in our own power, but which, when developed, drag us along by their own force and leave us no retreat. So, also, the mind, when it has abandoned itself to anger, love, or any other passion, is unable to check itself: its own weight and the downward tendency of vices must needs carry the man off and hurl him into the lowest depth.”

— Seneca

Passions as Power: Anger & Grief

Where the passion versus reason see-saw gets really interesting is that there are brilliant minds on the other side of the argument.

The one that I think about the most is a debate from Cicero's *Tusculan Disputations*, where he engages in a back-and-forth discussion with the Peripatetics on how the passions aren't inherently bad, but rather good. They aren't something to be avoided at all. In fact, they are the only reason man has ever accomplished anything, and a man bereft of passion is nothing but a worthless and impotent blob.

First, in praise of anger: "They call it the whetstone of courage... angry men exert themselves most against an enemy or against a bad citizen. No one can execute anything well but what he is in earnest about... Themistocles used to walk in the public places in the night because he could not sleep; and when asked the reason, his answer was, that Miltiades's trophies kept him awake."

Second, in praise of grief: "Grief, which we have already said ought to be avoided as a monstrous and fierce beast, was appointed by nature, not without some good purpose, in order that men should lament when they had committed a fault, well knowing they had exposed themselves to correction, rebuke, and ignominy; for they think that those who can bear ignominy and infamy without pain have acquired a complete impunity for all sorts of crimes; for with them reproach is a stronger check than conscience."

While many other passions are explored, those two are sufficient to illustrate our point: this is not as one-sided of a debate as it originally seemed.

On the see-saw of passion versus reason, perhaps you don't want to be 100% driven by reason. There are times when that extra motivation can only come from the trophies of Miltiades.

If you were hoping for precise answers to this quandary, I apologize. I probably should have warned you in the preface that you'll be departing from these essays with far more questions than answers.

Why?

The Best Q's Have No A's

The questions worth asking have an infinite number of answers. Or, they have no answer. What works for me on the topic of passion and reason may be totally different than what works for you. For me to provide a discrete answer would not only be pointless, but would lead many astray as they adopt a precept ill-fitted to their own nature. This is why *know thyself* is the missing link; it is what allows all frameworks and all precepts to be useful, bespoke, tailored around your nature like a custom suit. Trust me, I'd help if I could, but this process is entirely out of my hands; *you* are the only one who knows your merits and flaws.

Now, despite being just two essays into this tome, you have already acquired several frameworks which you can use in knowing yourself and thus conquering your passions.

If excess passion has been a problem for you in the past, you now have several options as to how you can proceed. You can try to banish it at the gates, you can try to channel it in a positive way that helps you reach your goals, you can announce *I am in a passion*, you can recognize its influence and subjugate it to reason.

All of these paths are open to you, friend, and it is not my place to say which will be best-suited for your unique temperament.

Excess passion is both your greatest weakness and greatest strength. On any given day, it is capable of being either of those things. It will make you or it will destroy you.

The output and restraint of this passion are 100% a function of your mind and your knowledge of self.

There are no other variables.

You are either a dangerous man who conquers, or you are a dangerous man who self-destructs due to weak discipline and poor restraint.

Everything is in your hands, dear reader. Everything. All I can do is wish you luck in remaining wise on horseback.

Onwards and upwards.